



# Kotak Infrastructure Debt Fund Limited



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# Directors Report

To the Members

## KOTAK INFRASTRUCTURE DEBT FUND LIMITED

Your Directors present the Thirty Fifth Annual Report of Kotak Infrastructure Debt Fund Limited ("Company") together with the audited financial statements for the financial year ended 31<sup>st</sup> March, 2023.

### FINANCIAL HIGHLIGHTS

	(₹ in Lakh)	
	Year ended 31 <sup>st</sup> March, 2023	Year ended 31 <sup>st</sup> March, 2022
Gross income	7,697.81	6,959.57
Profit before Tax	3,020.62	2,984.66
Provision for Tax	NIL	NIL
Profit after Tax	3,020.62	2,984.66
Total Comprehensive Income	3,021.99	2,982.66
Balance of Profit from previous years	10,530.37	8,194.68
Amount available for appropriation	13,552.36	11,177.34
Appropriations:		
Special Reserve u/s 45IC of the RBI Act, 1934	(605)	(646.97)
Net Profit after tax carried to Balance Sheet	12,947.36	10,530.37

### CAPITAL

The Authorised Share Capital of your Company as on 31<sup>st</sup> March, 2023 is ₹ 6,107,500,000, consisting of 310,050,000 equity shares of ₹ 10 each and 6,014 7.5% Redeemable, Non-Cumulative Preference Shares of the Company (RNCPS) of ₹ 500,000 each.

During the year under review, fourteen RNCPS were redeemed on 31<sup>st</sup> December, 2022, at par, upon expiry of the tenure of 10 years. Pursuant to the above, the total paid up share capital of your Company as on 31<sup>st</sup> March, 2023 stood at ₹ 3,100,000,000, consisting of 310,000,000 equity shares of ₹ 10 each.

### DIVIDEND

On 31<sup>st</sup> December, 2022, your Company had allotted fourteen RNCPS of the face value of ₹ 5,00,000 each, aggregating ₹ 70,00,000, pursuant to the authority granted by the Members of the Company on a preferential basis. The same were redeemable upon expiry of 10 years i.e. on 31<sup>st</sup> December, 2022. Considering the above, the Board of Directors, at its meeting held on 29<sup>th</sup> December, 2022, declared an interim dividend on the aforesaid RNCPS at the rate of 7.5% p.a. for the period 1<sup>st</sup> April, 2022 to 31<sup>st</sup> December, 2022. This has entailed a payout of ₹ 3,95,547.88 for the period 1<sup>st</sup> April, 2022 to 31<sup>st</sup> December, 2022. The members are requested to confirm the payment of the aforesaid interim dividend on RNCPS at the ensuing Annual General Meeting ("AGM").

Further, with a view to conserve your Company's resources for future growth, your Directors do not recommend any dividend on equity shares (Previous Year: Nil).

### RUPEE BONDS

During the year under review, your Company has issued rupee bonds which are non-convertible in nature for an amount of ₹ 465 crore. As on 31<sup>st</sup> March, 2023, outstanding rupee bonds aggregated to ₹ 715 crore, of which rupee bonds amounting to ₹ 565 crore are listed on BSE Limited.

On 21<sup>st</sup> March, 2023, your Company crossed the threshold limit of Rs. 500 crore with respect to the outstanding value of listed Rupee Bonds. Consequently, the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), pertaining to High Value Debt Listed Entity became applicable to your Company from that date. Your Company shall ensure compliance with all the applicable provisions of the SEBI Listing Regulations, within the statutorily prescribed time period from the date of trigger.

IDBI Trusteeship Services Limited is the Bond Trustee for all the outstanding Rupee Bonds of your Company. The contact details of the Bond Trustee are as follows:

Name: IDBI Trusteeship Services Limited  
 Address: Asian Building, Ground Floor, 17 R. Kamani Marg, Ballard Estate, Mumbai 400 001  
 Contact No.: 022-40807000  
 Email Id: [itsl@idbitrustee.com](mailto:itsl@idbitrustee.com)  
 Website: [www.idbitrustee.com](http://www.idbitrustee.com)

### CAPITAL ADEQUACY RATIO

The Capital to Risk Assets Ratio ("CRAR") of the Company as on 31<sup>st</sup> March, 2023 was at 67.67%.

## CREDIT RATING

Your Company's short-term borrowing program from CRISIL and ICRA is rated "A1+". Further, the long-term secured borrowing program is rated "AAA/Stable" by CRISIL and ICRA.

A1+ / AAA indicates highest credit-quality rating assigned by CRISIL and ICRA. Instruments with these ratings are considered to have highest degree of safety regarding timely servicing of financial obligations and such instruments carry lowest credit risk.

During the year under review, there was no change in the ratings of your Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Activity

Your Company is registered as a Non-Banking Financial Company (Infrastructure Debt Fund) with the Reserve Bank of India and is engaged in providing finance for infrastructure projects. Your Company is entirely held by Kotak Mahindra Bank Limited and its subsidiaries.

It always endeavors to adopt the best practices and ensures highest standards of Corporate Governance through fair, ethical and transparent governance practices.

### Operations

Your Company is into long term lending to infrastructure projects and during the year under review, your Company has carried out its operations satisfactorily by increasing its asset book by more than 50%.

Credit norms, systems and processes have been set up to ensure strong growth while maintaining impeccable credit quality.

In the coming year, your Company will continue to focus on growing revenue and asset book, along with improving sectoral diversification and adhering to prudent credit norms. Your Company will endeavor towards further broadening the clientele and on boarding high quality corporates across sectors.

Infrastructure is the key to economic growth of the country. Statutory and regulatory efforts have been ongoing to ensure the same. During the past year, important developments have been witnessed across various Infrastructure sub sectors.

### Roads and Transportation

Roads and transportation sector continue to do well in FY 2022-2023. Many operational road projects have moved to Infrastructure Investment Trusts (InvITs) over time, which could not be funded by your Company as per prevailing guidelines. Your Company continues to evaluate select projects in road sectors, however currently does not have any exposure to road projects.

Airports sector has come out of Covid-19 impact and passenger traffic has grown to pre-Covid levels. With the increasing demand of travel and more Airports being awarded to Private sector for development and operations, this sector is expected to grow over time. Your Company continues to follow this sector closely.

### Renewable Energy

The Central Electricity Authority (CEA) estimates India's power requirement to grow to reach 817 GW by 2030 and the Government plans to establish renewable energy capacity of 500 GW by 2030. As of March 2023, India's installed renewable energy capacity stood at 172.01 GW, representing 41.30% of the overall installed power capacity. Solar energy is estimated to contribute 66.78 GW, followed by 42.6 GW from wind power, 10.24 GW from biomass and 46.85 GW from hydropower. Few concerns still remain in the sector, like viability of low tariff projects in view of fluctuation in equipment prices, probability of tariff renegotiation for earlier projects and delay in payment by Distribution Companies. Late Payment Surcharge and Related Matters (LPS) scheme has eased out the receivable position of many power generation players and improved the credentials of Distribution Companies. Your Company will continue to observe the sector keenly.

### Other Infrastructure Sectors

Your Company continues its effort to broad-base asset book across various sub sectors within Infrastructure Sectors like Education, Healthcare, Logistics and Data Centers.

### Internal Controls

Your Company has an internal control system, including Information Technology based controls, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in Internal Audit Charter. The Internal Audit department of Kotak Mahindra Bank Limited, Holding Company ("Bank"), conducts a review to assess the financial and operating controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

### Human Resources

Your Company is professionally managed and follows open, transparent and meritocratic policy to nurture the human resources. Human resources function is managed by the Group Human Resources team of the Bank.

### **Information Technology**

Your Company uses the technology platforms owned and managed by the Bank. Further, your Company has constituted an IT Strategy Committee to ensure that it has proper balance of Information Technology ("IT") investments for sustaining Company's growth and manage IT risks and controls. The current composition of IT Strategy Committee of your Company is, as follows:

Mr. Raghunandan Maluste – Chairman  
Mr. Paritosh Kashyap – Member  
Mr. Veenu Singla – Member

Further, your Company has in place various Board approved policies for ensuring that the Management has put an effective strategic planning process in place.

### **Cautionary Note**

Certain statements in the 'Management Discussion and Analysis' section may be forward-looking and are stated as may be required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. Your Company does not undertake to update these statements.

## **BOARD OF DIRECTORS**

### **Board Composition**

The composition of the Board of Directors of your Company is governed by the provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder, including the statutory modifications, re-enactments, amendments made thereon from time to time. As on 31<sup>st</sup> March, 2023, the Board of Directors of your Company comprised of five members, viz., Mr. Dipak Gupta, Mr. Paritosh Kashyap, Mr. Phani Shankar and Ms. Sujata Guhathakurta, Non-Executive Directors and Mr. Raghunandan Maluste, Independent Director. The Directors present at the meeting elect the Chairman for each Board Meeting. The size of the Board is commensurate with the size and business of your Company. The Board of Directors have appropriate qualifications, skills, experience and knowledge required to deliberate on the matters presented before them and to conduct the affairs of the Company effectively.

During the financial year under review, thirteen meetings of the Board of Directors of your Company were held on 28<sup>th</sup> April 2022, 24<sup>th</sup> May, 2022, 24<sup>th</sup> June, 2022, 19<sup>th</sup> July, 2022, 24<sup>th</sup> August, 2022, 7<sup>th</sup> October, 2022, 14<sup>th</sup> October, 2022, 3<sup>rd</sup> November, 2022, 9<sup>th</sup> December, 2022, 29<sup>th</sup> December, 2022, 17<sup>th</sup> January, 2023, 16<sup>th</sup> February, 2023 and 10<sup>th</sup> March, 2023.

### **Change in composition of the Board**

Based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company, the Members of the Company had at the AGM held on 24<sup>th</sup> August, 2022, approved the appointment of Mr. Paritosh Kashyap and Mr. Phani Shankar as Non-Executive Directors of your Company with effect from 24<sup>th</sup> May, 2022 and 19<sup>th</sup> July, 2022, respectively.

The Members of the Company had, at the Extra-Ordinary General Meeting held on 20<sup>th</sup> July, 2017, approved the appointment of Mr. Raghunandan Maluste (DIN 01302477) as an Independent Director on the Board of the Company, to hold office for a period of five years commencing from 21<sup>st</sup> August, 2018 to 20<sup>th</sup> August, 2023. Based on the recommendation of the Nomination and Remuneration Committee and on the basis of the skill, expertise and outcome of performance evaluation, the Board of Directors of the Company, at its meeting held on 14<sup>th</sup> June, 2023, approved the re-appointment of Mr. Maluste as an Independent Director of your Company to hold office for a second term of three years, with effect from 21<sup>st</sup> August, 2023 up to 20<sup>th</sup> August, 2026 (both days inclusive), subject to the approval of the Members of the Company.

### **Director retiring by rotation**

Ms. Sujata Guhathakurta (DIN: 08099266), Director, retires by rotation at the Thirty-Fifth AGM and being eligible, has offered herself for re-appointment.

### **Declaration from Independent Director**

The Board has received declaration from Mr. Raghunandan Maluste, Independent Director, as per the requirement of Section 149 (7) of the Act and pursuant to Clause (b) of Sub-regulation (1) of Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In the opinion of the Board, Mr. Maluste fulfills the said conditions as mentioned in Section 149(6) of the Act and SEBI Listing Regulations and is independent of the Management. He has complied with the provisions of Sub rule (1) and (2) of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. There has been no change in the circumstances affecting his status as an Independent Director of the Company. In the opinion of the Board, Mr. Maluste possess the requisite integrity, experience, expertise and proficiency required under applicable laws and the policies of the Company.

### **Director e-KYC**

The Ministry of Corporate Affairs (MCA) has vide amendments to the Companies (Appointment and Qualification of Directors) Rules, 2014, mandated registration of KYC of all Directors. All the Directors of the Company have complied with said requirement in FY 2022-23.

## Board Evaluation

The Board conducted the performance evaluation of the Individual Directors, Board Committees, Board as a whole and the Chairman of the Board in accordance with the provisions of the Act.

The Nomination and Remuneration Committee ("NRC") of the Board approves the criteria and the mechanism for carrying out the said performance evaluation process. Accordingly, the NRC approved the assessment questionnaire designed for the annual performance evaluation which broadly covered the following criteria:

- i. Board - Competencies, composition and structure, board dynamics, process and procedure, functioning, oversight of committee composition and functioning and ethics and compliance
- ii. Committees - Composition and quality, process and procedure, terms of reference and effectiveness in terms of respective roles assigned to the Committees
- iii. Chairman - Key focus areas covering understanding of the role, commitment, team work attributes, utilisation of domain expertise, effective communication, etc. and certain other parameters such as efficient leadership, decision making, professionalism, impartial conduct, devotion of sufficient time, effective communication and facilitation of productive deliberation
- iv. Individual Directors - Understanding of role, commitment, effective contribution, independent view to decision making, utilization of domain expertise, etc.

The aforesaid questionnaire was circulated to all the Directors of the Company for the annual performance evaluation. The Board evaluated the effectiveness of its functioning and that of the Committees and of individual Directors through the annual Board Evaluation Process.

Based on the assessment of the responses received to the questionnaire from the Directors on the annual evaluation of the Board, its Committees and the individual Directors (including independent directors), a summary of the Board Evaluation was placed before the meeting of the Board of Directors held on 20<sup>th</sup> April, 2023, for their consideration. The Directors were satisfied with the results of the performance evaluation of the Board and its Committees, Chairman and individual directors (including independent director).

## MEETINGS AND ATTENDANCE

The details of attendance of the Directors at Board meetings held during the year commencing 1<sup>st</sup> April, 2022 and ending 31<sup>st</sup> March, 2023 and at the last Annual General Meeting ("AGM") are, as under:

Name of the Director(s)	Number of Board meetings held during FY 2022 – 23	Number of Board meetings attended during FY 2022 – 23	Whether attended last AGM held on 24 <sup>th</sup> August, 2022
Mr. Dipak Gupta	13	13	Yes
Mr. Raghunandan Dattatray Maluste	13	13	Yes
Mr. Paritosh Kashyap (with effect from 24 <sup>th</sup> May, 2022)	11	8	Yes
Mr. Phani Shankar (with effect from 19 <sup>th</sup> July, 2022)	9	7	No
Ms. Sujata Guhathakurta	13	10	Yes

## KEY MANAGERIAL PERSONNEL

Mr. Veenu Singla, is the Chief Executive Officer, Chief Financial Officer and Key Managerial Personnel ("KMP") of your Company.

During the year, due to internal transfer to another Kotak Group entity, Mr. Bhavesh Jadhav ceased as the Company Secretary and KMP of your Company, with effect from 1<sup>st</sup> August, 2022.

Further, the Board at its meeting held on 24<sup>th</sup> August, 2022 had approved the appointment of Ms. Agam Sandha as the Company Secretary and KMP of your Company, with effect from 24<sup>th</sup> August, 2022.

Accordingly, in terms of the provisions of Section 203 of the Act, Mr. Veenu Singla, Chief Executive Officer and Chief Financial Officer and Ms. Agam Sandha, Company Secretary, are the KMPs of the Company, as on the date of this Report.

## Appointment and Remuneration of Directors and KMPs

The Nomination and Remuneration Committee of your Company considers the qualifications, experience, fit and proper status, positive attributes, as per the suitability of the role and independent status and various regulatory / statutory requirements as may be required of the candidate before such appointment of the Directors and Senior Management Personnel.

The Board has adopted a Remuneration Policy for Chief Financial Officer and other employees of the Company. The Policy is in line with the Compensation Policy of the Bank, which is based on the Guidelines issued by the Reserve Bank of India. The salient features of the Remuneration Policy of the Company as on 31<sup>st</sup> March, 2023 are as follows:

- Objective is to maintain fair, consistent and equitable compensation practices in alignment with Kotak's core values and strategic business goals.

- Applicable to all employees of the Company. Employees are classified into 2 groups:
  - Category I: Whole-time Directors / Chief Executive Officer & Other KMPs
  - Category II: All employees, not explicitly covered in category I
- Compensation structure broadly divided into Fixed, Variable and Employee Stock Option Plan (“ESOP”)
  - Fixed Pay – Total cost to the Company i.e. Salary, Retirals and Other Benefits.
  - Variable Pay – Linked to assessment of performance and potential based on Balanced Key Result Areas (KRAs), Standards of Performance and achievement of targets with overall linkage to Company’s budgets and business objectives. The main form of incentive compensation includes – Cash, Deferred Cash / Incentive Plan and Stock Appreciation Rights (“SARs”).
  - ESOPs – Granted on a discretionary basis to employee based on their performance and potential with the objective of retaining the employee.
- Compensation Composition – Compensation Structure includes Fixed Pay, Benefits, Variable Pay (Cash & LTIP including deferred cash, ESOPs & SARs)
- Any variation in the Policy to be with approval of the Nomination and Remuneration Committee.
- Malus and Clawback clauses applicable on Deferred Variable Pay.
- The Compensation policy for Independent Directors was last amended on 20<sup>th</sup> April, 2023 which, *inter alia*, provides for payment of compensation to Independent Directors, in the form of a fixed remuneration.
- The salient features of the Compensation Policy are as follows:
  - (i) Compensation structure broadly divided into:
    - Sitting fees
    - Re-imbusement of expenses
    - Fixed remuneration
  - (ii) Amount of sitting fees and fixed remuneration to be decided by the Board from time to time, subject to the regulatory limits, if any.
  - (iii) Independent Directors are not eligible for any stock options of the Bank.

Remuneration to the KMPs i.e. Chief Executive Officer, Chief Financial Officer and the Company Secretary, is as per the terms of their employment. The Compensation Policy of the Company is available on the Company’s website viz URL: <https://kidfi.kotak.com/>

## **DISCLOSURES PURSUANT TO RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed to this Report.

### **COMMITTEES**

The status of various committees is as under:

#### **a) AUDIT COMMITTEE**

The Audit Committee of the Company presently consists of Mr. Raghunandan Maluste (Chairman), Ms. Sujata Guhathakurta (member) and Mr. Paritosh Kashyap (member). The terms of reference of the Audit Committee are, as follows:

- Recommend appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor’s independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditors’ report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions as may be prescribed;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Investigate into any of the above matter or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company;



- Call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company;
- To carry out such other functions and do all such acts as may be required from time to time under the applicable laws.

The quorum for the Audit Committee meetings of your Company comprises of any two members.

During the financial year ended 31<sup>st</sup> March, 2023, nine meetings of the Audit Committee were held on 28<sup>th</sup> April 2022, 24<sup>th</sup> May, 2022, 21<sup>st</sup> June, 2022, 19<sup>th</sup> July, 2022, 14<sup>th</sup> October, 2022, 3<sup>rd</sup> November, 2022, 29<sup>th</sup> December, 2022, 17<sup>th</sup> January, 2023 and 10<sup>th</sup> March, 2023.

#### **b) NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee of your Company presently consists of Mr. Raghunandan Maluste (Chairman), Mr. Dipak Gupta (member) and Mr. Paritosh Kashyap (member). The terms of reference of the Nomination and Remuneration Committee are, as follows:

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the board their appointment and removal;
- Specify the manner for effective evaluation of performance of board, its committees and individual directors to be carried out either by the board, by the nomination and remuneration committee or by an independent external agency and review its implementation and compliance;
- While formulating the policy ensure that –
  - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- To carry out such other functions and do all such acts as may be required from time to time under the applicable laws.

The quorum for the Nomination and Remuneration Committee meetings comprises of any two members.

During the financial year ended 31<sup>st</sup> March, 2023, five meetings of the Nomination and Remuneration Committee were held on 28<sup>th</sup> April, 2022, 9<sup>th</sup> May, 2022, 24<sup>th</sup> May, 2022, 19<sup>th</sup> July, 2022 and 24<sup>th</sup> August, 2022.

#### **c) RISK MANAGEMENT COMMITTEE**

During the year under review, the Risk Management Committee was re-constituted, with effect from 24<sup>th</sup> August, 2022, by the inclusion of Mr. Phani Shankar and presently consists of Mr. Dipak Gupta (Chairman), Mr. Paritosh Kashyap (member) and Mr. Phani Shankar (member). The terms of reference of the Risk Management Committee are, as follows:

- Exercises supervisory power in connection with the risk management of the Company;
- Monitoring of the exposures;
- Reviewing adequacy of risk management process;
- Reviewing internal control systems; and
- Ensuring compliance with the statutory / regulatory framework of the risk management process.

Further, the Company has in place Board approved Risk Management Policy to outline the principles concerning various risks, ensure proper risk management and define various roles and responsibilities for these principles.

The quorum for the Risk Management Committee of the Company comprises of any two members.

During the financial year ended 31<sup>st</sup> March, 2023, four meetings of the Risk Management Committee were held on 30<sup>th</sup> June, 2022, 26<sup>th</sup> September, 2022, 29<sup>th</sup> December, 2022 and 16<sup>th</sup> March, 2023.

#### **d) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility Committee of your Company presently consists of Mr. Raghunandan Maluste (Chairman), Mr. Dipak Gupta (member) and Mr. Paritosh Kashyap (member). The terms of reference of the Corporate Social Responsibility Committee ("CSR") are as follows:

- Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Act;
- Recommend the amount of expenditure to be incurred on the activities referred as above;
- Monitor CSR Policy of the Company;
- Carry out such other functions and do all such acts as may be required from time to time under the applicable laws.

The quorum for the Corporate Social Responsibility Committee meetings comprises of any two members.

During the financial year ended 31<sup>st</sup> March, 2023, one meeting of the Corporate Social Responsibility Committee was held on 3<sup>rd</sup> November, 2022.

### e) WHISTLE BLOWER COMMITTEE

The Whistle Blower Committee of the Company presently consists of Mr. Raghunandan Maluse (Chairman), Mr. Dipak Gupta (member) and Mr. Paritosh Kashyap (member). The Whistle Blower Committee of the Company assists the Audit Committee of the Company in discharging their duties that are dotted down in Whistle Blower Policy.

The Whistle Blower Policy of the Company enables any of its employees and directors to raise concerns internally and to disclose information, which the individual believes shows malpractice, serious irregularities, fraud, unethical business conduct, abuse or wrongdoing or violation of any Indian law. The purpose of this policy is to provide a framework to promote responsible vigil mechanism / whistle blowing for the Company. The concerns, if any, can be reported online through URL: [www.cwportal.com/kotak](http://www.cwportal.com/kotak). Further, the Chairman of the Audit Committee has access rights to the whistle blower portal.

Further, the report on Whistle Blower complaints, if any, are reviewed by the Audit Committee of the Company on a quarterly basis. No whistle blower events were reported during the FY 2022-23, hence no Whistle Blower Committee meeting was held during FY 2022-23.

### ATTENDANCE AT THE BOARD COMMITTEE MEETINGS HELD DURING FINANCIAL YEAR 2022-23

The details of the meetings attended by the members of the respective Board Committees are, as under:

Name of Director	Name of the Board Committees			
	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Corporate Social Responsibility Committee
Mr. Dipak Gupta	-	4/5	3/4	1/1
Mr. Raghunandan Dattatray Maluste	9/9	5/5	-	1/1
Mr. Paritosh Kashyap (with effect from 24 <sup>th</sup> May, 2022)	5/6	2/2	4/4	1/1
Mr. Phani Shankar (with effect from 19 <sup>th</sup> July, 2022)	-	-	2/3	-
Ms. Sujata Guhathakurta	6/9	-	-	-

### AUDITORS

In terms of Sections 139, 142 and other applicable provisions of the Act, the members of the Company at the Thirty-Third AGM held on 27<sup>th</sup> September, 2021 had appointed M/s Gokhale & Sathe, Chartered Accountants (Firm Registration no.103264W) as the Statutory Auditors of the Company from the conclusion of the Thirty-Third AGM until the conclusion of the Thirty-Sixth AGM of the Company at such remuneration plus out of pocket expenses, outlay and taxes as may be decided by the Board of Directors or the Audit Committee from time to time.

There were no qualifications, reservations, adverse remarks or disclaimers made by M/s. Gokhale & Sathe, Chartered Accountants, in the Statutory Auditors Report for FY 2022-23.

### INTERNAL FINANCIAL CONTROLS

The Board of Directors confirm that your Company has laid down set of standards, processes and structure which enables to implement Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively. During the year under review, professionals were appointed to evaluate efficacy of controls and as per report submitted by them, no material or serious deviations have been observed.

### RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business.

Pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Act, in Form AOC-2.

All Related Party Transactions as required under Accounting Standards Ind AS24 are reported in Notes to Accounts under note no. 29.

The Company's Policy on dealing with Related Party Transactions is available on the Company's website viz. URL: <https://kidfl.kotak.com/>

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company being a Non-Banking Financial Company registered with Reserve Bank of India, is exempt from the provisions of Section 186 of the Act, read with Rule 11 of Companies (Meetings of Board and its Powers) Rules, 2014.

### WHISTLE BLOWER POLICY / VIGIL MECHANISM

A Vigil Mechanism has been implemented by your Company through adoption of a Whistle Blower Policy to raise concerns internally and to disclose information, which the individual believes shows malpractice, serious irregularities, fraud, unethical business conduct, abuse or wrong doing or violation of any Indian law. All employees and Directors have access to the Chairman of the Audit Committee in appropriate and exceptional circumstances. Further, the Chairman of the Audit Committee has access rights to the whistle blower portal.

The Company's Whistle Blower Policy is available on the Company's website viz. URL: <https://kidfl.kotak.com/>

### **CORPORATE SOCIAL RESPONSIBILITY**

In accordance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, your Company has constituted a Corporate Social Responsibility Committee ("CSR Committee").

Your Company's CSR policy sets out its vision, mission, governance and CSR focus areas to fulfill its inclusive agenda across various geographies of India. The CSR Policy also highlights your Company's intent to contribute towards the economic, environmental and social growth of the nation and reflects the organisation's commitment to contribute towards United Nation's ("UN") Sustainable Development Goals ("SDGs"). Your Company has collaborated with an implementing agency to undertake CSR Project in the CSR focus area of Education & Livelihood as defined under the CSR Policy.

Your Company's CSR policy is available on the Company's website viz: <https://kidfl.kotak.com/>.

Your Company's CSR, Project and CSR Project Expenditure are compliant with the CSR mandate as specified under Sections 134 and 135 read with Schedule VII of the Act along with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time and in line with the Government of India's notifications issued from time-to-time.

The 2% of Average net profit of the Company for FY 2022-23 as per Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time is ₹ 63.65 lakh. After setting-off ₹ 0.05 lakh from the excess CSR spent of the previous FY 2021-22, the total CSR obligation of the Company for FY 2022-23 is ₹ 63.60 lakh.

During the financial year 2022-23, the Company's spend on CSR Project is ₹ 23.62 lakh, amount spent on CSR Administrative Overheads is ₹ 1.10 lakh. Further, an amount of ₹ 40.38 lakh which is on account of the unutilised CSR Expenditure pertaining to ongoing CSR Projects of FY 2022-23 has been transferred to the Kotak Infrastructure Debt Fund Limited Unspent CSR Account FY 2022-23 in April 2023. Your Company is committed to utilise the unutilised CSR Expenditure of ₹ 40.38 lakh within the stipulated three years i.e. from 1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2026.

Together with the CSR Project spend, administrative expenditure and Unspent CSR amount, the total CSR Expenditure for FY2022-23 is ₹ 65.10 lakh, which is an excess by ₹ 1.50 lakh over and above the total CSR obligation for FY2022-23. The excess CSR spend of ₹ 1.50 lakh for FY 2022-23 is being carried forward to succeeding financial years and would be available for set-off in those financial years. The details are more particularly described in section on Annual Report on CSR activities for FY 2022-23.

Your Company had transferred ₹ 20.00 lakh to Kotak Infrastructure Debt Fund Limited Unspent CSR account FY 2020-21 in April 2021 pertaining to the Ongoing CSR Project undertaken by the Company in FY 2020-21. During FY 2022-23, the remaining balance of ₹ 14.73 lakh was disbursed to the implementing organisation for the CSR Project and as on 31<sup>st</sup> March, 2023 the entire amount was utilised by the implementing organisation towards the CSR Project.

Your Company had transferred ₹18.31 lakh to Kotak Infrastructure Debt Fund Limited Unspent CSR account FY 2021-22 in April 2022 pertaining to the Ongoing CSR Project undertaken by the Company in FY 2021-22. During FY 2022-23, the entire balance of ₹ 18.31 lakh was disbursed to the implementing organisation for the CSR Project. During FY 2022-23, the CSR Project got completed and as on 31<sup>st</sup> March 2023 the entire amount was utilised by the implementing organisation towards the CSR Project.

The details of CSR Projects and Expenditure under Section 135 of the Act, for FY 2022-23, are annexed to this Report.

### **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Act, the Board of Directors of your Company has appointed Parikh & Associates, Company Secretaries, as its Secretarial Auditor for FY 2022-23. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2023 is annexed to this Report.

The Secretarial Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimers and is annexed to this Report.

In terms of the SEBI circular dated 8<sup>th</sup> February, 2019, your Company has submitted the Annual Secretarial Compliance Report for FY 2022-23 to BSE Limited, within the prescribed time and the same is available on website of BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and on the Company's website viz URL: <https://kidfl.kotak.com/>

### **SECRETARIAL STANDARDS**

Your Company is in compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act, for FY 2022-23.

### **ANNUAL RETURN**

Pursuant to Section 134(3)(a) and Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the annual return of your Company for the financial year ended 31<sup>st</sup> March, 2023, is available on the website of the Company URL: <https://kidfl.kotak.com/>

### **RISK MANAGEMENT POLICY**

Your Company manages risk based on Risk Management framework which lays down guidelines in identifying, assessing and managing risks that the entity is exposed to. Risk Management Committee meetings are conducted to review key risks like Credit Risk, Liquidity Risk, Operational Risk and various other risks.

## EMPLOYEES

The employee strength of your Company was nine employees as of 31<sup>st</sup> March, 2023.

No employee employed throughout the year was in receipt of remuneration of ₹ 102 lakh or more per annum and no employee employed for part of the year was in receipt of remuneration of ₹ 8.5 lakh or more per month.

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has in place a Policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal). No such instances were reported during the year.

## DEPOSIT

The Company did not accept any deposits from the public during the year. Also there are no deposits due and outstanding as on 31<sup>st</sup> March, 2023.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions pertaining to the Conservation of Energy and Technology Absorption are not applicable to your Company.

During the year under review, your Company had no foreign exchange inflow and outflow (Previous Year: NIL).

## REPORTING OF FRAUDS BY AUDITORS

During the financial year under review, no instances of fraud committed against the Company by its officers or employees were reported by the Statutory Auditors and Secretarial Auditor of the Company, under Section 143(12) of the Act to the Audit Committee or the Board of Directors of the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, based on the representations received from the management, confirm in pursuance of Section 134(5) of the Act that:

- i. your Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanations relating to material departures, if any;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2023 and of the profit of the Company for the financial year ended 31<sup>st</sup> March, 2023;
- iii. they have taken proper and sufficient care for the 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 fraud and other irregularities;
- iv. the annual accounts have been prepared on a going concern basis.
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## ANNEXURES

Following statements / reports are set out as Annexures to the Directors' Report:

- a) Annual Report on Corporate Social Responsibility activities of the Company for the financial year ended 31<sup>st</sup> March, 2023
- b) Disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
- c) Secretarial Audit Report pursuant to Section 204 of the Act

## ACKNOWLEDGEMENTS

The Board takes this opportunity to place on record, its gratitude for the valuable guidance and support received from statutory and the regulatory authorities, its appreciation of the dedication and contribution of your Company's employees at all levels.

For and on behalf of the Board of Directors

**Dipak Gupta**

Director

DIN : 00004771

**Paritosh Kashyap**

Director

DIN : 07656300

Place : Mumbai

Date : 14<sup>th</sup> June, 2023

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES OF THE COMPANY FOR THE FINANCIAL YEAR 2022-23****1. BRIEF OUTLINE ON CORPORATE SOCIAL RESPONSIBILITY POLICY OF THE COMPANY:**

Kotak Infrastructure Debt Fund Limited ("Company") recognises its responsibility to bring about a positive change in the lives of the communities through its business operations and Corporate Social Responsibility ("CSR") initiatives.

Your Company aspires to be a trusted partner and contributes significantly towards the economic, environmental and social growth of the nation. It is also committed to contribute towards United Nation's ("UN") Sustainable Development Goals ("SDG"). Your Company's CSR policy sets out its vision, mission, governance, and CSR focus areas to fulfill its inclusive growth agenda in India.

While ensuring that its CSR Policy, projects and programmes are compliant with the CSR mandate as specified under Section 134, Section 135 read with Schedule VII of the Companies Act, 2013 ("Act") along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and in line with the Government of India's notifications issued from time to time, your Company also endeavours to align its CSR projects and programmes with government initiated social development programmes and interventions and last but not the least, UN SDGs.

**2. COMPOSITION OF CSR COMMITTEE:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Raghunandan Maluste	Chairman , Independent Director	1	1
2	Mr. Dipak Gupta	Member, Non-executive Director	1	1
3	Mr. Paritosh Kashyap *	Member (w.e.f. 14 <sup>th</sup> July, 2022), Non-Executive Director	1	1
4	Mr. KVS Manian**	Member (till 30 <sup>th</sup> June, 2022), Non-Executive Director	Not Applicable	Not Applicable

\*Mr. Paritosh Kashyap was inducted as member of the CSR Committee w.e.f. 14<sup>th</sup> July, 2022.

\*\*Pursuant to resignation of Mr. KVS Manian as a Director of the Company w.e.f. 1<sup>st</sup> July, 2022, he also ceased to be a Member of the CSR Committee.

- Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company. <https://kidfl.kotak.com/>
- Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

The impact assessment is not mandatory for the Company as its CSR obligation is less than ₹ 10 crore (limit for mandatory Impact assessment prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time)

- Average net profit of the company as per Section 135(5) of the Act: ₹ 318.24 lakh
  - Two percent of average net profit of the company as per Section 135(5) of the Act: ₹ 63.65 lakh
  - Surplus arising out of the CSR projects, programmes, or activities of the previous financial years: Not Applicable
  - Amount required to be set off for the financial year, if any: ₹0.05 lakh
  - Total CSR obligation for the financial year [(b) + (c) - (d)]: ₹ 63.60 lakh
- Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 23.62 lakh
  - Amount spent in Administrative Overheads: ₹ 1.10 lakh
  - Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 24.72 lakh
  - CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ lakh)	Amount Unspent (₹ lakh)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
24.72*	40.38 lakh	27 <sup>th</sup> April, 2023	N.A.	N.A.	N.A.

\* includes administrative overhead cost of ₹ 1.10 lakh

- (f) Excess amount of set-off, if any

Sl. No.	Particular	Amount (in ₹ Lakh)
(i)	Two percent of average net profit of the company as per Section 135(5) of the Act	63.65
(ii)	Total amount spent for the Financial Year *	65.10
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.50
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)] **	1.50

\*Includes unspent amount transferred to unspent CSR account and administrative overheads

\*\* Including set off amount of previous financial year ₹ 0.05 lakh, the overall surplus available for set off is ₹ 1.50 lakh

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) of the Act (in ₹ lakh)	Balance Amount in Unspent CSR Account under Section 135(6) of the Act (in ₹ lakh)	Amount spent in the reporting Financial Year (in ₹ lakh)	Amount transferred to any fund specified under Schedule VII as per Section 135(6) of the Act, if any.			Amount remaining to be spent in succeeding financial years (in ₹)
					Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2020-21	20.00	14.73	14.73	N.A	N.A	N.A	N.A
2	2021-22	18.31	18.31	18.31	N.A	N.A	N.A	N.A

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes  No  1

If Yes, enter the number of capital assets created / acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

**A. Capital assets created or acquired through Corporate Social Responsibility Projects of FY 2022-23 : NIL****B. Capital assets created/ acquired from Unspent Corporate Social Responsibility spent of FY 2021-22: NIL****C. Capital assets created/ acquired from Unspent Corporate Social Responsibility spent of FY 2020-21**

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of Creation	Amount of CSR amount spent (₹ lakh)	Details of entity/Authority/beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered Address
1	Laptops	400088	FY 2022-23	0.04*	CSR00001785	Kotak Education Foundation	1 <sup>st</sup> Floor, North Side, Ujagar Compound, Sunder Baug, Opp. Deonar Bus Depot, Off Sion-Trombay Road, Deonar, Mumbai - 400 088
<b>Total</b>				<b>0.04</b>			

\* The capital asset is procured for Project Excel which is collaborative CSR Project of Kotak Group companies and of ₹ 2.46 lakh of total capital assets purchased under the CSR Project Excel, ₹ 0.04 lakh was allocated to the Company

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5) of the Act. –
- Not Applicable**

**Veenu Singla**

Chief Executive Officer &amp; Chief Financial Officer

PAN : BODPS9256Q

**Raghunandan Maluste**

Chairman – Corporate Social Responsibility Committee

DIN: 01302477

Place : Mumbai

Date : 14<sup>th</sup> June, 2023

## DISCLOSURES PURSUANT TO RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

### 1. Ratio of the remuneration of each director to the median remuneration of the employees for the financial year:

Name	Title	Ratio	Ratio excluding SARs
Nil			

Please refer note (i) below.

### 2. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Name	Title	% increase in remuneration	% increase in remuneration excluding SARs
Nil			

Please refer note (iv) below.

### 3. Percentage increase in the median remuneration of employees in the financial year: 39%

### 4. Number of permanent employees on the rolls of Company at the end of the year: 9

### 5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

For employees other than managerial personnel who were in employment for the whole of FY 2021-22 and FY 2022-23, the average increase is 38.27% and 38.27% excluding SARs.

Average increase for managerial personnel who were in employment for the whole of FY 2021-22 and FY 2022-23 is NIL

### 6. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company is in compliance with its Remuneration Policy.

Notes:

- (i) The Independent Director of the Company receives remuneration in the form of sitting fees for attending the Board / Committee meetings and in the form of an annual Fixed Remuneration.
- (ii) Remuneration includes Fixed pay + Variable paid during the year and perquisite value as calculated under the Income Tax Act, 1961. However, it does not include value of Stock Options.
- (iii) SARs are awarded as variable pay. These are settled in cash and are linked to the average market price / closing market price of the stock of the Bank on specified value dates. Cash paid out during the year is included for the purposes of remuneration.
- (iv) The percentage increase in remuneration of Chief Financial Officer, Chief Executive Officer and Company Secretary of the Company in the financial year could not be provided since Mr. Veenu Singla and Ms. Agam Sandha have not completed two financial years in the Company.

# FORM No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2023

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Kotak Infrastructure Debt Fund Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kotak Infrastructure Debt Fund Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, to the extent the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by The Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31<sup>ST</sup> March, 2023, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31<sup>ST</sup> March, 2023 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company namely:-
  - All the Rules, Regulations, Directions, Guidelines and Circulars applicable to Non Banking Financial Companies under the RBI Act, 1934
  - The Prevention of Money-Laundering Act, 2002 and The Prevention of Money Laundering (Maintenance of Records, etc.) Rules, 2005

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings are generally complied.
- (ii) The Listing Agreement entered into by the Company with BSE Limited with respect to Non Convertible Debentures issued by the Company read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above. In the case of Corporate Social Responsibility ("CSR"), the Company has spent an amount of Rs. 23.27 lacs towards CSR out of the amount of Rs. 63.65 lacs required to be spent during the year. The unspent amount of CSR Expenditure of Rs. 40.38 lacs during the year, has been transferred to the unspent CSR account of the Company in accordance with the provisions of the Act.



We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We report that as regards the compliance of Regulations 16 to 27 of SEBI LODR, 2015 which became applicable to the Company effective March 21, 2023, the Company is required to ensure compliance with these provisions within six months from the date.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines etc.

We further report that during the audit period, the following events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

- a) Redemption of Fourteen 7.5% Redeemable, Non-Cumulative Preference Shares ("RNCPS") of face value of Rs. 5,00,000 each, aggregating to Rs. 70,00,000 out of the profits of the Company and the redemption proceeds was paid to 7.5% Redeemable, Non-Cumulative Preference Shareholders whose names appeared in the register of preference shareholders as on the Record date - December 31, 2022.
- b) Issuance of secured, rated, listed redeemable, Rupee bonds in the nature of non-convertible debentures for an aggregate amount of ₹ 465 crore, on a private placement basis during financial year 2022-2023.
- c) Redemption of secured, redeemable, non-convertible debentures for an aggregate amount of Rs. 250 crore during financial year 2022-2023.

**For Parikh & Associates  
Company Secretaries**

**Jeenal Jain  
Partner**

**ACS No: 43855 CP No: 21246  
UDIN: A043855E000484636  
PR No.: 1129/2021**

**Place: Mumbai  
Date : 14<sup>th</sup> June, 2023**

*This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.*

**'Annexure A'**

To,  
The Members  
Kotak Infrastructure Debt Fund Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Associates  
Company Secretaries**

**Jeenal Jain  
Partner**

**ACS No: 43855 CP No: 21246  
UDIN: A043855E000484636  
PR No.: 1129/2021**

**Place: Mumbai  
Date : 14<sup>th</sup> June, 2023**

# Independent Auditor's Report

## To the Members of Kotak Infrastructure Debt Fund Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Kotak Infrastructure Debt Fund Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the 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 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 together with the ethical requirements that are relevant to our audit of the 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 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 financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### Description of Key Audit Matters

Key audit matter	How the matter was addressed in our audit
<p><b>Impairment of financial instruments (Loan and Investments) including provision for expected credit losses:</b> (Refer note 5 &amp; 6 of the notes to the financial statements)</p> <p>Loans and Investment amount to ₹ 69,947.96 lakhs &amp; ₹ 43,948.51 lakhs (net of expected credit loss) at 31 March, 2023 as disclosed in the Ind AS financial statements.</p> <p>Ind AS 109, Financial Instruments, requires the Company to provide for impairment of its financial instruments (designated as amortised cost or fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles mentioned in the standard. In the process of applying such principles and other requirements of the standard, a significant degree of judgement has been applied by the management in respect of following matters:</p> <ul style="list-style-type: none"> <li>Determining the staging of loans.</li> <li>Determining probability of default (PD) using history of default for long term rated loans by leading credit rating agencies and considering the impact of macroeconomic factors.</li> <li>Estimation of management overlay to determine the forecasted PD</li> <li>Estimation of loss given default (LGD) based on haircuts and recovery percentages as suggested in Basel regulations</li> </ul> <p>Given the complexity and significant judgement involved in the estimation of expected credit losses on loans and investments, we have considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> <li>Our audit procedures included considering the Company's board approved policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109.</li> <li>We understood the process of ECL estimation and tested the design and operating effectiveness of key controls around data extraction and validation.</li> <li>We tested the operating effectiveness of the controls for staging of loans and advances based on their past-due status.</li> <li>We understood the methodology used by the management to arrive at their ECL provision including testing the key assumptions determining the PDs.</li> <li>We have verified LGD rates have been considered as mentioned in the ECL policy.</li> <li>We tested the arithmetical accuracy of computation of ECL provision performed by the Company.</li> <li>We assessed the disclosures included in the Ind AS financial statements with respect to such allowance/estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107 Financial Instruments: Disclosures.</li> <li>We have also obtained management representations wherever considered necessary.</li> </ul>

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual report (which includes the Director's report) but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As and when we receive and read the Board's Report, in the event we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and 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 the Management and Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- i. Identify and assess the risks of material misstatement of the 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.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- iv. Conclude on the appropriateness of the Management and Board of Directors 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 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.
- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended 31 March 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the order") issued by the Central Government of India in terms of sub-section (11) of the Section 143 of the Act, we give in "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by sub-section (3) of the section 143 of the Act, we report that :
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and, the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;
  - e. on the basis of written representations from the Directors as on 31 March 2023 and taken on record by the Board of Directors none of the Directors is disqualified as on 31 March 2023, from being appointed as a Director u/s 164(2) of the Act;
  - f. with respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
  - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company does not have any pending litigation which would impact its financial position;
    - ii. the Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
    - iv. In respect of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014,
      - a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
      - b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
      - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
    - v. In respect of Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, since proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable for the company only w.e.f. April 01, 2023, reporting under this clause is not applicable.
3. As required by Section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **Gokhale & Sathe**  
Chartered Accountants  
Firm Regn. No.103264W

**Rahul Joglekar**  
Partner  
Membership No.: 129389  
UDIN: 23129389BGUYFJ8998

Place : Mumbai  
Date : 17 May 2023

# Annexure 'A'

## To the Independent Auditor's Report of even date

### On the financial statements of Kotak Infrastructure Debt Fund Limited

#### (Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kotak Infrastructure Debt Fund Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment including intangible assets.
  - (b) According to the information and explanations given to us fixed assets were physically verified during the year by the management and no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given by the management and audit procedures performed by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
  - (d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
  - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii)
  - (a) The nature of the Company's business is such that it is not required to hold any inventories and, hence, reporting under paragraph 3(ii) of the order is not applicable to the Company.
  - (b) The Company has not been sanctioned working capital limits during any point of time of the year, in excess of ₹ 5 crores, in aggregate, from banks or financial institutions on the basis of security of current assets. Hence, reporting under paragraph 3(ii)(b) of the order is not applicable to the Company.
- (iii)
  - (a) Since the Company is a Non-Banking Financial Company whose principal business is to give loans, paragraph 3(iii)(a) of the Order is not applicable to the Company.
  - (b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.
  - (c) The schedule of repayment of principal and payment of interest has been stipulated and in such cases the borrowers have been regular in repayment of principal and interest.
  - (d) There are no overdue amounts in respect of the loans granted. Therefore, paragraph 3(iii) (d) of the Order is not applicable.
  - (e) Since the Company is a Non-Banking Financial Company whose principal business is to give loans, paragraph 3(iii)(e) of the Order is not applicable to the Company.
  - (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) There are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are attracted. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted/services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii)
  - (a) In our opinion, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, goods and service tax, cess and other material statutory dues applicable to it. According to information and explanations given to us, no undisputed amounts payable were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (b) There are no dues of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at March 31, 2023.
- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix)
  - (a) The Company has not defaulted in repayment of its debt instruments in the nature of non-convertible debentures or in the payment of interest thereon to any lender during the year.
  - (b) The Company has not been declared a wilful defaulter by any bank or financial institution or other lender.
  - (c) In our opinion and according to the information and explanations given to us, the Company has not raised money by way of term loans during the year. Therefore, paragraph 3(ix)(c) of the Order is not applicable.

- (d) The Company has not raised any funds on short term basis. Therefore, paragraph 3(ix)(d) of the Order is not applicable.
- (e) & (f) The Company does not have subsidiaries, associates or joint ventures during the year and therefore paragraphs 3(ix)(e) and (f) of the Order is not applicable to the Company
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud by or on the Company, noticed or reported during the year, nor have we been informed of such case by management.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) No whistle-blower complaints were received during the year hence reporting under clause 3(xi)(c) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence, reporting under paragraph 3 (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors as referred to in section 192 of the Companies Act, 2013.
- (xvi) (a) According to the information and explanations given to us and audit procedures performed by us, we report that the Company has registered as required, under Section 45- IA of the Reserve Bank of India Act, 1934 (2 of 1934).
- (b) The Company holds a valid Certificate of Registration (CoR) under section 45-IA of the Reserve Bank of India Act, 1934, to carry on the business of a non-banking financial institution as Infrastructure Debt Fund.
- (c) & (d) The Company is not a Core Investment Company and there is no other core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(c) and (d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the auditor during the year hence there is no requirement to report under this clause.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and it should not be construed as a guarantee or assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) In respect of ongoing projects, the Company has transferred unspent amount to a special account, within a period of thirty days from the end of the financial year in compliance with section 135(6) of the said Act.
- (xxi) The Company is not required to prepare Consolidated Financial Statements and therefore reporting under clause 3(xxi) of the Order is not applicable for the year.

For **Gokhale & Sathe**  
Chartered Accountants  
Firm Regn. No.10326W

**Rahul Joglekar**  
Partner

Membership No.:129389  
UDIN: 23129389BGUYFJ8998

# Annexure B

## to the Independent Auditor's Report of even date

### On the financial statements of Kotak Infrastructure Debt Fund Limited

(Referred to in paragraph (iii) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members the Company)

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

#### Opinion

We have audited the internal financial controls with reference to Financial Statements of Kotak Infrastructure Debt Fund Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference to Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial controls with reference to financial statements include those policies and procedures that –

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Gokhale & Sathe**  
Chartered Accountants  
Firm Regn. No.103264W

**Rahul Joglekar**  
Partner  
Membership No.:129389  
UDIN: 23129389BGUYFJ8998

Place : Mumbai  
Date : 17 May 2023



# Balance Sheet

as at 31st March 2023

(Amount in lakhs)

Particulars	Note No.	As at 31st March, 2023	As at 31st March, 2022
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2	6,273.09	757.72
Bank Balance other than cash and cash equivalents	3	23.08	23.05
Other receivables	4	1.63	4.20
Loans	5	69,947.96	47,208.14
Investments	6	43,948.51	47,436.48
Other Financial assets	7	2.59	2.59
<b>Total Financial assets</b>		<b>120,196.86</b>	<b>95,432.18</b>
<b>Non-financial assets</b>			
Current Tax assets (Net)		1,179.59	1,164.28
Property, Plant and Equipment	8	29.28	28.23
Other intangible assets	9	2.04	2.16
Other Non Financial assets	10	32.19	56.81
<b>Total Non-financial assets</b>		<b>1,243.10</b>	<b>1,251.48</b>
<b>Total Assets</b>		<b>121,439.96</b>	<b>96,683.66</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	11A	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	11A	94.16	109.74
Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	11B	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	11B	38.71	32.75
Debt securities	12	73,613.92	51,793.62
Subordinated Liabilities	13	-	75.25
<b>Total Financial liabilities</b>		<b>73,746.79</b>	<b>52,011.36</b>
<b>Non-Financial liabilities</b>			
Current tax liabilities (Net)		32.10	35.69
Provisions	14	16.14	18.44
Other non-financial liabilities	15	57.59	52.82
<b>Total Non-financial liabilities</b>		<b>105.83</b>	<b>106.95</b>
<b>EQUITY</b>			
Equity Share Capital	16	31,000.00	31,000.00
Other equity	17	16,587.34	13,565.35
<b>Sub total</b>		<b>47,587.34</b>	<b>44,565.35</b>
<b>Total Liabilities and equity</b>		<b>121,439.96</b>	<b>96,683.66</b>

Significant Accounting Policies &amp; Notes on Accounts

1

This is the Balance sheet referred to in our report of even date

For **Gokhale and Sathe**

Firm Registration Number: 103264W

Chartered Accountants

**Rahul Joglekar**

Partner

Membership No: 129389

For and on behalf of the Board of Directors

**Dipak Gupta**

Director

DIN: 00004771

**Paritosh Kashyap**

Director

DIN: 07656300

**Veenu Singla**Chief Executive Officer  
& Chief Financial Officer**Agam Sandha**

Company Secretary

Date : 17<sup>th</sup> May 2023

Place: Mumbai

Date : 17<sup>th</sup> May 2023

Place: Mumbai

# Statement of Profit and Loss

for the year ended 31st March 2023

(Amount in lakhs)

S. No.	Particulars	Note no.	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	<b>REVENUE FROM OPERATIONS</b>			
(i)	Interest income	18	5,908.63	6,172.91
(ii)	Dividend income		19.91	-
(iii)	Net gain on financial instruments measured on fair value	19	1,716.73	721.47
<b>(I)</b>	<b>Total revenue from operations</b>		<b>7,645.27</b>	<b>6,894.38</b>
(II)	Other income	20	52.54	65.19
<b>(III)</b>	<b>Total income ( I + II )</b>		<b>7,697.81</b>	<b>6,959.57</b>
	<b>EXPENSES</b>			
(i)	Finance Costs	21	3,915.06	3,318.93
(ii)	Impairment on financial instruments	22	123.95	(189.84)
(iii)	Employee Benefits expenses	23	192.39	431.48
(iv)	Depreciation, amortization and impairment	8 & 9	2.91	16.25
(v)	Other expenses	24	442.88	398.09
<b>(IV)</b>	<b>Total expenses</b>		<b>4,677.19</b>	<b>3,974.91</b>
<b>(V)</b>	<b>Profit before exceptional items and tax (III-IV)</b>		<b>3,020.62</b>	<b>2,984.66</b>
<b>(VI)</b>	<b>Tax expense</b>			
(i)	Current tax		-	-
(ii)	Deferred tax		-	-
	<b>Total tax expense (i+ii)</b>		<b>-</b>	<b>-</b>
<b>(VII)</b>	<b>Profit for the period (V-VI)</b>		<b>3,020.62</b>	<b>2,984.66</b>
(i)	Remeasurements of the defined benefit plans		1.37	(2.00)
<b>(VIII)</b>	<b>Other comprehensive income</b>		<b>1.37</b>	<b>(2.00)</b>
<b>(IX)</b>	<b>Total Comprehensive Income for the period (VII+VIII)</b>		<b>3,021.99</b>	<b>2,982.66</b>
<b>(X)</b>	<b>Earnings per equity share-Basic &amp; Diluted (₹)</b>	25	<b>0.97</b>	<b>0.96</b>

This is the Statement of Profit and Loss referred to in our report of even date  
For **Gokhale and Sathe**  
Firm Registration Number: 103264W  
Chartered Accountants

**Rahul Joglekar**  
Partner  
Membership No: 129389

Date : 17<sup>th</sup> May 2023  
Place: Mumbai

**For and on behalf of the Board of Directors**

**Dipak Gupta**  
Director  
DIN: 00004771

**Paritosh Kashyap**  
Director  
DIN: 07656300

**Veenu Singla**  
Chief Executive Officer  
& Chief Financial Officer

**Agam Sandha**  
Company Secretary

Date : 17<sup>th</sup> May 2023  
Place: Mumbai

# Statement of Cash Flow

for the year ended 31st March 2023

(Amount in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>3,020.62</b>	<b>2,984.66</b>
<b>Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities</b>		
Depreciation	2.91	16.25
Dividend Income on Investments	(19.91)	-
Impairment on financial instruments	123.95	(189.84)
Net realised gain on financial instruments measured on fair value through profit or loss	(1,710.53)	(710.03)
Net unrealised gain on financial instruments measured on fair value through profit or loss	(6.20)	(11.44)
Net gain on derecognition of property, plant and equipment	(0.14)	-
EIR Impact on Borrowings	(41.08)	14.13
EIR Impact on Loans and Investments	(199.89)	345.99
Preference Dividend	3.96	5.25
Employee benefit expenses	1.37	(2.00)
Fair Valuation of SARS	-	(0.04)
ESOP Expense	-	24.09
<b>Operating profit before working capital changes</b>	<b>1,175.06</b>	<b>2,477.02</b>
<b>Working capital adjustments</b>		
(Increase) / Decrease in Bank Balance other than cash and cash equivalent	(0.03)	-
(Increase) / Decrease in Loans	(22,607.39)	7,472.82
(Increase) / Decrease in Receivables	2.57	(4.21)
(Increase) / Decrease in Interest Receivable	29.41	203.27
(Increase) / Decrease in Other Financial Assets	-	(1.00)
Increase / (Decrease) in Payables	(9.63)	79.34
Increase / (Decrease) in Interest Payable	381.72	67.66
Increase / (Decrease) in Provisions	(2.30)	(83.79)
Increase / (Decrease) in Other Non Financial Liabilities	4.76	(23.67)
Increase / (Decrease) in Other Non-financial assets	4.29	(14.91)
	<b>(22,196.60)</b>	<b>7,695.51</b>
<b>Cash Flow from/(used in) operations</b>	<b>(21,021.54)</b>	<b>10,172.53</b>
(Income Taxes paid) / Refund Received	(18.89)	40.05
<b>Net cash From/(used in) operating activities</b>	<b>(21,040.43)</b>	<b>10,212.58</b>
<b>Cash flow from investing activities</b>		
Purchase of Investments	(202,638.00)	(171,787.00)
Sale of Investments	207,758.02	162,017.84
Purchase of Property, Plant and Equipment	(4.49)	(5.91)
Proceeds from sale of Property, Plant and Equipment	0.82	1.45
Dividend Income on Investments	19.91	-
<b>Net cash generated from/(used in) investing activities</b>	<b>5,136.26</b>	<b>(9,773.62)</b>
<b>Cash flow from financing activities</b>		
Proceeds from Rupee Bonds Issued	46,500.00	-
Redemption of Rupee Bonds	(25,000.00)	-
Redemption of Preference Share Capital	(70.00)	-
Preference Share Dividend paid	(9.21)	(5.25)
<b>Net cash flow from/(used in) financing activities</b>	<b>21,420.79</b>	<b>(5.25)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>5,516.62</b>	<b>433.71</b>
Cash and cash equivalents at the beginning of the year	757.89	324.18
<b>Cash and cash equivalents at the end of the year</b>	<b>6,274.51</b>	<b>757.89</b>

Particulars	(Amount in lakhs)	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Reconciliation of cash and cash equivalents with the balance sheet</b>		
Cash and cash equivalents as per balance sheet (refer note 2)		
Cash on hand	-	-
Balances with banks in current account	6,274.51	757.89
Impairment provision	(1.42)	(0.17)
<b>Cash and cash equivalents as restated as at the year end</b>	<b>6,273.09</b>	<b>757.72</b>

The above Cash flow statement has been prepared under the 'Indirect Method' as set out in Ind AS 7 - 'Cash Flow Statements'.

For **Gokhale and Sathe**

Firm Registration Number: 103264W

Chartered Accountants

**For and on behalf of the Board of Directors**

**Rahul Joglekar**

Partner

Membership No: 129389

**Dipak Gupta**

Director

DIN: 00004771

**Paritosh Kashyap**

Director

DIN: 07656300

**Veenu Singla**

Chief Executive Officer  
& Chief Financial Officer

**Agam Sandha**

Company Secretary

Date : 17<sup>th</sup> May 2023

Place: Mumbai

Date : 17<sup>th</sup> May 2023

Place: Mumbai

# Statement of Changes in Equity

for the year ended 31st March 2023

## A. Equity share capital

(Amount in Lakhs)

Particulars	Balance at the beginning of the period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance at the end of the period
<b>Equity shares of ₹ 10 each fully paid up</b>					
<b>As on 31-March-2022</b>	<b>31,000.00</b>	-	-	-	<b>31,000.00</b>
<b>As on 31-March-2023</b>	<b>31,000.00</b>	-	-	-	<b>31,000.00</b>

## B. Other equity

(Amount in Lakhs)

Particulars	Reserves and Surplus					Total
	Special reserve	Capital redemption reserve	General reserve	Capital contribution from parent	Retained earnings*	
<b>Opening balance as on 31-March-2021</b>	<b>2,178.27</b>	<b>19.00</b>	<b>2.50</b>	<b>164.15</b>	<b>8,194.68</b>	<b>10,558.60</b>
Profit for the year	-	-	-	-	2,984.66	2,984.66
Fair value of ESOPs	-	-	-	24.09	-	24.09
Transfer from Statement of Profit & Loss to Special Reserve	646.97	-	-	-	(646.97)	-
Remeasurements of the defined benefit plans	-	-	-	-	(2.00)	(2.00)
<b>Changes during the period</b>	<b>646.97</b>	<b>-</b>	<b>-</b>	<b>24.09</b>	<b>2,335.69</b>	<b>3,006.75</b>
<b>Closing balance as on 31-March-2022</b>	<b>2,825.24</b>	<b>19.00</b>	<b>2.50</b>	<b>188.24</b>	<b>10,530.37</b>	<b>13,565.35</b>
<b>Opening balance as on 31-March-2022</b>	<b>2,825.24</b>	<b>19.00</b>	<b>2.50</b>	<b>188.24</b>	<b>10,530.37</b>	<b>13,565.35</b>
Profit for the year	-	-	-	-	3,020.62	3,020.62
Fair value of ESOPs	-	-	-	-	-	-
Transfer from Statement of Profit & Loss to Special Reserve	605.00	-	-	-	(605.00)	-
Remeasurements of the defined benefit plans	-	-	-	-	1.37	1.37
<b>Changes during the period</b>	<b>605.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,416.99</b>	<b>3,021.99</b>
<b>Closing balance as on 31-March-2023</b>	<b>3,430.24</b>	<b>19.00</b>	<b>2.50</b>	<b>188.24</b>	<b>12,947.36</b>	<b>16,587.34</b>

\*Net of Share Issue Expenses

Nature and purpose of reserves: Refer Note 17.1

This is the Statement of Profit and Loss referred to in our report of even date

For **Gokhale and Sathe**

Firm Registration Number: 103264W

Chartered Accountants

**Rahul Joglekar**

Partner

Membership No: 129389

**For and on behalf of the Board of Directors**

**Dipak Gupta**

Director

DIN: 00004771

**Paritosh Kashyap**

Director

DIN: 07656300

**Veenu Singla**

Chief Executive Officer  
& Chief Financial Officer

**Agam Sandha**

Company Secretary

Date : 17<sup>th</sup> May 2023

Place: Mumbai

Date : 17<sup>th</sup> May 2023

Place: Mumbai

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 1: NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

### 1.1. CORPORATE INFORMATION

Kotak Infrastructure Debt Fund Limited (the Company), formerly known as Kotak Forex Brokerage Limited, is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered as a Non-Banking Financial Company – Infrastructure Debt Finance with Reserve Bank of India. The company is engaged in providing finance for infrastructure projects. The Company is entirely held by Kotak Mahindra Bank Ltd together with its subsidiaries.

The Company was earlier engaged in the business of providing foreign exchange related services. During the year 2017-18, the Company obtained license as Infrastructure Debt Fund – Non Banking Financial Company (IDF-NBFC) from Reserve Bank of India (RBI) vide certificate of Registration No.N-13.02177 dated April 06, 2017.

The company's registered office is at 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051

### 1.2. BASIS OF PREPARATION

#### A. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. These financial statements were authorized for issue by the Company's Board of Director's on May 17, 2023.

#### B. Basis of measurement

The financial statements have been prepared on a historical cost basis except for

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments).
- Share based payments - measured at fair value of the options (refer accounting policy regarding share based payments).

#### C. Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All the amounts are rounded to the nearest lakhs with two decimals, except when otherwise indicated.

#### D. Use of estimates and judgements

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realized may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

**Judgement, estimates and assumptions are required in particular for:**

#### I. Determination of estimated useful lives of property, plant, equipment

Useful lives of property, plant and equipment are based on the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

#### II. Determination of lease term:

Ind AS 116 – Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

#### III. Recognition and Measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation includes discount rate, trends in salary escalation, demographics and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Further details are disclosed in Note 31.

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## IV. Recognition and measurement of provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

## V. Discounting of long-term financial assets/liabilities

All financial assets/liabilities are required to be measured at fair value on initial recognition. In case of financial assets/liabilities which are required to be subsequently measured at amortized cost, interest is accrued using the effective interest method.

## VI. Fair value of share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Company initially measures the cost of cash-settled transactions with employees using a Black-Scholes model. Key assumptions have been made with respect to expected volatility including share price, expected dividends and discount rate, under this option pricing model. For cash-settled share-based payment transactions, the liability needs to be re-measured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in the Statement of Profit and Loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 32.

## VII. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value please see Note 33.

## VIII. Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

## IX. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle.

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, changes to benchmark rate and other fee income/expense that are integral parts of the instrument.

## X. Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on its financial assets measured at amortized cost and Fair Value through Other Comprehensive Income (FVOCI) except investment in equity instruments classified as FVOCI. At each reporting date, the Company assesses whether the above financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company's ECL calculations are outputs of number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios and estimated recovery from collateral.

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## XI. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

## XII. Impact relating to the global health pandemic on COVID-19

### i. Estimation of uncertainty

COVID-19 has had an extraordinary impact on macroeconomic conditions in India and 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.

India is emerging from the Covid-19 pandemic. The lockdowns and other restrictions have been completely lifted and the Company does not anticipate any significant uncertainty in the operations.

### ii. Impairment on Financial Assets

In assessing the recoverability of loans, investment in debt instruments, the Company has considered internal and external information upto the date of approval of these financial statements including reports of credit rating agencies and economic forecasts. Basis the above information, the Company has assessed the staging criteria and loss given default. Accordingly, the impairment on the financial assets has been computed.

Financial assets measured at amortized cost includes cash and cash equivalents, bank deposits and earmarked balances with banks, receivables, loans and investment in debt securities as at March 31, 2023. In addition to the historical pattern of credit loss, for assessing counter party credit risk Company has considered and incorporated emerging situations due to COVID-19. The Company has used management estimates of default rate considering the nature of receivables, financial strength of the customers, and overall economic conditions. The Company closely monitors its customers, reports of credit rating agencies to understand their economic condition. Basis this assessment, the allowance for expected credit loss on financial assets is considered adequate.

### iii. Fair value of financial instruments

Fair value hierarchy of financial assets which are carried at fair value are classified as Level 1 as at 31<sup>st</sup> March 2023.

Financial assets which are classified as Level 1 is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in liquid debt mutual funds and accordingly, material volatility is not expected. For fair values of financial assets and financial liabilities measured at amortized cost which are classified as Level 2, uncertainties arising out of COVID-19 is incorporated in discounts rates, credit spread and expected cash flows.

### iv. Leases

The Company has entered into lease arrangement for Corporate and branch office for a term of one year. The Company does not foresee any change in terms of those leases due to COVID – 19.

## 1.3. AMENDMENTS TO EXISTING IND AS

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1<sup>st</sup>, 2022, as below:

### Ind AS 103 – Business Combination

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

### Ind AS 16 – Property, Plant and Equipment

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in



# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

## Ind AS 37 – Provisions, Contingent Liabilities & Contingent Assets

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The Company does not expect the amendment to have any significant impact in its financial statements.

## Ind AS 109 – Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

## 1.4. SIGNIFICANT ACCOUNTING POLICIES

### A. Revenue recognition

Interest income on financial assets is recognized on accrual basis using effective interest method other than the financial assets classified as measured at FVTPL. The EIR is determined considering all contractual terms, fees received, transaction costs incurred and all other premiums or discounts. Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets falling under stages 1 and 2 as against on amortized cost net of impairment for the assets falling under stage 3.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Dividend income is accounted on an accrual basis when the Company's right to receive the dividend is established.

### B. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All regular way purchase or sale of financial instruments are recognised and derecognised on a trade date basis. Purchase or sale of unquoted instrument is recognised on the closing date or as and when the transaction is completed as per terms mentioned in relevant transaction agreement /document.

#### Financial assets

##### Classification

The Company classifies its financial assets as subsequently measured at either amortized cost or fair value based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

##### Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction fees or costs that are directly attributable and incremental to the origination/acquisition of the financial asset unless otherwise specifically mentioned in the accounting policies.

##### Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held such that it best reflects the way the business is managed and is consistent with the way in which business is managed and information provided to the management. The information considered in conjunction with objectives of business model includes:

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity;
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.
- The Company monitors financial assets measured at Amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Based on the Company policy, it can sell financial assets out of Amortized cost business model under following scenarios:
  - If such financial assets no longer meets the credit criteria in Company's investment policy;
  - Credit Risk on a financial assets has increased significantly;

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

- To meet liquidity needs in 'stress case scenarios' and does not anticipate selling these assets except in scenarios such as to fund unexpected outflow;
- Sales are infrequent or insignificant in value both individually or in aggregate
- if sales are made close to the maturity of the financial assets and the proceeds from the sales approximate the collection of the remaining contractual cash flows.

### **Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of assessing contractual cash flows, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- reset terms
- contingent events that would change the amount and timing of cash flows;
- prepayment and extension terms; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

The Company classifies its financial assets in the following measurement categories

### **Financial assets at amortized cost**

A financial asset is measured at amortized cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest (EIR) method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR) and reported as part of interest income in the Statement of Profit and Loss. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. The losses if any, arising from impairment are recognized in the Statement of Profit and Loss.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

### **Financial asset at fair value through Other Comprehensive Income (FVOCI)**

Financial asset with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

After initial measurement, such financial assets are subsequently measured at fair value. Subsequent changes in the carrying amount of these financial assets as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in Statement of Profit and Loss. The amounts that are recognised in Statement of Profit and Loss are the same as the amounts that would have been recognised in Statement of Profit and Loss if these financial assets had been measured at amortised cost. All other changes in the carrying amount of these financial assets are recognised in other comprehensive income. The loss allowance is recognized in 'Other Comprehensive Income' (OCI) and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of Profit and Loss.

### **Financial asset at fair value through profit and loss (FVTPL)**

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified to be measured at FVTPL.

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

## Financial liabilities and equity instruments:

### Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### Equity instruments

Any contract that evidences a residual interest in the assets after deducting all of its liabilities are classified as Equity Instruments. Equity instruments issued by the Company are recognized at the proceeds received and transaction costs are recognized as a deduction from equity.

### Financial liabilities

Financial liabilities are measured at fair value less transaction cost directly attributable to the issue of the financial liabilities at initial recognition and subsequently measured at amortized cost except when designated to be measured at FVTPL. Interest expense is recognized in Statement of Profit and Loss. Any gain or loss on de-recognition is also recognized in Statement of Profit and Loss.

## C. Impairment of Financial Assets

### Methodology for computation of Expected Credit Losses (ECL)

The financial instruments covered within the scope of ECL include financial assets measured at amortized cost and FVOCI, such as loans, trade receivables, security deposit, balances with banks and other financial assets. ECL has not been determined on financial assets measured at FVTPL.

The loss allowance has been measured using lifetime ECL except for financial assets on which there has been no significant increase in credit risk since initial recognition. In such cases, loss allowance has been measured at 12 month ECL.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired include observable data about the following events:

- a. significant financial difficulty of the issuer or the borrower;
- b. a breach of contract, such as a default or past due event;
- c. the Company, for economic or contractual reasons relating to the borrower's financial difficulty, has granted to the borrower a concession(s) that the Company would not otherwise consider;
- d. it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation;
- e. The disappearance of an active market for that financial asset because of financial difficulties.

### ECL are a probability-weighted estimate of credit losses, measured as follows:

- Financial assets that are not credit impaired at the reporting date:

ECL has been estimated by determining the probability of default ('PD'), Exposure at Default ('EAD') and loss given default ('LGD').

PD has been computed using observed history of default for long term rated loans by leading credit rating agencies and converted into forward looking PD's considering suitable macro-economic variable and other observable inputs.

- Financial assets that are credit impaired at the reporting date:

ECL has been estimated as the difference between the gross carrying amount and the present value of estimated future cash flows.

For trade receivables, the Company applies a simplified approach. It recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized:

- If the expected restructuring will not result in de-recognition of the existing asset, expected cash flows arising from the modified financial asset are included in calculating cash shortfalls from the existing asset
- If the expected restructuring will result in de-recognition of the existing asset and the recognition of modified asset, the modified asset is considered as a new financial asset. The date of the modification is treated as the date of initial recognition of that financial asset when

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

applying the impairment requirements to the modified financial asset. The impairment loss allowance is measured at an amount equal to 12 month expected credit losses until there is a significant increase in credit risk. If modified financial asset is credit-impaired at initial recognition, the financial asset is recognized as originated credit impaired asset.

### **Criteria used for determination of movement from stage 1 (12 month ECL) to stage 2 (lifetime ECL) and stage 3 (Lifetime ECL)**

The Company applies a three-stage approach to measure ECL on financial assets measured at amortized cost and FVOCI. The assets migrate through the following three stages based on an assessment of qualitative and quantitative considerations:

#### **Stage 1: 12 month ECL**

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized. Interest income is accrued using the effective interest rate on the gross carrying amount.

#### **Stage 2: Lifetime ECL (not credit impaired):**

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company uses days past due (DPD) information, deterioration in internal/external ratings and other qualitative factors to assess deterioration in credit quality of a financial asset.

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized. Interest income is accrued using the effective interest rate on the gross carrying amount.

#### **Stage 3: Lifetime ECL (credit impaired):**

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of loss allowance).

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the Expected Credit Loss reverts from lifetime ECL to 12-months ECL.

For financial instruments whose significant payment obligations are only after next 12 months, life time ECL is applied.

#### **Method used to compute lifetime ECL:**

The Company calculates ECLs based on a probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the present value of cash flows that the entity expects to receive. The Company estimates 12 month ECL and lifetime ECL using number of variable inputs such as historical default rate, macroeconomic scenarios, contractual life of financial assets and estimated recovery from collateral.

#### **Manner in which forward looking assumptions has been incorporated in ECL estimates:**

The Company considers historical observed default rates and adjusts it for current observable data. In addition, the Company uses reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions are periodically reviewed and changes, if any, are accounted for prospectively. The Company's ECL calculations are output of number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios and collateral values.

## **D. Write-offs**

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in Statement of Profit and Loss. However, financial assets that are written off may be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

## **E. Derecognition of financial assets and financial liabilities**

### **Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in statement of profit or loss.

## Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

## F. Modifications of financial assets and financial liabilities

### Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in recognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the Statement of Profit and Loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses, in other cases, it is presented as interest income.

### Financial liabilities

The Company derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in statement of profit or loss.

## G. Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments.

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the lowest level inputs that are significant to the measurements, used in the valuation techniques as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## H. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## I. Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. Gain or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment and recognized as income or expense in the Statement of Profit and Loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of property, plant and equipment 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 property, plant and equipment. The estimates of useful lives of property, plant and equipment, based on a technical evaluation, are reviewed periodically, including at each financial year-end. Estimated useful lives over which assets are depreciated are as follows:

Asset Type	Useful life in years
Premises	58
Leasehold Improvements	Over the period of lease subject to a maximum of 6 years
Office Equipment	5
Computers	3
Furniture and Fixtures	6
Vehicles	4

Used property, plant and equipment purchased are depreciated over the residual useful life from the date of original purchase. For property, plant and equipment purchased and sold during the year, depreciation is provided on pro rata basis by the Company.

## J. Borrowing cost

Borrowing costs other than those directly attributable to qualifying Property, Plant and Equipment are recognized on EIR basis.

## K. Taxes on income

The Company is an Infrastructure Debt Fund - Non Banking Finance Company (IDF - NBFC) registered with the Reserve Bank of India on 6<sup>th</sup> April 2017. Therefore, income of the Company is exempt under sections 10(47) of the Income Tax Act, 1961 (the Act). The Company has applied to CBDT to get it notified in the Official Gazette as required u/s 10(47) of the Act and has received approval for the same. Accordingly, no income tax is payable on the company's income for the financial year 2021-22 and therefore no provision for tax & deferred tax asset / liabilities has been recognized.

## L. Employee benefits

- I. Provident fund is a defined contribution scheme and the contributions as required by the statute to Government Provident Fund are charged to the Statement of Profit and Loss when due.
- II. The Company contributes up to 10% of eligible employee's salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Company recognizes such contributions as an expense in the year when an employee renders the related service.
- III. Gratuity liability is a defined benefit obligation and is wholly unfunded. The Company accounts for liability for future gratuity benefits based on actuarial valuation. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.
- IV. Re-measurement of all defined benefit plans, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income in the year they are incurred. Re-measurements are not reclassified to profit or loss in subsequent period. Re-measurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in profit or loss. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit or loss.
- V. The amount of short term employee benefits expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee renders the service. These benefits include performance incentives.

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

- VI. The Company accrues the liability for compensated absences based on the actuarial valuation as at the balance sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilization. The net present value of the Company's obligation is determined based on the projected unit credit method as at the Balance Sheet date.
- VII. As per the Company's policy, employees of the Company are eligible for an award after completion of a specified number of years of service with the Company. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the projected unit credit method conducted by actuary of Life Insurance of fellow subsidiary.

## M. Employee share based payments

### Equity-settled scheme:

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. Fair value determined at the grant date is reduced by payment, if any, made to the parent, is recognized as deemed contribution to equity from parent.

### Cash-settled scheme:

The cost of cash-settled scheme (stock appreciation rights) is measured initially using fair value method at the grant date taking into account the terms and conditions upon which the instruments were granted. This fair value is amortized on a straight-line basis over the vesting period with recognition of corresponding liability. This liability is re-measured at each balance sheet date up to and including the settlement date with changes in fair value recognised in the Statement of Profit and Loss in 'Provision for Stock Appreciation Rights' under the head Employee Benefit Expense.

## N. Segmental reporting

The company's operating segments are established on the basis of those components of the company that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems. Basis evaluation, the company concluded it operates in single reportable segment.

## O. Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## P. Provisions and contingent liabilities

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but disclosed in the notes. Contingent assets are neither recognized nor disclosed in financial statements.

## Q. Leases

At the inception of the contract Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of identified asset;
- (ii) the Company has substantially all the economic benefits from the use of the asset through the period of lease; and
- (iii) the Company has right to direct the use of the asset.

### As lessee

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognises the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## **R. Impairment of non-financial assets**

The carrying values of assets at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount in the Statement of Profit and Loss.

The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognized.

## **S. Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand and demand deposits with banks. It also comprises of short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## **T. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 'Statement of Cash Flows' as amended from time to time.



# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 2 CASH AND CASH EQUIVALENTS

(Amount in lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Balances with banks:	673.76	757.89
In Fixed Deposits with Bank having maturity less than 3 months	5,600.75	-
	<b>6,274.51</b>	<b>757.89</b>
Less: Impairment loss allowance	(1.42)	(0.17)
	<b>6,273.09</b>	<b>757.72</b>

## NOTE 3 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(Amount in lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Fixed deposit with banks	23.09	23.06
Less: Impairment loss allowance	(0.01)	(0.01)
	<b>23.08</b>	<b>23.05</b>

## NOTE 4 OTHER RECEIVABLES

(Amount in lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Unsecured, considered good	1.64	4.21
Sub total	1.64	4.21
Less: Impairment loss allowance	(0.01)	(0.01)
<b>Total (B)</b>	<b>1.63</b>	<b>4.20</b>

## NOTE 4A: TRADE RECEIVABLE AGEING:

(Amount in lakhs)

Particulars	As at March 31, 2023							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	-	-	-	-	-	-	-	-
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amount in lakhs)

Particulars	As at March 31, 2022							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	-	-	-	-	-	-	-	-
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTE 5 LOANS

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>At Amortised Cost</b>		
(i) Term Loans	70,246.96	47,404.37
(ii) Loan to employees	1.84	0.91
<b>Total Gross</b>	<b>70,248.80</b>	<b>47,405.28</b>
Less: Impairment allowance	(300.84)	(197.14)
<b>Total Net (A)</b>	<b>69,947.96</b>	<b>47,208.14</b>
<b>Out of (A) above</b>		
(i) Loans outside India	-	-
(ii) Loans in India		
(a) Public Sector	-	-
(b) Others	70,248.80	47,405.28
<b>Grand total</b>	<b>70,248.80</b>	<b>47,405.28</b>
Less: Impairment allowance	(300.84)	(197.14)
<b>Total Net (A)</b>	<b>69,947.96</b>	<b>47,208.14</b>
<b>Out of (A) above</b>		
(i) Secured by tangible assets	70,246.96	47,404.37
(ii) Unsecured	1.84	0.91
<b>Total Gross</b>	<b>70,248.80</b>	<b>47,405.28</b>
Less: Impairment loss allowance	(300.84)	(197.14)
<b>Total Loans</b>	<b>69,947.96</b>	<b>47,208.14</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## Gross carrying value reconciliation

(Amount in lakhs)

Particulars	12-month ECL	Life Time ECL- Not Credit Impaired
<b>Term loans</b>		
<b>Balance as at March 31, 2021</b>	50,026.11	5,089.04
Transfers	-	-
Net remeasurement of existing financial asset (including repayments)	<b>(3,804.81)</b>	<b>(2,747.02)</b>
New financial assets originated during the year	14,377.88	-
Financial assets that have been derecognised during the period	<b>(15,536.83)</b>	-
<b>Balance as at March 31, 2022</b>	<b>45,062.35</b>	<b>2,342.02</b>
Transfers	-	-
Net remeasurement of existing financial asset (including repayments)	(4,136.42)	(282.13)
New financial assets originated during the year	34,099.30	-
Financial assets that have been derecognised during the period	(6,838.16)	-
<b>Balance as at March 31, 2023</b>	<b>68,187.07</b>	<b>2,059.89</b>

## NOTE 6 INVESTMENTS

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>At Amortised Cost</b>		
Debt securities	27,798.98	14,444.14
<b>Total Gross (A)</b>	<b>27,798.98</b>	<b>14,444.14</b>
Less: Impairment allowance	(30.43)	(11.42)
<b>Total Net (A)</b>	<b>27,768.55</b>	<b>14,432.72</b>
<b>At Fair value Through profit or loss</b>		
Mutual funds	16,179.96	33,003.76
<b>Total (B)</b>	<b>16,179.96</b>	<b>33,003.76</b>
<b>Grand total (A+B)</b>	<b>43,948.51</b>	<b>47,436.48</b>
<b>Out of (A) above</b>		
<b>Amortised Cost</b>		
(i) Investments outside India	-	-
(ii) Investments in India	27,798.98	14,444.14
<b>Total Gross (A)</b>	<b>27,798.98</b>	<b>14,444.14</b>
Less: Impairment allowance	(30.43)	(11.42)
<b>Total Net (A)</b>	<b>27,768.55</b>	<b>14,432.72</b>
<b>Out of (B) above</b>		
<b>At Fair value Through profit or loss</b>	-	-
(i) Investments outside India	-	-
(ii) Investments in India	16,179.96	33,003.76
<b>Total investments</b>	<b>43,948.51</b>	<b>47,436.48</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## Gross carrying value reconciliation

Particulars	(Amount in lakhs)	
	12-month ECL	Life Time ECL- Not Credit Impaired
<b>Debt Securities</b>		
<b>Balance as at March 31, 2021</b>	18,742.16	-
Transfers	-	-
Net remeasurement of existing financial asset (including repayments)	<b>(1,166.65)</b>	-
New financial assets originated during the year	5,801.07	-
Financial assets that have been derecognised during the period	<b>(8,932.44)</b>	-
<b>Balance as at March 31, 2022</b>	<b>14,444.14</b>	-
Transfers	-	-
Net remeasurement of existing financial asset (including repayments)	(516.41)	-
New financial assets originated during the year	19,468.03	-
Financial assets that have been derecognised during the period	(5,596.78)	-
<b>Balance as at March 31, 2023</b>	<b>27,798.98</b>	-

## NOTE 7 OTHER FINANCIAL ASSETS

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Security deposits	2.60	2.60
Less: Impairment loss allowance	(0.01)	(0.01)
<b>Total</b>	<b>2.59</b>	<b>2.59</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 8 PROPERTY, PLANT AND EQUIPMENT

(Amount in lakhs)

Particulars	Premises	Vehicles	Computers	Total
<b>Balance as at April 1, 2021</b>	<b>27.23</b>	<b>68.14</b>	<b>4.88</b>	<b>100.25</b>
Additions during the year	-	-	3.42	3.42
Disposals during the year	-	(68.14)	(2.09)	(70.23)
<b>Balance as on 31-March-2022</b>	<b>27.23</b>	<b>-</b>	<b>6.21</b>	<b>33.44</b>
<b>Accumulated depreciation and impairment losses as at April 1, 2021</b>	<b>1.48</b>	<b>53.55</b>	<b>3.04</b>	<b>58.07</b>
Depreciation for the year	0.47	14.26	1.18	15.91
Disposals during the year	-	(67.81)	(0.96)	(68.77)
<b>Balance as on March 31, 2022</b>	<b>1.95</b>	<b>-</b>	<b>3.26</b>	<b>5.21</b>
<b>Net carrying amount as at March 31, 2022</b>	<b>25.28</b>	<b>-</b>	<b>2.95</b>	<b>28.23</b>
<b>Balance as at April 1, 2022</b>	<b>27.23</b>	<b>-</b>	<b>6.21</b>	<b>33.44</b>
Additions during the year	-	-	3.73	3.73
Disposals during the year	-	-	(1.50)	(1.50)
<b>Balance as on 31-March-2023</b>	<b>27.23</b>	<b>-</b>	<b>8.44</b>	<b>35.67</b>
<b>Accumulated depreciation and impairment losses as at April 1, 2022</b>	<b>1.95</b>	<b>-</b>	<b>3.26</b>	<b>5.21</b>
Depreciation for the year	0.47	-	1.55	2.02
Disposals during the year	-	-	(0.84)	(0.84)
<b>Balance as on March 31, 2023</b>	<b>2.42</b>	<b>-</b>	<b>3.97</b>	<b>6.39</b>
<b>Net carrying amount as at March 31, 2023</b>	<b>24.81</b>	<b>-</b>	<b>4.47</b>	<b>29.28</b>

### Impairment loss and reversal of impairment loss

- There is no impairment loss recognised for property, plant and equipment.
- Secured Redeemable Rupee Bonds have pari passu charges on premises whose net carrying amount is 24.81 Lakhs (Previous Year: 25.28 Lakhs)

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 9 OTHER INTANGIBLE ASSETS

(Amount in lakhs)

Particulars	Software and System Development
<b>Balance as at April 1, 2021</b>	-
Additions during the year	2.50
Disposals during the year	-
<b>Balance as at March 31st, 2022</b>	<b>2.50</b>
<b>Accumulated Amortization and impairment as at April 1, 2021</b>	-
Amortization for the year	0.34
Disposals during the year	-
<b>Accumulated Amortization and impairment as March 31st, 2022</b>	<b>0.34</b>
<b>Net carrying amount as at March 31st, 2022</b>	<b>2.16</b>
<b>Balance as at April 1, 2022</b>	2.50
Additions during the year	0.77
Disposals during the year	-
<b>Balance as at March 31st, 2023</b>	<b>3.27</b>
<b>Accumulated Amortization and impairment as at April 1, 2022</b>	0.34
Amortization for the year	0.89
Disposals during the year	-
<b>Accumulated Amortization and impairment as March 31st, 2023</b>	<b>1.23</b>
<b>Net carrying amount as at March 31st, 2023</b>	<b>2.04</b>

### Impairment loss and reversal of impairment loss

There is no impairment loss for intangible assets.

## NOTE 10 OTHER NON-FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Prepaid expenses	10.66	22.84
GST input receivable	21.53	33.97
<b>Total</b>	<b>32.19</b>	<b>56.81</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 11 PAYABLES

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(A) Trade Payables</b>		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	94.16	109.74
<b>Total (A)</b>	<b>94.16</b>	<b>109.74</b>
<b>(B) Other Payables</b>		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	38.71	32.75
<b>Total (B)</b>	<b>38.71</b>	<b>32.75</b>
<b>Total</b>	<b>132.87</b>	<b>142.49</b>

### Trade Payable ageing schedule:

As on 31 March 2023:

(Amount in lakhs)

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	78.52	-	15.64	-	-	-	94.16
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>78.52</b>	<b>-</b>	<b>15.64</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94.16</b>

As on 31 March 2022:

(Amount in lakhs)

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	45.41	-	64.33	-	-	-	109.74
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
<b>Total</b>	<b>45.41</b>	<b>-</b>	<b>64.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109.74</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 12 DEBT SECURITIES

Particulars	(Amount in lakhs)			
	At Amortised Cost (1)	At Fair Value Through Profit or Loss (2)	Designated at fair value through profit or loss (3)	Total (4 = 1+2+3)
<b>As at March 31, 2023</b>				
<b>Bonds</b>				
Rupee Bond (Secured, Redeemable and Non convertible), fully paid, privately placed	73,613.92	-	-	73,613.92
<b>Total</b>	<b>73,613.92</b>	<b>-</b>	<b>-</b>	<b>73,613.92</b>
<b>Out of above</b>				
Debt securities in India	73,613.92	-	-	73,613.92
Debt securities outside India	-	-	-	-
<b>Total</b>	<b>73,613.92</b>	<b>-</b>	<b>-</b>	<b>73,613.92</b>
<b>As at March 31, 2022</b>				
<b>Bonds</b>				
Rupee Bond (Secured, Redeemable and Non convertible), fully paid, privately placed	51,793.62	-	-	51,793.62
<b>Total</b>	<b>51,793.62</b>	<b>-</b>	<b>-</b>	<b>51,793.62</b>
<b>Out of above</b>				
Debt securities in India	51,793.62	-	-	51,793.62
Debt securities outside India	-	-	-	-
<b>Total</b>	<b>51,793.62</b>	<b>-</b>	<b>-</b>	<b>51,793.62</b>

**Note:**

These bonds are redeemable at par on maturity. These are Secured by mortgage of assets (Flats) and charge on loans & Advances.

Rupee Bond (Redeemable and Non convertible) - Debt Securities	As at 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	Interest Rate (%)	Balance Outstanding	Face value (₹)	Interest Rate (%)	Balance Outstanding	Face value (₹)
Repayable at Maturity						
Dec-22	-	-	-	7.85%	10,251.00	10,000
Feb-23	-	-	-	5.84%	15,171.47	15,000
Jul-23	7.94%	15,900.08	15,000	5.58%	15,630.89	15,000
Jun-24	9.15%	10,746.74	10,000	9.15%	10,740.26	10,000
Dec-27	7.97%	9,216.11	9,000	-	-	-
Feb-28	7.97%	12,227.27	12,000	-	-	-
May-28	8.30%	20,527.88	20,500	-	-	-
Jul-28	8.29%	4,995.84	5,000	-	-	-
		<b>73,613.92</b>			<b>51,793.62</b>	

**Note:**

The rates mentioned above are the applicable rates as at year end. These includes floating rate loans which are based on external benchmark.



# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 13 SUBORDINATED LIABILITIES

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>At Amortised Cost</b>		
Preference shares other than those that qualify as Equity*	-	75.25
<b>Total (A)</b>	-	<b>75.25</b>
Subordinated liabilities in India	-	75.25
Subordinated liabilities outside India	-	-
<b>Total (B)</b>	-	<b>75.25</b>

\*Rights, preferences and restrictions attached to Preference shares

- (i) The Company had issued only one class of 7.5% preference shares of ₹5,00,000/- each fully paid up, redeemable at par at the end of 10 years with a Put / Call option to redeem them earlier, after completion of 3 years from the date of issue being 31<sup>st</sup> December 2012.
- (ii) The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.
- (iii) Each holder of the preference shares is entitled to one vote per share only on the resolution placed before the company which directly affect the rights attached to Preference Shares.
- iv) These preference shares were redeemed during the year.

## NOTE 14 PROVISIONS

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Provision for employee benefits</b>		
Gratuity (refer note 31)	13.99	13.49
Compensated absences	1.32	4.72
Stock appreciation rights (SARs)	0.68	-
Long service award	0.15	0.23
<b>Total</b>	<b>16.14</b>	<b>18.44</b>

## Note 15 OTHER NON-FINANCIAL LIABILITIES

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Income received in advance	7.41	-
Statutory dues payable	24.20	9.17
Employee benefits accrued	25.98	43.65
<b>Total</b>	<b>57.59</b>	<b>52.82</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 16 EQUITY SHARE CAPITAL

(Amount in lakhs)

Particulars	As at	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Authorised</b>		
310,050,000 (March 31, 2022: 310,050,000) equity shares of ₹ 10 each with voting rights	31,005.00	31,005.00
6014 (March 31, 2022: 6014) 7.5% Non-Cumulative Redeemable Preference Shares of ₹ 5,00,000/- each*	30,070.00	30,070.00
<b>Issued, subscribed and paid up</b>		
310,000,000 (March 31, 2022: 310,000,000) equity shares of ₹10 each fully paid up with voting rights	31,000.00	31,000.00

\*Preference share is considered as Subordinated liability (Refer Note 13)

### a. Reconciliation of number of shares outstanding at the beginning and at the end of the year :

(Amount in lakhs)

Particulars	As at	
	No. of shares	Amount
<b>Equity shares of ₹ 10 each, fully paid-up</b>		
<b>As at April 1, 2021</b>	310,000,000	31,000.00
Add/(less) : Movement during the year	-	-
<b>As at March 31, 2022</b>	<b>310,000,000</b>	<b>31,000.00</b>
Add/(less) : Movement during the year	-	-
<b>As at March 31, 2023</b>	<b>310,000,000</b>	<b>31,000.00</b>

### b. Rights, preferences and restrictions attached to equity shares

- The Company has only one class of equity shares having par value of ₹ 10 per share.
- Each holder of equity shares is entitled to one vote per share.
- Dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting , except in case of interim dividend.
- 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.

### c. Details of shares held by holding company and its subsidiaries

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Number of shares	% Holding	Number of shares	% Holding
<b>Equity shares with voting rights</b>				
Kotak Mahindra Bank Limited, the Ultimate holding company w.e.f 21 <sup>st</sup> October, 2016 (Holding Company upto 20 <sup>th</sup> October, 2016)#	93,000,000	30.00%	93,000,000	30.00%
Kotak Securities Limited **	93,000,000	30.00%	93,000,000	30.00%
Kotak Investment Advisors Limited **	62,000,000	20.00%	62,000,000	20.00%
Kotak Mahindra Capital Company Limited **	62,000,000	20.00%	62,000,000	20.00%
	<b>310,000,000</b>	<b>100.00%</b>	<b>310,000,000</b>	<b>100.00%</b>
<b>Preference Shares:</b>				
Kotak Mahindra Bank Limited, the Ultimate holding company w.e.f 21 <sup>st</sup> October, 2016 ( Holding Company upto 20 <sup>th</sup> October, 2016)	-	-	14	100.00%
	<b>-</b>	<b>-</b>	<b>14</b>	<b>100.00%</b>

\*\* Subsidiary of Kotak Mahindra Bank Ltd.

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## d. Details of shares held by each shareholder holding more than 5% shares in the Company

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Number of shares	% Holding	Number of shares	% Holding
<b>Equity shares with voting rights</b>				
Kotak Mahindra Bank Limited	93,000,000	30%	93,000,000	30%
Kotak Securities Limited	93,000,000	30%	93,000,000	30%
Kotak Investment Advisors Limited	62,000,000	20%	62,000,000	20%
Kotak Mahindra Capital Company Limited	62,000,000	20%	62,000,000	20%
	<b>310,000,000</b>	<b>100%</b>	<b>310,000,000</b>	<b>100%</b>
<b>Preference Share:</b>				
Kotak Mahindra Bank Limited	-	-	14	100.00%
	-	-	14	100.00%

## e. Details of shares held by the Promoters:

### As on March 31, 2023:

Promoter name	Class of Shares	At the end of the year		At the beginning of the year		% Change during the year
		No. of Shares	% of total shares	No. of Shares	% of total shares	
Kotak Mahindra Bank Limited, the Ultimate holding company w.e.f. 21 <sup>st</sup> October, 2016 (Holding Company upto 20 <sup>th</sup> October, 2016)	Equity shares with voting rights	93,000,000.00	30.00%	93,000,000.00	30.00%	0.00%

### As on March 31, 2022

Promoter name	Class of Shares	At the end of the year		At the beginning of the year		% Change during the year
		No. of Shares	% of total shares	No. of Shares	% of total shares	
Kotak Mahindra Bank Limited, the Ultimate holding company w.e.f. 21 <sup>st</sup> October, 2016 (Holding Company upto 20 <sup>th</sup> October, 2016)	Equity shares with voting rights	93,000,000.00	30.00%	93,000,000.00	30.00%	0.00%

## NOTE 17 OTHER EQUITY

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Special reserve	3,430.24	2,825.24
Capital redemption reserve	19.00	19.00
General reserve	2.50	2.50
Capital contribution from parent	188.24	188.24
Retained earnings	12,977.95	10,560.96
Share issue expenses	(30.59)	(30.59)
Impairment Reserve	-	-
	<b>16,587.34</b>	<b>13,565.35</b>

## NOTE 17.1 NATURE AND PURPOSE OF RESERVE

### Special reserve

Special reserve represents appropriation of retained earning as per Section 45 IC of the Reserve Bank of India Act, 1934.

### Capital redemption reserve

Capital redemption reserve is created on redemption/buy back of preference/equity share capital. Capital redemption reserve includes transfer from General reserve on redemption/buy back of preference / equity shares.

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## General reserve

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

## Capital contribution from parent

Capital Contribution from Parent represents fair value of the employee stock option plan. These option are issued by parent company "Kotak Mahindra Bank Limited" to the employee of the Company.

## Retained earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

## Share Issue Expenses

Share Issue Expenses comprises of stamp duty expense incurred by the Company on issuance of share. This being transaction cost directly attributable to issuance of equity instruments is considered as other component of equity.

## Impairment Reserve

As directed by RBI vide circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning) Company shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment reserve' (Refer note 54)

### Note 17.2 Other equity movement

(Amount in lakhs)

Particulars	As at	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>(i) Special reserve</b>		
<b>Opening balance</b>	<b>2,825.24</b>	<b>2,178.27</b>
Addition during the year	605.00	646.97
<b>Closing balance</b>	<b>3,430.24</b>	<b>2,825.24</b>
<b>(ii) Capital redemption reserve</b>		
<b>Opening balance</b>	<b>19.00</b>	<b>19.00</b>
<b>Closing balance</b>	<b>19.00</b>	<b>19.00</b>
<b>(iii) General reserve</b>		
<b>Opening balance</b>	<b>2.50</b>	<b>2.50</b>
<b>Closing balance</b>	<b>2.50</b>	<b>2.50</b>
<b>(iv) Capital contribution from parent</b>		
<b>Opening balance</b>	<b>188.24</b>	<b>164.15</b>
Addition during the year	-	24.09
<b>Closing balance</b>	<b>188.24</b>	<b>188.24</b>
<b>(v) Retained earnings *</b>		
<b>Opening balance</b>	<b>10,560.96</b>	<b>8,225.27</b>
Net profit for the year	3,020.62	2,984.66
Transferred to Special Reserve under section 45IC of Reserve Bank of India, Act, 1934	(605.00)	(646.97)
Actuarial gain/ (loss) on remeasurement of defined benefit plan	1.37	(2.00)
<b>Closing balance</b>	<b>12,977.95</b>	<b>10,560.96</b>
<b>(vi) Share Issue expenses</b>		
<b>Opening balance</b>	<b>(30.59)</b>	<b>(30.59)</b>
<b>Closing balance</b>	<b>(30.59)</b>	<b>(30.59)</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## \* Includes Remeasurement gain / (loss) of Employee Benefit Obligation recognised in Other Comprehensive Income

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Opening balance	(1.27)	0.72
Other Comprehensive Income for the year	1.37	(2.00)
Income tax relating to above	-	-
<b>Closing balance</b>	<b>0.10</b>	<b>(1.27)</b>

## Note 18 INTEREST INCOME

(Amount in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2023				For the year ended 31 <sup>st</sup> March, 2022			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total Interest Income	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total Interest Income
Interest on loans	-	5,155.05	-	5,155.05	-	4,555.75	-	4,555.75
Interest income from investments	-	724.18	-	724.18	-	1,610.83	-	1,610.83
Interest on deposits with banks	-	29.40	-	29.40	-	6.33	-	6.33
<b>Total</b>	<b>-</b>	<b>5,908.63</b>	<b>-</b>	<b>5,908.63</b>	<b>-</b>	<b>6,172.91</b>	<b>-</b>	<b>6,172.91</b>

## Disaggregation of revenue

The Company's operations fall into a single business segment comprising of 'financing infrastructure projects' and activities incidental thereto, and all its operations are carried out in India. The information given in note 18, 19 and 20 meet the objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported.

## NOTE 19 NET GAIN ON FINANCIAL INSTRUMENTS MEASURED ON FAIR VALUE

(Amount in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
Mutual Fund	1,716.73	721.47
<b>Total Net gain on financial instruments measured on fair value</b>	<b>1,716.73</b>	<b>721.47</b>
<b>Fair value changes:</b>		
-Realised	1,710.53	710.03
-Unrealised (Net)*	6.20	11.44
<b>Total</b>	<b>1,716.73</b>	<b>721.47</b>

\* Net of unrealised gain/(loss) of previous period transferred to realised gain/(loss)

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## Note 20 OTHER INCOME

(Amount in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Net gain on sale of property, plant and equipment	0.14	-
Interest on Income Tax refund	47.68	65.19
Miscellaneous income	4.72	-
<b>Total</b>	<b>52.54</b>	<b>65.19</b>

## NOTE 21 FINANCE COSTS

(Amount in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Interest on debt securities	3,911.10	3,313.68
Interest on subordinated liabilities	3.96	5.25
<b>Total</b>	<b>3,915.06</b>	<b>3,318.93</b>

## NOTE 22 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Amount in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>On financial instruments measured at amortised cost</b>		
Loans	103.70	(145.83)
Investments	19.01	(44.13)
Cash and Cash Equivalent	1.25	0.10
Bank balances	0.00	0.00
Other Receivables	(0.01)	0.01
Security Deposits	0.00	0.01
<b>Total</b>	<b>123.95</b>	<b>(189.84)</b>

## NOTE 23 EMPLOYEE BENEFITS EXPENSES

(Amount in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Salaries and wages	181.05	334.16
Contribution to provident and other funds	8.33	14.67
Share based payment to employees	0.68	76.26
Staff welfare expenses	2.33	6.39
<b>Total</b>	<b>192.39</b>	<b>431.48</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 24 OTHER EXPENSES

(Amount in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Rent, taxes and energy costs	41.14	42.10
Repairs and maintenance	3.08	1.37
Communication Costs	0.24	0.30
Advertisement and business promotion expenses	1.94	1.09
Directors' fees, allowances and expenses	16.70	17.30
Auditors' fees and expenses (Refer Note 27)	9.33	7.03
Legal and Professional charges	37.33	33.75
Insurance	0.04	0.84
Travelling and Conveyance	5.55	4.51
Common Establishment Expenses - Reimbursements	185.47	166.30
Contribution on Corporate Social Responsibility activities (Refer Note 28)	64.00	62.50
Rates, Taxes and Fees	41.89	25.83
Royalty Expenses	17.24	19.19
Miscellaneous Expenses	18.93	15.98
<b>Total</b>	<b>442.88</b>	<b>398.09</b>

## Note 25 EARNINGS PER EQUITY SHARE

Basic EPS is calculated by dividing profit for the year attributable to equity holders by weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

(Amount in lakhs)

Sr. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
A)	Net profit attributable to equity holders	3,020.62	2,984.66
B)	<b>Profit attributable to equity holders of the Company</b>	<b>3,020.62</b>	<b>2,984.66</b>
C)	<b>Weighted average number of ordinary shares</b>		
	Issued ordinary shares at the beginning of the year	310,000,000	310,000,000
	<b>Weighted average number of shares at the end of the year</b>	<b>310,000,000</b>	<b>310,000,000</b>
D)	<b>Face value per share</b>	<b>10.00</b>	<b>10.00</b>
E)	<b>Basic &amp; Diluted earnings per share</b>	<b>0.97</b>	<b>0.96</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 26 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(Amount in lakhs)

Sr. No. Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Contingent liabilities:</b>	<b>Nil</b>	<b>Nil</b>

The Company is an Infrastructure Debt Fund - Non Banking Finance Company (IDF - NBFC) registered with the Reserve Bank of India on 6<sup>th</sup> April 2017. Therefore, income of the Company is exempt under sections 10(47) of the Income Tax Act, 1961 (the Act). The Company has applied to CBDT to get it notified in the Official Gazette as required u/s 10(47) of the Act and received approval for the same. Accordingly, no income tax is payable on the Company's income for the financial year 2022-23 and therefore no provision for tax & deferred tax asset / liabilities have been recognized.

## NOTE 27 PAYMENT TO AUDITORS

(Amount in lakhs)

Sr. No. Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Payment to the auditors as:</b>		
a) Auditors	8.00	6.50
b) For other services	1.00	0.50
c) For reimbursement of expenses	0.33	0.03
<b>Total</b>	<b>9.33</b>	<b>7.03</b>

## NOTE 28 CORPORATE SOCIAL RESPONSIBILITY

The Company's CSR project aims to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility agenda. CSR project undertaken in FY2022-23 are in the area of education and livelihood.

As per the provisions of the Section 135 of the Companies Act, 2013, prescribed 2% CSR Expenditure requirement for FY2022-23 ₹ 63.65 lakhs (Previous year: ₹ 62.45 lakhs). After adjusting for excess spend of previous years, the CSR obligation for FY2022-23 is ₹ 63.60 Lakh.

### 28.01 Disclosures in relation to corporate social responsibility expenditure:

(Amount in lakhs)

Sr. No. Details of CSR Expenditure	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Amount of expenditure CSR spend</b>		
a) Kotak Education Foundation	23.62*	44.18
b) Other Initiatives	1.1**	0.00
<b>Accrual towards unspent obligations (Shortfall) in relation to:</b>		
(i) Ongoing project	40.38	18.32
(ii) Other than ongoing project	0.00	0.00
<b>Total</b>	<b>65.10</b>	<b>62.50</b>
c) Amount required to be spent as per Section 135 of the Act	63.65	62.45
d) Amount of cumulative unspent at the end of the year	40.38	18.31
<b>Amount spent during the year on</b>		
(i) Construction / acquisition of any asset	0.00	0.00
(ii) On purposes other than (i) above	24.72**	44.18

\* Excludes ₹ 1.38 lakh of unutilised CSR payment which was refunded by KEF in April 2023 and was subsequently transferred to the Unspent Account

\*\* Includes Administrative expenses incurred of 1.10 lakhs (previous year Nil).



# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## 28.02 Details of ongoing CSR projects under Section 135(6) of the Act:

Financial Year	Balance as at 1 <sup>st</sup> April		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 <sup>st</sup> March	
	With the Company	In Separate CSR Unspent account		From the Company's Bank account	From Separate CSR Unspent account	With Company	In Separate CSR Unspent account
FY 22-23	0.00	0.00	64.00	25.00	0.00	40.38#	0.00
FY 21-22	18.31 *	0.00	0.00	0.00	18.31	0.00	0.00
FY 20-21	0.00	14.73	0.00	0.00	14.73	0.00	0.00

\* The amount was transferred to Kotak Mahindra Bank Limited Unspent Account FY 2021-22 in April 2022.

# The amount was transferred to Kotak Mahindra Bank Limited Unspent CSR Account FY 2022-23 in April, 2023

## Note 28.03 Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects:

Sr. No.	Balance unspent as at 1 <sup>st</sup> April 2022	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at 31 <sup>st</sup> March 2023
a)	-	-	-	-	-

## Note 28.04 Details of excess CSR expenditure under Section 135(5) of the Act:

Sr. No.	Balance excess spent as at 1 <sup>st</sup> April 2022	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at 31 <sup>st</sup> March 2023
a)	0.05	63.65	65.10	1.50

## 28.05 Details pertaining to corporate social responsibility activities:

Sr. No.	Particulars	(Amount in lakhs)	
		For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
a)	Corporate Social Responsibility expenses for the period	65.10	62.50
b)	Various Head of expenses included in above: Note 24: Other Expenses: Contribution on Corporate Social Responsibility activities	65.10	62.50
c)	Details of related party transactions	-	-
d)	<b>Provision for CSR Expenses</b>		
	Opening Balance	33.04	14.73
	Add: Provision created during the period	65.10	62.50
	Less: Provision utilised during the period	(57.77)	(44.18)
	Closing Balance	40.38*	33.04
e)	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	-	-
f)	The total of previous years' shortfall amounts	-	-
g)	The reason for above shortfalls by way of a note	-	-
h)	The nature of CSR activities undertaken by the Company	The CSR Project is undertaken in focus area 'Education' providing financial assistance for continuation of education to students who have lost earning parent(s) due to COVID-19	The CSR Project is undertaken in focus area 'Education' providing financial assistance for continuation of education to students who have lost earning parent(s) due to COVID-19

\* Includes ₹ 1.38 lakh of unutilised CSR payment which was refunded by KEF in April 2023 and was subsequently transferred to the Unspent Account

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 29 RELATED PARTY DISCLOSURE

Related party disclosures, as required by notified Ind AS 24 - 'Related Party Disclosures' are given below:

### A. Names of Related Parties

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
(a)	<b>Holding company:</b>		
	Kotak Mahindra Bank Limited	India	30.00%
	Kotak Securities Limited	India	30.00%
	Kotak Investment Advisors Limited	India	20.00%
	Kotak Mahindra Capital Company Limited	India	20.00%
(b)	<b>Fellow subsidiary:</b>		
	Kotak Securities Limited	India	
	Kotak Mahindra Capital Company Limited	India	
	Kotak Investment Advisors Limited.	India	
	Kotak General Insurance Company Limited	India	
	Kotak Mahindra Life Insurance Company Limited (Kotak Life)	India	
	Kotak Mahindra Prime Limited	India	
	Kotak Mahindra Investments Limited (KMIL)	India	
	Kotak Mahindra Asset Management Company Limited	India	
	Kotak Mahindra Trusteeship Services Limited	India	
	Kotak Mahindra (UK) Limited	UK	
	Kotak Mahindra (International) Limited	Mauritius	
	Kotak Mahindra Asset Management (Singapore) Pte. Ltd.	Singapore	
	Kotak Mahindra Inc	USA	
	Kotak Mahindra Financial Services Limited	U.A.E.	
	Kotak Mahindra Trustee Company Ltd	India	
	Kotak Mahindra Pension Fund Limited	India	
	BSS Microfinance Limited	India	
	IVY Product Intermediaries Limited	India	
(c)	<b>Key Management Personnel</b>		
	Mr. Veenu Singla, CEO & CFO		
	Mr. Dipak Gupta, Director		
	Mr. K.V.S Manian, Director (Resigned w.e.f. 1 <sup>st</sup> July 2022)		
	Mr. Rajiv Ramchand Gurnani (Appointed w.e.f. April 27, 2022) (Resigned w.e.f. 8 <sup>th</sup> July 2022)		
	Ms. Sujata Guhathakurta, Director		
	Mr. Raghunandan Maluste, Independent Director*		
(d)	<b>Others</b>		
	Aero Agencies Limited		

\*Categorized as Key Management Personnel as per definition of Ind AS 24, however both the directors Continue to be independent directors as defined in section 149 (6) of the Companies act 2013

### B. Transactions with related parties

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year:

#### Transactions with key management personnel

The table below describes the compensation to key management personnel which comprise directors and executive officers under Ind AS 24:

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## (a) Key management personnel compensation\*

Sr. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
i.	Short-term employee benefits	61.95	239.28
ii.	Post-employment defined benefit	2.63	7.31
iii.	Share-based payments	0.68	92.27
iv.	Sitting fees and commission	16.70	17.30

\*The above figures do not include provisions for encashable leave and gratuity, as Separate actuarial valuation are not available.

## (b) Transactions with other related parties

A. During the year following transaction were entered into with related parties:

		(Amount in lakhs)	
Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>I</b>	<b>Holding Company</b>		
	<b>Transactions during the year :</b>		
	-Kotak Mahindra Bank Limited		
	Interest on Term Deposits / Corporate Bond / Loan	19.73	6.33
	Esop Expenses (Refer Note 32)	-	34.31
	Term Deposits - Placed	26,100.00	5,500.00
	Term Deposits - Redeemed	20,500.00	5,500.00
	Transfer of asset	-	1.45
	Repayment of preference shares	70.00	-
	Issue of Rupee Bonds	36,000.00	-
	Repayment of Borrowing	25,000.00	-
	Interest on Borrowings	2,503.37	2,384.16
	Interest Accrued on Bonds	910.03	1,057.34
	Payment of Interest Accrued on Bonds	2,597.63	2,316.50
	Rent expenses	38.44	39.09
	Reimbursement of Operating expenses	8.85	9.81
	Shared Service Cost	166.15	149.80
	Dividend paid	9.21	5.25
	Demat charges	0.01	0.01
	Bank Charges	0.21	0.01
	IPA fees Paid	55.50	-
	Royalty expense	17.24	19.19
	ESOP Compensation	-	10.22
	Employee Liability transfer out	17.69	69.04
	<b>Balance outstanding as at the year end :</b>		
	Equity Shares	9,300.00	9,300.00
	Term Deposits	5,622.57	23.06
	Preference shares	-	70.00
	Borrowings	24,195.13	41,053.36
	Current and Savings account balances ('CASA')	664.40	751.31
	Shared services payable	16.93	62.05
	Shared services receivable	-	3.68
	IPA fees Payable	27.54	-

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

		(Amount in lakhs)	
Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>II</b>	<b>Fellow Subsidiaries</b>		
	Shared Service Income		
	- Kotak Mahindra Investments Limited	4.55	-
	Shared Service Cost		
	- Kotak Mahindra Investment limited	20.05	16.50
	Insurance Premium paid		
	- Kotak General Insurance Company Limited	-	0.71
	- Kotak Mahindra Life Insurance Company Limited	0.02	
	Employee liability transfer-out		
	- Kotak Mahindra Investments Limited	2.47	-
	<b>Balance outstanding as at the year end :</b>		
	Equity shares		
	-Kotak Securities Ltd	9,300.00	9,300.00
	-Kotak Investment Advisor Ltd	6,200.00	6,200.00
	Kotak Mahindra Capital Company Ltd	6,200.00	6,200.00
	<b>Shared service receivable</b>		
	- Kotak Mahindra Investments Limited	0.70	-
	<b>Transactions during the year :</b>		
	<b>Employee Transfer-In</b>		
	- Kotak Mahindra Investments Limited	0.37	-
	<b>Employee Transfer-Out</b>		
	- Kotak Mahindra Investments Limited	0.68	-
	<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
	Service Charges		
	- Kotak Mahindra Investments Limited	0.70	-
	Service Charges		
	- Kotak Mahindra Investments Limited	-	1.48
	Prepaid Insurance expenses		
	- Kotak Mahindra Life Insurance Company Limited	-	0.02
<b>III.</b>	<b>Key Management Personnel (KMP)</b>		
	<b>Transactions during the year :</b>		
	<b>Remuneration</b>		
	- Manoj Gupta	-	290.76
	- Veenu Singla	64.59	7.37

## NOTE 30 LEASE

The Company has paid rent towards short term lease contracts with holding company and fellow subsidiaries for sharing of office premises is recognized in the statement of profit and loss under the head "Rent, taxes and energy costs" amounting to ₹ 38.42 lakhs (PY ₹ 39.09 lakhs).

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 31 EMPLOYEE BENEFITS

### A. The Company contributes to the following post-employment defined benefit plans in India.

#### (i) Defined Contribution Plans:

The Company makes Provident Fund contributions to Recognized Provident Fund for employees. The Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 7.92 lakhs (Year ended 31 March, 2022 ₹ 13.99) for Provident Fund contributions in the Statement of Profit and Loss.

#### (ii) Defined Benefit Plan:

The Company offers the following employee benefit schemes to its employees:

In accordance with Payment of Gratuity Act, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company.

The gratuity benefit is provided through unfunded plan and annual contributions are charged to the statement of profit and loss. Under the scheme, the settlement obligation remains with the Company. Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	Note	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Total employee benefit liabilities	14	13.99	13.49
<b>Total employee benefit liabilities</b>		<b>13.99</b>	<b>13.49</b>

### B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
(Amount in lakhs)						
<b>Included in profit or loss</b>						
<b>Opening balance</b>	<b>13.49</b>	<b>24.47</b>	-	-	<b>13.49</b>	<b>24.47</b>
Current service cost	2.57	3.08	-	-	2.57	3.08
Past service cost	-	-	-	-	-	-
Interest cost (income)	0.83	1.40	-	-	0.83	1.40
	<b>16.89</b>	<b>28.95</b>	-	-	<b>16.89</b>	<b>28.95</b>
<b>Included in OCI</b>						
<b>Remeasurement loss (gain):</b>						
Actuarial loss (gain) arising from:						
Demographic assumptions	0.17	-	-	-	0.17	-
Financial assumptions	(0.38)	0.14	-	-	(0.38)	0.14
Experience adjustment	(1.16)	1.86	-	-	(1.16)	1.86
Return on plan assets excluding interest income	-	-	-	-	-	-
	<b>(1.37)</b>	<b>2.00</b>	-	-	<b>(1.37)</b>	<b>2.00</b>
<b>Other</b>						
Contributions paid by the employer	-	-	-	-	-	-
Liabilities assumed / (settled)	(1.53)	(15.15)	-	-	(1.53)	(15.15)
Benefits paid	-	(2.31)	-	-	-	(2.31)
<b>Closing balance</b>	<b>13.99</b>	<b>13.49</b>	-	-	<b>13.99</b>	<b>13.49</b>
<b>Represented by</b>						
Net defined benefit asset	-	-	-	-	-	-
Net defined benefit liability	-	-	-	-	13.99	13.49
	-	-	-	-	<b>13.99</b>	<b>13.49</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## C. Expenses recognised in profit & loss

(Amount in lakhs)

Particulars	As at	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Current service cost	2.57	3.08
Past service cost	-	-
Administration expenses	-	-
Interest on net defined benefit liability / (asset)	0.83	1.40
(Gains) / losses on settlement	-	-
	<b>3.40</b>	<b>4.48</b>

## D. Remeasurements recognised in other comprehensive income

(Amount in lakhs)

Particulars	As at	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Actuarial loss (gain) arising from:</b>		
Demographic assumptions	0.17	-
Financial assumptions	(0.38)	0.14
Experience adjustment	(1.16)	1.86
Return on plan assets excluding interest income	-	-
	<b>(1.37)</b>	<b>2.00</b>

## E. Defined benefit obligations

### i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages)

Particulars	As at	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Discount rate	7.30%	6.70%
Salary escalation rate	7.00%	12.00% until year 1 inclusive, then 7.00%

### ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Increase	Decrease	Increase	Decrease
	Discount rate (0.5% movement)	13.68	14.30	13.06
Future salary growth (0.5% movement)	14.28	13.70	13.89	13.10

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## F. Experience Adjustments

(Amount in lakhs)

Particulars	Gratuity					
	Year ended 31 <sup>st</sup> March					
	2023	2022	2021	2020	2019	2018
Defined benefit obligation	13.99	13.49	24.47	23.32	17.81	15.94
Plan assets	-	-	-	-	-	-
Surplus / (deficit)	(13.99)	(13.49)	(24.47)	(23.32)	(17.81)	(15.94)
Experience adjustments on plan liabilities	(1.16)	1.86	0.94	1.35	(2.66)	-
Experience adjustments on plan assets	-	-	-	-	-	-

## G. Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized ₹ (2.83) lakhs (Previous year: ₹ -3.31 lakh) for Compensated Absences in the Statement of Profit and Loss.

## H. Long Service Award

The Company provides for long service awards as at the balance sheet date on the basis of an actuarial valuation using the projected unit credit method conducted by actuary of Life Insurance of its fellow subsidiary.

## NOTE 32 SHARE-BASED PAYMENT ARRANGEMENTS:

### A. Description of share-based payment arrangements

#### i. Share option plans (equity-settled)

At the General Meetings of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had unanimously passed Special Resolutions on 5<sup>th</sup> July 2007, 21<sup>st</sup> August 2007 and 29<sup>th</sup> June 2015, to grant options to the eligible employees of the Bank and its subsidiaries and associate companies. Pursuant to these resolutions, the following Employees Stock Option Schemes had been formulated and adopted:

- Kotak Mahindra Equity Option Scheme 2007; and
- Kotak Mahindra Equity Option Scheme 2015

Further, pursuant to the Scheme of Amalgamation of ING Vysya Bank (IVBL) with the Bank, the Bank has renamed and adopted the ESOP Schemes of the erstwhile IVBL, as given below:

- Kotak Mahindra Bank Ltd. (IVBL) Employees Stock Option Scheme 2007
- Kotak Mahindra Bank Ltd. (IVBL) Employee Stock Option Scheme 2010; and
- Kotak Mahindra Bank Ltd. (IVBL) Employees Stock Option Scheme 2013

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

Consequent to the above, the Bank has granted stock options to employees of the Company.

Scheme Reference	Grant Date	Method of Settlement Accounting	31 <sup>st</sup> March, 2023			31 <sup>st</sup> March, 2022		
			No. of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No. of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
<b>2015-07</b>								
D	15-May-17	Equity settled	-	-	-	4292	31-Dec-20	4.13
<b>2015-14</b>								
B	18-May-18	Equity settled	-	-	-	4860	31-Oct-20	2.95
C	18-May-18	Equity settled	-	-	-	3240	30-Jun-21	3.62
D	18-May-18	Equity settled	-	-	-	3240	31-Dec-21	4.12
<b>2015-19</b>								
A	20-May-19	Equity settled	-	-	-	-	-	-
B	20-May-19	Equity settled	-	-	-	5001	31-Oct-21	2.45
C	20-May-19	Equity settled	-	-	-	3334	30-Jun-22	3.12
D	20-May-19	Equity settled	-	-	-	3334	31-Dec-22	3.62
<b>2015-25</b>								
A	7-Aug-20	Equity settled	-	-	-	2331	31-Aug-21	1.07
B	7-Aug-20	Equity settled	-	-	-	2331	30-Nov-22	2.32
C	7-Aug-20	Equity settled	-	-	-	1554	30-Jun-23	2.90
D	7-Aug-20	Equity settled	-	-	-	1554	31-Dec-23	3.40
<b>2015-30</b>								
A	30-May-21	Equity settled	-	-	-	1665	30-Jun-22	1.08
B	30-May-21	Equity settled	-	-	-	1665	30-Jun-23	2.08
C	30-May-21	Equity settled	-	-	-	1665	30-Jun-24	3.09
D	30-May-21	Equity settled	-	-	-	1665	30-Jun-25	4.09

## B. Measurement of fair values

### i. Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

#### As at 31<sup>st</sup> March, 2023

Scheme	Grant Date	Vesting period	Exercise period	Expected life (Years)	Exercise Price (₹)	Market price (₹)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (₹)
-	-	-	-	-	-	-	-	-	-	-

#### As at 31<sup>st</sup> March, 2023

Scheme	Grant Date	Vesting period	Exercise period	Expected life (Years)	Exercise Price (₹)	Market price (₹)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (₹)
2015-07	15-May-17	1.30 - 3.63	0.50 - 1.00	1.54 - 3.88	955.00	954.65	6.64% - 6.95%	0.06%	20.74% - 35.44%	145.98 - 349.84
2015-14	18-May-18	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,271.00	1,270.70	7.44% - 7.99%	0.06%	18.68% - 32.95%	184.60 - 465.70
2015-19	20-May-19	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,460.00	1,460.00	6.63% - 7.03%	0.05%	21.16% - 31.00%	230.35 - 508.28
2015-25	7-Aug-20	1.07-3.40	0.50 - 0.50	1.31 - 3.65	1,341.00	1,340.10	3.61% - 5.06%	0.06%	29.29% - 39.75%	267.12 - 395.03
2015-30	30-May-21	1.08-4.09	0.50 - 0.50	1.34 - 4.34	1,801.00	1,800.75	4.05% - 5.53%	0.05%	29.80% - 42.76%	390.94 - 609.04



# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

The following table lists the average inputs to the models used for the plans for the year ended 31<sup>st</sup> March, 2023

Particulars	Description of the inputs used
Expected volatility (weighted-average)	Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of Kotak Mahindra Bank Limited's publicly traded equity shares.
Expected dividends	Dividend yield of the options is based on recent dividend activity.
Risk-free interest rate (based on government bonds)	Risk-free interest rates are based on the government securities yield in effect at the time of the grant.

## C. Reconciliation of outstanding share options

Activity in the options outstanding under the employee's stock option Scheme as at March 31, 2023

Scheme	Grant Date	31 <sup>st</sup> March, 2023							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
		-	-	-	-	-	-	-	-

Scheme	Grant Date	31 <sup>st</sup> March, 2022							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
2015-07	15-May-17	4,292	-	(4,292)	-	-	-	-	-
2015-14	18-May-18	11,340	-	-	(11,340)	-	-	-	-
2015-19	20-May-19	11,669	-	-	(11,669)	-	-	-	-
2015-25	7-Aug-20	7,770	-	-	(7,770)	-	-	-	-
2015-30	30-May-21	-	6,660	-	(6,660)	-	-	-	-
		<b>35,071</b>	<b>6,660</b>	<b>(4,292)</b>	<b>(37,439)</b>	-	-	-	-

\* This represents transfer of employees within Bank and its subsidiaries

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ Nil (Previous year: ₹ 1705.85).

## NOTE 32 SHARE-BASED PAYMENT ARRANGEMENTS:

### A. Description of share-based payment arrangements

#### ii. Stock Appreciation Rights (cash-settled)

The management has approved SARs to be granted to eligible employees as and when deemed fit. The SARs are to be settled in cash and will vest in the manner as provided in the scheme / grant letters to employees. The Company under its various plans / series has granted 90 SARs during FY 2022-23 (2030 SARs during FY 2021- 22). The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.06 years to 4.10 years.

Scheme Reference	Grant Date	Method of Settlement Accounting	31 <sup>st</sup> March, 2023			31 <sup>st</sup> March, 2022		
			No. of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No. of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
<b>Scheme 2015 Series 32</b>								
Tranche V1-1	30-May-21	Cash settled	-	-	-	150	30-Jun-22	1.08
Tranche V1-2	30-May-21	Cash settled	-	-	-	150	7-Jul-22	1.10
Tranche V1-3	30-May-21	Cash settled	-	-	-	150	14-Jul-22	1.12
Tranche V2-1	30-May-21	Cash settled	-	-	-	150	30-Jun-23	2.08
Tranche V2-2	30-May-21	Cash settled	-	-	-	150	7-Jul-23	2.10
Tranche V2-3	30-May-21	Cash settled	-	-	-	150	14-Jul-23	2.12

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Scheme Reference	Grant Date	Method of Settlement Accounting	31 <sup>st</sup> March, 2023			31 <sup>st</sup> March, 2022		
			No. of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No. of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
Tranche V3-1	30-May-21	Cash settled	-	-	-	150	30-Jun-24	3.09
Tranche V3-2	30-May-21	Cash settled	-	-	-	150	7-Jul-24	3.11
Tranche V3-3	30-May-21	Cash settled	-	-	-	150	14-Jul-24	3.13
Tranche V4-1	30-May-21	Cash settled	-	-	-	150	30-Jun-25	4.09
Tranche V4-2	30-May-21	Cash settled	-	-	-	150	7-Jul-25	4.11
Tranche V4-3	30-May-21	Cash settled	-	-	-	150	14-Jul-25	4.13
<b>Scheme 2015, Series 17</b>			-	-	-	-	-	-
Tranche V2-1	18-May-18	Cash settled	-	-	-	-	-	-
Tranche V2-2	18-May-18	Cash settled	-	-	-	-	-	-
Tranche V2-3	18-May-18	Cash settled	-	-	-	-	-	-
Tranche V3-1	18-May-18	Cash settled	-	-	-	242	30-Jun-21	3.12
Tranche V3-2	18-May-18	Cash settled	-	-	-	241	7-Jul-21	3.14
Tranche V3-3	18-May-18	Cash settled	-	-	-	241	14-Jul-21	3.16
Tranche V4-1	18-May-18	Cash settled	-	-	-	242	30-Dec-21	3.62
Tranche V4-2	18-May-18	Cash settled	-	-	-	241	7-Jan-22	3.64
Tranche V4-3	18-May-18	Cash settled	-	-	-	241	14-Jan-22	3.66
<b>Scheme 2015, Series 22</b>								
Tranche V1-1	20-May-19	Cash settled	-	-	-	-	-	-
Tranche V1-2	20-May-19	Cash settled	-	-	-	-	-	-
Tranche V1-3	20-May-19	Cash settled	-	-	-	-	-	-
Tranche V2-1	20-May-19	Cash settled	-	-	-	342	31-Oct-21	2.45
Tranche V2-2	20-May-19	Cash settled	-	-	-	342	7-Nov-21	2.47
Tranche V2-3	20-May-19	Cash settled	-	-	-	342	14-Nov-21	2.49
Tranche V3-1	20-May-19	Cash settled	-	-	-	228	30-Jun-22	3.12
Tranche V3-2	20-May-19	Cash settled	-	-	-	228	7-Jul-22	3.13
Tranche V3-3	20-May-19	Cash settled	-	-	-	228	14-Jul-22	3.15
Tranche V4-1	20-May-19	Cash settled	-	-	-	228	31-Dec-22	3.62
Tranche V4-2	20-May-19	Cash settled	-	-	-	228	7-Jan-23	3.64
Tranche V4-3	20-May-19	Cash settled	-	-	-	228	14-Jan-23	3.66
<b>Scheme 2015, Series 28</b>								
Tranche -1	07-Aug-20	Cash settled	-	-	-	203	31-Aug-21	1.07
Tranche -2	07-Aug-20	Cash settled	-	-	-	203	7-Sep-21	1.08
Tranche -3	07-Aug-20	Cash settled	-	-	-	203	14-Sep-21	1.10
Tranche -4	07-Aug-20	Cash settled	-	-	-	203	30-Nov-22	2.32
Tranche -5	07-Aug-20	Cash settled	-	-	-	203	7-Dec-22	2.33
Tranche -6	07-Aug-20	Cash settled	-	-	-	203	14-Dec-22	2.35
Tranche -7	07-Aug-20	Cash settled	-	-	-	134	30-Jun-23	2.90
Tranche -8	07-Aug-20	Cash settled	-	-	-	136	7-Jul-23	2.92
Tranche -9	07-Aug-20	Cash settled	-	-	-	136	14-Jul-23	2.93
Tranche -10	07-Aug-20	Cash settled	-	-	-	134	31-Dec-23	3.40
Tranche -11	07-Aug-20	Cash settled	-	-	-	136	7-Jan-24	3.42
Tranche -12	07-Aug-20	Cash settled	-	-	-	136	14-Jan-24	3.44

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to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

Scheme Reference	Grant Date	Method of Settlement Accounting	31 <sup>st</sup> March, 2023			31 <sup>st</sup> March, 2022		
			No. of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No. of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
<b>Scheme 2015, Series 40</b>								
Tranche -1	10-May-22	Cash settled	7.00	31-May-23	1.06	-	-	-
Tranche -2	10-May-22	Cash settled	7.00	7-Jun-23	1.08	-	-	-
Tranche -3	10-May-22	Cash settled	8.00	14-Jun-23	1.10	-	-	-
Tranche -4	10-May-22	Cash settled	7.00	31-May-24	2.06	-	-	-
Tranche -5	10-May-22	Cash settled	7.00	7-Jun-24	2.08	-	-	-
Tranche -6	10-May-22	Cash settled	8.00	14-Jun-24	2.10	-	-	-
Tranche -7	10-May-22	Cash settled	7.00	31-May-25	3.06	-	-	-
Tranche -8	10-May-22	Cash settled	8.00	7-Jun-25	3.08	-	-	-
Tranche -9	10-May-22	Cash settled	8.00	14-Jun-25	3.10	-	-	-
Tranche -10	10-May-22	Cash settled	7.00	31-May-26	4.06	-	-	-
Tranche -11	10-May-22	Cash settled	8.00	7-Jun-26	4.08	-	-	-
Tranche -12	10-May-22	Cash settled	8.00	14-Jun-26	4.10	-	-	-

The fair values were calculated using a Black-Scholes Model. The inputs were as follows:

#### As at 31<sup>st</sup> March, 2023

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (₹)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SARs (₹)
Scheme 2015, Series 40	10-May-22	0.17 - 3.21	0.17 - 3.21	-	1,721.05	6.92% - 7.29%	0.06%	16.59% - 33.18%	1,717.52 - 1,720.87

#### As at 31<sup>st</sup> March, 2022

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (₹)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SARs (₹)
Scheme 2015 Series 17	18-May-18	0.25 - 0.79	0.25 - 0.79	-	1,781.25	3.45% - 3.77%	0.04%	28.84% - 32.27%	1780.62 - 1781.05
Scheme 2015 Series 22	20-May-19	0.25 - 0.79	0.25 - 0.79	-	1,763.10	3.97% - 4.42%	0.05%	27.51% - 31.46%	1762.39 - 1762.87
Scheme 2015 Series 28	7-Aug-20	0.67 - 1.79	0.67 - 1.79	-	1,763.10	4.33% - 5.04%	0.05%	27.55% - 29.58%	1761.49 - 1762.50
Scheme 2015 Series 32	30-May-21	0.25 - 3.29	0.25 - 3.29	-	1,763.10	3.97% - 5.85%	0.05%	27.55% - 37.02%	1760.14 - 1762.87

The following table lists the average inputs to the models used for the plans for the year ended 31<sup>st</sup> March, 2023.

Particulars	Description of the inputs used
Expected volatility (weighted-average)	Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of Kotak Mahindra Bank Limited's publicly traded equity shares.
Expected dividends	Dividend yield of the options is based on recent dividend activity.
Risk-free interest rate (based on government bonds)	Risk-free interest rates are based on the government securities yield in effect at the time of the grant.

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## Reconciliation of Stock Appreciation Rights (cash-settled)

Scheme	Grant Date	As at 31 <sup>st</sup> March, 2023						
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year
Scheme 2015, Series 40	10-May-22	-	90	-	-	-	-	90
		-	<b>90</b>	-	-	-	-	<b>90</b>

Scheme	Grant Date	As at 31 <sup>st</sup> March, 2022						
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year
Scheme 2015, Series 17	18-May-18	1,448	-	(1,448)	-	-	-	-
Scheme 2015 Series 22	20-May-19	2,394	-	(1,026)	(1,368)	-	-	-
Scheme 2015 Series 28	7-Aug-20	2,030	-	(609)	(1,421)	-	-	-
Scheme 2015 Series 32	30-May-21	-	1,800	-	(1,800)	-	-	-
		<b>5,872</b>	<b>1,800</b>	<b>(3,083)</b>	<b>(4,589)</b>	-	-	-

\* This represents transfer of employees from Holding Company and its subsidiaries

## Effect of the employee share-based payment plans on the Profit and Loss Account and on the financial position:

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Total Employee compensation cost pertaining to share-based payment plans	0.68	76.26
Compensation cost pertaining to equity-settled employee share-based payment plan included above	-	34.31
Closing balance of liability for cash-settled options	0.68	-
Total intrinsic value of liabilities for vested benefits	0.68	-

## NOTE 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

### 33.1. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below:

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023				As at 31 <sup>st</sup> March, 2022			
	Amortised Cost	FVTOCI	FVTPL	Others	Amortised Cost	FVTOCI	FVTPL	Others
<b>Financial assets</b>								
Cash and cash equivalents	6,273.09	-	-	-	757.72	-	-	-
Bank Balance other than cash and cash equivalent	23.08	-	-	-	23.05	-	-	-
Receivables:								
Trade receivables	-	-	-	-	-	-	-	-
Other receivables	1.63	-	-	-	4.20	-	-	-
Loans	69,947.96	-	-	-	47,208.14	-	-	-
Investments	27,768.55	-	16,179.96	-	14,432.72	-	33,003.76	-
Other financial assets	2.59	-	-	-	2.59	-	-	-
<b>Total</b>	<b>104,016.90</b>	<b>-</b>	<b>16,179.96</b>	<b>-</b>	<b>62,428.42</b>	<b>-</b>	<b>33,003.76</b>	<b>-</b>
<b>Financial liabilities</b>								
Payables:								
Trade Payables	94.16	-	-	-	109.74	-	-	-
Other Payables	38.71	-	-	-	32.75	-	-	-
Debt securities	73,613.92	-	-	-	51,793.62	-	-	-
Subordinated Liabilities	-	-	-	-	75.25	-	-	-
<b>Total</b>	<b>73,746.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,011.36</b>	<b>-</b>	<b>-</b>	<b>-</b>

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## 33.2. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below.

(Amount in lakhs)

Particulars	Fair value							
	As at 31 <sup>st</sup> March, 2023				As at 31 <sup>st</sup> March, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments in Mutual Funds	16,179.96	-	-	16,179.96	33,003.76	-	-	33,003.76
<b>Total</b>	<b>16,179.96</b>	<b>-</b>	<b>-</b>	<b>16,179.96</b>	<b>33,003.76</b>	<b>-</b>	<b>-</b>	<b>33,003.76</b>

Fair values of financial assets and financial liabilities not measured at fair value, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Amount in lakhs)

Particulars	Fair value				
	As at 31 <sup>st</sup> March, 2023				Carrying Value
	Level 1	Level 2	Level 3	Total	
<b>Financial assets</b>					
Loans	-	71,510.58	-	71,510.58	69,947.96
Investments	-	28,547.10	-	28,547.10	27,768.55
<b>Total</b>	<b>-</b>	<b>1,00,057.68</b>	<b>-</b>	<b>1,00,057.68</b>	<b>97,716.51</b>
<b>Financial liabilities</b>					
Debt securities	-	72,688.15	-	72,688.15	73,613.92
Subordinated Liabilities	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>72,688.15</b>	<b>-</b>	<b>72,688.15</b>	<b>73,613.92</b>

(Amount in lakhs)

Particulars	Fair value				
	As at 31 <sup>st</sup> March, 2022				Carrying Value
	Level 1	Level 2	Level 3	Total	
<b>Financial assets</b>					
Loans	-	48,154.05	-	48,154.05	47,208.14
Investments	-	14,637.12	-	14,637.12	14,432.72
<b>Total</b>	<b>-</b>	<b>62,791.17</b>	<b>-</b>	<b>62,791.17</b>	<b>61,640.86</b>
<b>Financial liabilities</b>					
Debt securities	-	52,626.81	-	52,626.81	51,793.62
Subordinated Liabilities	-	75.25	-	75.25	75.25
<b>Total</b>	<b>-</b>	<b>52,702.06</b>	<b>-</b>	<b>52,702.06</b>	<b>51,868.87</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## Fair value of Statement of Financial Position is presented below:

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	6,273.09	6,273.09	757.72	757.72
Bank Balance other than cash and cash equivalent	23.08	23.08	23.05	23.05
Receivables:	-	-	-	-
Trade receivables	-	-	-	-
Other receivables	1.63	1.63	4.20	4.20
Loans	69,947.96	71,510.58	47,208.14	48,154.05
Investments	43,948.52	44,727.06	47,436.48	47,640.88
Other financial assets	2.59	2.59	2.59	2.59
<b>Total</b>	<b>120,196.87</b>	<b>122,538.04</b>	<b>95,432.18</b>	<b>96,582.49</b>
<b>Financial liabilities</b>				
Payables				
Trade Payables	94.16	94.16	109.74	109.74
Other Payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	38.71	38.71	32.75	32.75
Debt securities	73,613.92	72,688.15	51,793.62	52,626.81
Borrowings (Other than Debt Securities)	-	-	-	-
Subordinated Liabilities	-	-	75.25	75.25
Other Financial liabilities	-	-	-	-
<b>Total</b>	<b>73,746.79</b>	<b>72,821.02</b>	<b>52,011.36</b>	<b>52,844.55</b>

The fair value of trade payables, other financial assets, other receivables, cash and cash equivalent including other current bank balances and other financial liabilities etc. are considered to be the same as their carrying amount, due to current and short term nature of such balances.

### 33.3. Measurement of fair values

The fair value of financial instruments have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories used are as follows:

**Level 1 :** Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Company has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued at the closing Net Asset Value (NAV).

**Level 2 :** The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

**Level 3 :** If one or more of the significant inputs is not based on observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

#### 33.3.1. Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand and bank balances, trade receivables, trade payables, certain other assets and liabilities that are considered financial instruments. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

# Notes

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## 33.3.2. Valuation techniques used to determine fair value:

### 33.3.2.1. Investments in Mutual Funds

The fair values of investments in mutual funds is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

### 33.3.2.2. Investments in bonds

The fair values of investments are calculated based on a discounted cash flow model. It considers the present value of expected receipts/payments discounted using appropriate discounting rates.

## 33.3.3. Fair value of financial instruments carried at amortised cost

### 33.3.3.1. Loans

The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. The discount rates were based on yield curves appropriate for the remaining maturities of the Loans as published by FIBIL consequently for the purposes of level disclosures categorized under Level 2. Fair value of Level 2 loans would decrease (increase) in value depending on increase (decrease) in discount rate.

### 33.3.3.2. Borrowings/Preference Share Issued

The fair values of the Company's borrowings and other debt securities are calculated based on a discounted cash flow model. The discount rates were based on yield curves appropriate for the remaining maturities of the instruments as published by FIBIL.

## 33.4. Financial risk management

The Company's activities expose it to a variety of risks namely:

- Credit risk ;
- Liquidity risk ; and
- Interest rate risk

## 33.5. Risk management framework

The Risk Management Policy, *inter alia*, includes identification therein of elements of risk, including those which in the opinion of the Board may threaten the existence of the Company. Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the organization.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how the management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Risk Management committee of Board exercises supervisory power in connection with the risk management of the Company, monitoring of the exposures, reviewing adequacy of risk management process, reviewing internal control systems, ensuring compliance with the statutory/regulatory framework of the risk management process.

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

The note below explains the sources of risk which the entity is exposed to and how the entity manages the risk in its financial statements

Risk	Exposure arising from	Management
Credit Risk	Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances. Credit risk encompasses both, direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.	<p>The company adheres to high standards of credit risk management and mitigation. The lending proposals are approved by two tier structure i.e. Credit Committee and Board and are subjected to thorough assessment of promoters; group financial strength and leverage; operational &amp; financial performance track record; cash flows; evaluation of collateral (projects - considering status of operations, market benchmarking / cash flows).</p> <p>The exposures are regularly monitored for project performance, cash flows, security cover etc.</p> <p>Board of Directors (the Board) of the Company is the guiding body for management of its credit risk and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for Group of Counterparties, sectoral and geographical caps and by monitoring exposures in relation to such limits.</p>
Liquidity Risk	Liquidity risk is the risk that the Company is unable to meet its financial obligations when they fall due without adversely affecting its financial condition. Liquidity risk arises because of mismatches in the timing of the cash flows.	<p>Board of Directors (the Board) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances.</p> <p>In order to manage/mitigate liquidity risk, in addition to regulatory limits on liquidity gaps, the Company has also defined prudential internal limit for Liquidity Gap tolerance for its time bucket which is approved by the Board.</p> <p>Treasury is responsible for managing liquidity under the liquidity risk management framework as approved by the Board.</p> <p>ALCO is responsible for ensuring adherence to the risk tolerance/limits set by the Board.</p> <p>Liquidity risk management strategies and practices are reviewed to align with changes to the external environment, including regulatory changes, business conditions and market developments. Actual and anticipated cash flows generated are monitored to ensure compliance with limits.</p>
Interest rate risk	Interest rate risk consists primarily of risk inherent in ALM activities and relates to the potential adverse impact of changes in market interest rates on future net interest income. Interest rate risk arises from mismatches in re-pricing of interest rate sensitive assets (RSA) and rate sensitive liabilities (RSL).	<p>Board of Directors (the Board) of the Company is the guiding body for management of its interest rate risk and sets the overall policy and risk limits.</p> <p>In order to manage/mitigate interest rate risk, the Company has defined Interest Rate Sensitive Gap tolerance limits for each time bucket which is approved by the Board.</p> <p>Treasury is entrusted with the responsibility of managing interest rate risk within the overall risk limits as approved by the Board.</p> <p>ALCO is responsible for ensuring adherence to the risk tolerance/limits set by the Board.</p>

## F) Narrative disclosures - Collateral

The amount of collateral obtained, if deemed necessary by the company upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral primarily include Infrastructure projects which have completed more than 1 year of operation



# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## 33.5.1. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances. Credit risk encompasses both, direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.

The Company adheres to high standards of credit risk management and mitigation. The lending proposals are subjected to thorough assessment of promoters; group financial strength and leverage; operational & financial performance track record; cash flows; valuation of collateral (real estate - considering status of approvals, market benchmarking & current going rates; corporates – considering capital market trend / cash flows / peer comparison as applicable).

The exposures are subjected to regular monitoring of (project operating performance, cash flows, security cover; corporates – exposures backed by listed securities, security cover is regularly monitored). The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for Group of Counterparties and by monitoring exposures in relation to such limits.

The carrying amounts of following financial assets represent the maximum credit risk exposure:-

(Amount in lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Loans at amortised cost	70,248.80	47,405.28
Investments	27,798.98	14,444.14
Other financial assets	6,301.83	787.76
	<b>104,349.61</b>	<b>62,637.18</b>

### 33.5.1.1. Credit quality analysis

The following table sets out the information about the credit quality of financial assets measured at amortised cost.

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	12-month ECL	Life Time ECL-not Credit Impaired	12-month ECL	Life Time ECL-not Credit Impaired
<b>Loans at amortised cost</b>				
High grade (AAA to A-)	66,224.60	-	43,135.55	-
Standard grade (BBB+ to BBB-)	-	2,059.89	-	2,342.02
Sub-standard grade (B+ to CCC-).	-	-	-	-
Unrated	1,964.31	-	1,927.71	-
Non Performing	-	-	-	-
<b>Gross carrying value</b>	<b>68,188.91</b>	<b>2,059.89</b>	<b>45,063.26</b>	<b>2,342.02</b>
Impairment loss allowance	(239.95)	(60.89)	(150.07)	(47.07)
<b>Carrying amount</b>	<b>67,948.96</b>	<b>1,999.00</b>	<b>44,913.19</b>	<b>2,294.95</b>

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	12-month ECL	Life Time ECL-not Credit Impaired	12-month ECL	Life Time ECL-not Credit Impaired
<b>Investments at amortised cost</b>				
High grade (AAA to A-)	27,798.98	-	14,444.14	-
Standard grade (BBB+ to BBB-)	-	-	-	-
Sub-standard grade (B+ to CCC-).	-	-	-	-
Unrated	-	-	-	-
Non Performing	-	-	-	-
<b>Gross carrying value</b>	<b>27,798.98</b>	-	<b>14,444.14</b>	-
Impairment loss allowance	(30.43)	-	(11.42)	-
<b>Carrying amount</b>	<b>27,768.55</b>	-	<b>14,432.72</b>	-

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(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	12-month ECL	Life Time ECL-not Credit Impaired	12-month ECL	Life Time ECL-not Credit Impaired
<b>Other financial assets</b>				
Current	6,301.83	-	787.76	-
<b>Gross carrying value</b>	<b>6,301.83</b>	<b>-</b>	<b>787.76</b>	<b>-</b>
Impairment loss allowance	(1.45)	-	(0.20)	-
<b>Carrying amount</b>	<b>6,300.38</b>	<b>-</b>	<b>787.56</b>	<b>-</b>

### 33.5.1.2 Narrative disclosures of credit risk

The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty. Security primarily include Infrastructure projects which have completed more than 1 year of operation.

### 33.5.1.3. Amounts arising from ECL

#### i. Inputs, assumptions and techniques used for estimating impairment on loans

##### Inputs considered in the ECL model:

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk since initial recognition on an ongoing basis at each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, credit assessment and including forward looking information.

Loans and Investments are categorized into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial instrument.

The Company categorises loan assets into stages based on the days past due status.

- Current - Stage 1
- 0-30 days past due - Stage 1
- 31- 60 days past due - Stage 2
- 61- 90 days past due - Stage 2
- More than 90 days past due - Stage 3

The three stages reflect the general pattern of credit deterioration of a financial instrument.

#### Further, company considers following factors to determine staging:

For downgrade from Stage 1 to Stage 2:

- 2 notch downgrade in Internal rating (wherever available) since initial recognition of loan
- 2 notch downgrade in external rating (wherever available) since initial recognition of loan
- Wherever management thinks there is significant increase in credit risk based on the internal assessment.

For upgradation from higher stage to lower stage:

If downgrade was because of deterioration in credit rating (Internal or External), Loan is moved from higher stage to lower stage as soon as rating moves back to rating at the time of initial recognition. In other cases Loan is moved from higher stage to lower stage after following cooling off period is applied:

For Upgrade from Stage 2 to Stage 1

- Account should Continues in lower than 30 dpd for at least six months.

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

For Upgrade from Stage 3 to Stage 2

- Account should Continue in lower than 90 dpd for at least six months or
- Moves to Zero dpd

#### Assumption considered in the ECL model:

- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. Company is computing Probability of default using average of default rate observed by respective Credit Rating Agencies over last 10 years for their respective rating.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.
- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs. Company is applying appropriate hair cut on the value of collateral depending on the type of collateral. All loans are secured by multiple collateral securities (Property, plant and machinery, receivable and Listed Shares). Company further applies minimum LGD for secured and unsecured exposure computed after applying applicable haircut.

The Company provides for Expected Credit Losses based on the following:

Category - Description	Basis for recognition of ECL
1. Stage 1 - Standard (Performing) Asset -	12 month PD
2. Stage 2 - Significant Credit Deteriorated Asset -	Life time PD
3. Stage 3- Default (Credit Impaired) Asset -	100% PD

#### Forward looking information:

The Company incorporates forward looking information into both assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables such as real GDP, lending rate, private consumption, domestic demand and money supply. This process involves developing two or more additional scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

#### Assessment of significant increase in credit risk:

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been more than 30 days past due.

#### Credit Impaired:

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days from the day it is due. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due.

#### Policy for write-off of Financial assets

All loans which in the opinion of management are not recoverable are written off.

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to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

### 33.5.1.4. Impairment loss allowance

The following table shows movement of the loss allowances and write offs from opening balance to closing balance :

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	12-month ECL	Life Time ECL-not Credit Impaired	12-month ECL	Life Time ECL-not Credit Impaired
<b>Loans at amortised cost</b>				
<b>Opening balance</b>	<b>150.07</b>	<b>47.07</b>	<b>174.83</b>	<b>168.14</b>
Transfer to/(from) 12 month ECL	-	-	-	-
Net remeasurement of loss allowance	23.44	13.82	(24.04)	(121.07)
New financial assets originated during the year	97.77	-	47.59	-
Financial assets that have been derecognised during the period	(31.33)	-	(48.31)	-
<b>Closing balance</b>	<b>239.95</b>	<b>60.89</b>	<b>150.07</b>	<b>47.07</b>

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	12-month ECL	Life Time ECL-not Credit Impaired	12-month ECL	Life Time ECL-not Credit Impaired
<b>Investments</b>				
<b>Opening balance</b>	<b>11.42</b>	<b>-</b>	<b>55.55</b>	<b>-</b>
Net remeasurement of loss allowance	1.97	-	(6.93)	-
New financial assets originated during the year	20.95	-	1.20	-
Financial assets that have been derecognised during the period	(3.91)	-	(38.40)	-
<b>Closing balance</b>	<b>30.43</b>	<b>-</b>	<b>11.42</b>	<b>-</b>

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	12-month ECL	Life Time ECL-not Credit Impaired	12-month ECL	Life Time ECL-not Credit Impaired
<b>Other financial assets</b>				
<b>Opening balance</b>	<b>0.20</b>	<b>-</b>	<b>0.09</b>	<b>-</b>
Addition/Reduction during the year	1.25	-	0.11	-
<b>Closing balance</b>	<b>1.45</b>	<b>-</b>	<b>0.20</b>	<b>-</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## 33.5.2. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

## Maturity Profile of Financial Liabilities

The following are the remaining contractual maturities of financial asset & liabilities at the reporting date. For Financial Liabilities amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements, if any. For financial assets, only carrying values (excluding any provision for impairment loss) as on the reporting date are considered.

Particulars	Carrying amount	1 day to 7 days	8 days to 14 days	15 days to 30 days (One month)	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
<b>As at March 31<sup>st</sup>, 2023</b>												
<b>Financial assets</b>												
Cash and cash equivalents	6,273.09	6,274.51	-	-	-	-	-	-	-	-	-	6,274.51
Bank Balance other than cash and cash equivalents	23.08	-	-	-	-	-	-	23.09	-	-	-	23.09
Other Receivables	1.63	-	-	-	-	1.63	-	-	-	-	-	1.63
Loans	69,947.96	-	-	58.14	58.15	1,721.19	2,008.93	3,691.00	13,843.04	14,670.41	34,197.95	70,248.80
Investments	43,948.51	16,179.96	-	-	-	143.87	287.51	568.36	6,822.93	1,567.93	18,408.38	43,978.94
Other Financial assets	2.59	-	-	-	-	-	-	-	-	-	2.60	2.60
<b>Financial liabilities</b>												
Trade payables	94.16	-	-	78.02	-	16.14	-	-	-	-	-	94.16
Other payables	38.71	-	-	-	-	-	-	-	38.71	-	-	38.71
Debt securities	73,613.92	-	-	-	915.00	1,194.26	15,094.63	3,789.70	18,566.90	28,746.44	25,899.99	94,206.93

Particulars	Carrying amount	1 day to 7 days	8 days to 14 days	15 days to 30 days (One month)	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
<b>As at March 31<sup>st</sup>, 2022</b>												
<b>Financial assets</b>												
Cash and cash equivalents	757.72	757.89	-	-	-	-	-	-	-	-	-	757.89
Bank Balance other than cash and cash equivalents	23.05	-	-	-	-	-	-	23.06	-	-	-	23.06
Other Receivables	4.20	-	-	-	-	3.68	-	-	-	-	0.53	4.21
Loans	47,208.14	-	-	55.97	55.97	1,091.09	1,363.97	2,529.17	8,931.19	7,954.37	25,423.54	47,405.27
Investments	47,436.48	38,100.54	-	-	-	59.07	677.62	316.00	6,161.33	633.33	1,500.00	47,447.89
Other Financial assets	2.59	-	-	-	-	-	-	-	-	-	2.60	2.60
<b>Financial liabilities</b>												
Trade payables	109.74	45.83	-	-	-	63.54	-	-	-	-	-	109.37
Other payables	32.75	0.37	-	-	-	-	-	-	32.75	-	-	33.12
Debt securities	51,793.62	-	-	-	915.00	206.38	-	26,560.20	27,806.20	-	-	55,487.78
Subordinated Liabilities	75.25	75.25	-	-	-	-	-	-	-	-	-	75.25

## 33.5.3. Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing borrowings, loans and investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing loans & investments will fluctuate because of fluctuations in the interest rates.

# Notes

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### 33.5.3.1. Exposure to interest rate risk

Company's interest rate risk arises from borrowings, loans and advances. The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows.

Particulars	(Amount in lakhs)	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Fixed-rate instruments*</b>		
Financial assets	78,977.10	16,199.50
Financial liabilities	(57,713.84)	(21,066.52)
<b>Variable-rate instruments*</b>		
Financial assets	40,874.49	78,676.74
Financial liabilities	(15,900.08)	(30,802.36)
Rate Insensitive	212.40	413.46
<b>Total Net</b>	<b>46,450.08</b>	<b>43,420.82</b>

\*Above amounts are gross of ECL.

### 33.5.3.2. Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### 33.5.3.3. Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Particulars	(Amount in lakhs)			
	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	249.74	(249.74)	478.74	(478.74)
<b>Cash Flow Sensitivity</b>	<b>249.74</b>	<b>(249.74)</b>	<b>478.74</b>	<b>(478.74)</b>

The risk estimates computation assume a parallel shift of 100 basis points interest rate across all yield curves and tenure. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

### 33.5.4. Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Company is exposed to market risk which primarily includes risk of change in market value of investments. Thus, exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities. Objective of Market risk management is to minimize impact of change in Market value of lending/investments.

### 33.5.5. Currency Risk

The Company is not exposed to currency risk.

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 34 CAPITAL DISCLOSURE

The primary objectives of the capital management policy is to ensure that the Company complies with capital requirements stipulated by regulator, maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to fund growth or comply with regulatory capital requirement, Company depends on internal accrual or may raise additional capital. Company may adjust the amount of dividend payment to shareholders or return capital to shareholders.

There has been No change in the objectives and policies guiding capital planning from the previous years, however the same is constantly reviewed by the Board.

(Amount in lakhs)

Sr No Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
(A) Debt	73,613.92	51,868.87
<b>Total Debt</b>	<b>73,613.92</b>	<b>51,868.87</b>
(B) <b>Total Equity (including all reserves)</b>	<b>47,587.34</b>	<b>44,565.35</b>
<b>Debt to equity ratio</b>	<b>1.55</b>	<b>1.16</b>

## NOTE 35 SEGMENT REPORTING

The main Business activity of the Company is to lend/invest for/in Infrastructure projects, whose operating results are regularly reviewed by the company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available.

The Company operates in one business segment and one geographical segment. The entire business is carried out in India only. Since there is only one business activity, no segment disclosure is provided as per IND AS 108, "Operating Segments".

No revenues from transactions with single external customer amounted to 10% or more of company's total revenue in the year ended March 31, 2023 and March 31, 2022.

## NOTE 36 MATURITY DISCLOSURE

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	6,273.09	-	6,273.09	757.72	-	757.72
Bank Balance other than cash and cash equivalents	23.08	-	23.08	23.05	-	23.05
Other receivables	1.63	-	1.63	4.20	-	4.20
Loans	7,509.82	62,438.14	69,947.96	5,049.58	42,158.56	47,208.14
Investments	17,177.75	26,770.76	43,948.51	39,148.61	8,287.87	47,436.48
Other Financial assets	-	2.59	2.59	-	2.59	2.59
<b>Sub total</b>	<b>30,985.37</b>	<b>89,211.49</b>	<b>120,196.86</b>	<b>44,983.16</b>	<b>50,449.02</b>	<b>95,432.18</b>
<b>Non-financial assets</b>						
Current Tax assets (Net)	-	1,179.59	1,179.59	-	1,164.28	1,164.28
Property, Plant and Equipment	-	29.28	29.28	-	28.23	28.23
Other intangible assets	-	2.04	2.04	-	2.16	2.16
Other Non-financial assets	32.19	-	32.19	56.81	-	56.81
<b>Sub total</b>	<b>32.19</b>	<b>1,210.91</b>	<b>1,243.10</b>	<b>56.81</b>	<b>1,194.67</b>	<b>1,251.48</b>
<b>Total Assets</b>	<b>31,017.56</b>	<b>90,422.40</b>	<b>121,439.96</b>	<b>45,039.97</b>	<b>51,643.69</b>	<b>96,683.66</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Payables	94.16	-	94.16	109.74	-	109.74
(II) Other payables						-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	38.71	-	38.71	32.75	-	32.75
Debt securities	17,205.65	56,408.27	73,613.92	25,422.47	26,371.15	51,793.62
Subordinated Liabilities	-	-	-	75.25	-	75.25
<b>Sub total</b>	<b>17,338.52</b>	<b>56,408.26</b>	<b>73,746.79</b>	<b>25,640.22</b>	<b>26,371.15</b>	<b>52,011.36</b>
<b>Non-Financial liabilities</b>						
Current tax liabilities (Net)	32.10	-	32.10	-	35.69	35.69
Provisions	4.19	11.95	16.14	3.66	14.78	18.44
Other non-financial liabilities	57.59	-	57.59	52.82	-	52.82
<b>Sub total</b>	<b>93.88</b>	<b>11.95</b>	<b>105.83</b>	<b>56.48</b>	<b>50.47</b>	<b>106.95</b>
<b>Total Liabilities</b>	<b>17,432.40</b>	<b>56,420.21</b>	<b>73,852.62</b>	<b>25,696.70</b>	<b>26,421.62</b>	<b>52,118.31</b>

## Note 37 Litigation

The Company does not have any pending litigations as at March 31, 2023 and 31<sup>st</sup> March, 2022 which would impact its financial position.

**Note 38** The Company has not guaranteed any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties, either severally or jointly with any other person, that are repayable on demand; or without specifying any terms or period of repayment.

**Note 39** The Company does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

**Note 40** The title deeds of immovable properties included in property, plant and equipment and intangible assets are held in the name of the Company. The Company has not revalued any of its property, plant and equipment and intangible assets

**Note 41** The Company has obtained various borrowings from banks/ FI on basis of security of current assets wherein the quarterly returns/ statements of current assets as filed with banks/ FI are in agreement with the books. The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date. The company is not declared as willful defaulter by any bank or financial Institution or other lender as at 31 March 2023.

**Note 42** The Company has not advanced / loaned / invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- (i) directly or indirectly lend / invest in other person or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries ('UB'));
- (ii) provide any guarantee, security or the like to or on behalf of the UB; the company shall disclose specific details about the transaction and the parties involved.

**Note 43** No transactions have taken place with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the year 31 March 2023.

**Note 44** There are no charges or satisfaction yet to be registered with ROC beyond the statutory period.

**Note 45** The Company has complied with the number of layers prescribed u/s (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. There are no Scheme of Arrangements that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 as at 31 March 2023.

**Note 46** There are no transactions that are not recorded in the books of accounts which has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

**Note 47** No crypto/ virtual currency was traded/ invested during the year. No deposits/advances were received from any person for the purpose of trading / investing in crypto currency during the year.



# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 48 SEBI DISCLOSURE

### 48.01. Initial Disclosure in terms of Chapter XII of circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10 2021 (updated as on April 13, 2022) - Annexure A

Sr. No.	Particulars	Details
1	Name of the company	Kotak Infrastructure Debt Fund Limited
2	CIN	U65910MH1988PLC048450
3	Outstanding borrowing of company as on March 31 <sup>st</sup> , 2023	715 cr
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	NCD: CRISIL AAA/Stable & ICRA AAA CP: CRISIL A1+ ICRA A1 +
5	Name of Stock Exchange# in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	Bombay Stock Exchange

The Company confirms that it is a Large Corporate as per the applicability criteria given under the Chapter XII of SEBI Operational circular dated August 10, 2021.

#### Signatories name

Agam Sandha	Veenu Singla
Company Secretary	Chief Financial officer

Date : 26<sup>th</sup> April 2023

\* Face Value of Debenture and CPs and Principal Outstanding in case of Loans/ICDs

# - \*In terms paragraph of 2.2(d) of the circular, beginning FY2022, in the event of shortfall in the mandatory borrowing through debt securities, a fine of 0.2% of the shortfall shall be levied by Stock Exchanges at the end of the two-year block period. Therefore, an entity identified as LC shall provide, in its initial disclosure for a financial year, the name of stock exchange to which it would pay the fine in case of shortfall in the mandatory borrowing through debt markets.

### 48.02. Annual Disclosure to be made by an entity identified as Large Entities under Chapter XII of circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10 2021 (updated as on April 13, 2022) read with circular SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/049 dated March 31, 2023 (Annexure B2)

Sr. No.	Particulars	Details
1	Name of the company	Kotak Infrastructure Debt Fund Limited
2	CIN	U65910MH1988PLC048450
3	Report filed for FY (T)	2022-2023
4	Details of Current Block:	
i)	3-year block period (Specify financial years)	FY-2020-2021, FY-2021-2022, FY-2022-2023
ii)	Incremental borrowing done in FY (T) (a)	105
iii)	Mandatory borrowing to be done through debt securities in FY (T) (b) = (25% of a)	26.25
iv)	Actual borrowing done through debt securities in FY (T) (c)	105
v)	Shortfall in the borrowing through debt securities, if any, for FY(T-1) carried forward to FY (T). (d)	NIL
vi)	Quantum of (d), which has been met from (c) (e)	NIL
vii)	Shortfall, if any, in the mandatory borrowing through debt securities for FY (T) {after adjusting for any shortfall in borrowing for FY (T-1) which was carried forward to FY (T)}(f)= (b)-[(c)-(e)] {if the calculated value is zero or negative, write "nil"}	NIL
5	Details of penalty to be paid, if any, in respect to previous block	
i)	3-year block period (Specify financial years)	FY-2020-2021, FY-2021-2022, FY-2022-2023
ii)	Amount of fine to be paid for the block, if applicable Fine = 0.2% of {(d)-(e)}	NIL

For Kotak Infrastructure Debt Fund Limited

#### Signatories name

Agam Sandha	Veenu Singla
Company Secretary	Chief Financial officer
Date : 26 <sup>th</sup> April 2023	

Kotak Infrastructure Debt Fund Limited

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## 48.03. Disclosure under Regulation 53(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### Debenture Trustees:

IDBI Trusteeship Services Ltd.  
Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001  
Tel. : 022-40807050  
Fax : 022-40807021  
Email: [jimit@idbitrustee.com](mailto:jimit@idbitrustee.com)  
Website: [www.idbitrustee.com](http://www.idbitrustee.com)

## Disclosure under Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### Related Party transactions

Particulars	March 31, 2023	March 31, 2022
Loans and advances in the nature of loans to subsidiaries	-	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans to firms/companies in which directors are Interested	-	-
Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	-	-
(Refer Related party disclosure Note 29)		

## Disclosure under Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### Asset cover

The Bonds are secured by way of a first and *pari passu* mortgage in favour of the Security Trustee on the Company's immovable property of ₹24.81 lakhs (net value) and further secured by way of hypothecation/mortgage of charged assets such as receivables arising out of loan, lease and hire purchase, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares) with an asset cover ratio of minimum 1.00 time value of the bonds during the tenure of the bonds. Asset cover available as on March 31, 2023 in case of non-convertible debt securities issued by company is 1.64:1.

## Note 48.04. Disclosure in compliance with Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sr No.	Particulars	Ratio
a)	Debt Equity Ratio*	1.55:1
b)	Net Worth	₹ 47,587.34 Lakhs
c)	Net Profit after Tax	₹ 3,020.62 Lakhs
d)	Earning Per Share	Basic & Diluted - ₹ 0.97
e)	Current Ratio	1.78:1
f)	Long Term Debt to Working Capital Ratio	4.15:1
g)	Bad to Account Receivable Ratio	0%
h)	Current Liability Ratio	23.60%
i)	Total Debts to Total Assets*	60.62%
j)	Operating Margin (%)	40.85%
k)	Net Profit Margin (%)	39.24%
l)	Sector Specific equivalent Ratios such as	
	(i) Stage III ratio*	0.00%
	(ii) Provision Coverage Ratio*	0.00%
	(iii) LCR Ratio	Not Applicable

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 49 DISCLOSURES AS REQUIRED BY THE NBFC MASTER DIRECTIONS ISSUED BY RBI

### Note 49.01 Capital

Sr No.	Particulars	Numerator	Denominator	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
1.0	CRAR (%)	46,969.86	69,410.12	67.67%	69.86%
2.0	CRAR - Tier I Capital (%)	46,698.05	69,410.12	67.28%	69.61%
3.0	CRAR - Tier II Capital (%)	271.81	69,410.12	0.39%	0.25%
4.0	Amount of subordinated debt raised as Tier-II capital (₹ lakhs)	-	-	-	-
5.0	Amount raised by issue of Perpetual Debt Instruments (₹ lakhs)	-	-	-	-

### Note 49.02 Investments

Sr No.	Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
(Amount in lakhs)			
<b>1.0</b>	<b>Value of Investments</b>		
<b>1.1</b>	<b>Gross Value of Investments:</b>		
i	In India	43,978.94	47,447.90
ii	Outside India,	-	-
<b>1.2</b>	<b>Provisions for Depreciation:</b>		
i	In India	30.43	11.42
ii	Outside India,	-	-
<b>1.3</b>	<b>Net Value of Investments</b>		
i	In India	43,948.52	47,436.48
ii	Outside India,	-	-
<b>2.0</b>	<b>Movement of provisions held towards depreciation on investments</b>		
<b>2.1</b>	<b>Opening balance</b>	<b>11.42</b>	<b>55.55</b>
2.2	Add : Provisions made during the year	20.95	1.20
2.3	Less : Write-off / write-back of excess provisions during the year	(1.94)	(45.33)
<b>2.4</b>	<b>Closing balance</b>	<b>30.43</b>	<b>11.42</b>

### Note 49.03 Derivatives

#### 49.03.1. Forward Rate Agreement / Interest Rate Swap

Sr No	Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
(Amount in lakhs)			
1	The notional principal of swap agreements	-	-
2	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
3	Collateral required by the NBFC upon entering into swaps	-	-
4	Concentration of credit risk arising from the swaps \$	-	-
5	The fair value of the swap book @	-	-

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## 49.03.2. Exchange Traded Interest Rate (IR) Derivatives

Sr No	Particulars	(Amount in lakhs)	
		As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
1	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-	-
2	Notional principal amount of exchange traded IR derivatives outstanding	-	-
3	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-
4	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-

## 49.03.3. Disclosures on Risk Exposure in Derivatives

The Company did not have any open interest in derivative contracts during the current year.

## 49.03.4. Quantitative Disclosures

S. No.	Particulars	(Amount in lakhs)	
		Currency Derivatives	Interest Rate Derivatives
1.0	Derivatives (Notional Principal Amount)		
	For hedging	-	-
2.0	Marked to Market Positions		
i	Assets(+)	-	-
ii	Liability(-)	-	-
3.0	Credit Exposure	-	-
4.0	Unhedged Exposures	-	-

## Note 49.04 Disclosures relating to Securitisation

### 49.04.1. Outstanding amount of securitized assets as per books of SPVs sponsored by NBFC and amount of exposures retained by the NBFC as on the date of balance sheet to comply with the Minimum Retention Requirements (MRR).

Sr No.	Particulars	(Amount in lakhs)	
		As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
1.0	No of SPVs sponsored by the NBFC for securitization transactions*	-	-
2.0	Total amount of securitized assets as per books of the SPVs sponsored	-	-
3.0	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	-	-
3.1	Off-balance sheet exposures	-	-
	First loss	-	-
	Others	-	-
3.2	On-balance sheet exposures	-	-
	First loss	-	-
	Others	-	-
4.0	Amount of exposures to securitization transactions other than MRR	-	-
4.1	Off-balance sheet exposures	-	-
i	Exposure to own securitizations	-	-
	First loss	-	-
	Others	-	-
ii	Exposure to third party securitizations	-	-
	First loss	-	-
	Others	-	-
4.2	On-balance sheet exposures	-	-
i	Exposure to own securitizations	-	-
	First loss	-	-
	Others	-	-
ii	Exposure to third party securitizations	-	-
	First loss	-	-
	Others	-	-

\* Only the SPVs relating to outstanding securitization transactions may be reported here

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## 49.04.2. Details of Assignment transactions undertaken by applicable NBFCs

Sr No.	Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
1.0	No. of accounts	-	-
2.0	Aggregate value (net of provisions) of accounts sold (₹ Lakhs)	-	-
3.0	Aggregate consideration (₹ Lakhs)	-	-
4.0	Additional consideration realized in respect of accounts transferred in earlier years (₹ Lakhs)	-	-
5.0	Aggregate gain / loss over net book value (₹ Lakhs)	-	-

## 49.04.3. Details of non-performing financial assets purchased / sold - Nil (Previous year Nil)

### Note 49.05 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

#### As at 31<sup>st</sup> March, 2023

(Amount in lakhs)

Particulars	1-7 days	8-14 Days	15-30 Days	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances*	-	-	58.28	58.28	1,721.78	2,016.96	3,693.64	13,869.00	14,708.47	33,821.55	69,947.96
Investments	16,179.96	-	-	-	144.01	287.63	568.59	6,824.99	1,570.00	18,373.33	43,948.51
Borrowings*	-	-	-	767.09	900.59	15,000.00	538.48	9,972.70	20,935.06	25,500.00	73,613.92
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

#### As at 31<sup>st</sup> March, 2022

(Amount in lakhs)

Particulars	1-7 days	8-14 Days	15-30 Days	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances*	-	-	55.97	55.97	1,091.09	1,363.97	2,529.17	8,931.19	7,954.37	25,226.41	47,208.14
Investments	38,100.54	-	-	-	59.07	677.62	316.00	6,161.33	633.33	1,488.59	47,436.48
Borrowings*	75.25	-	-	767.10	632.91	-	25,424.43	24,969.18	-	-	51,868.87
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

\* Interest accrued on loans and NCDs to be added as per due date/s into the bucket.

**Note:** In computing the above information, the management has made certain estimates, assumptions and adjustments, which are used for regulatory submission

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## Note 49.06 Exposures

### 49.06.1. Exposure to Real Estate Sector:

		(Amount in lakhs)	
Sr No	Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>1.0</b>	<b>Direct Exposure</b>		
1.1	Residential Mortgages:	-	-
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
1.2	Commercial Real Estate		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include nonfund based (NFB) limits;	-	-
1.3	Investment in Mortgage Backed Securities (MBS) and other securitised exposures	-	-
i	Residential,		
ii	Commercial Real Estate.		
<b>2.0</b>	<b>Indirect Exposure</b>		
2.1	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
2.2	Investment in Real Estate Venture Funds	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>

### 49.06.2. Exposure to Capital Market

		(Amount in lakhs)	
Sr No	Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
1.1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
1.2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
1.3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
1.4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds/ convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
1.5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
1.6	Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
1.7	Bridge loans to companies against expected equity flows / issues	-	-
1.8	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
	All exposures to Alternative Investment Funds:		
	(i) Category I	-	-
<b>1.10</b>	(ii) Category II	-	-
	(iii) Category III	-	-
	<b>Total exposure to capital market</b>	<b>-</b>	<b>-</b>

### 49.06.3. Financing of parent company products : Nil (Previous year Nil)

### 49.06.4. Disclosure in respect of exposure where Single Borrower Limit (SBL) / Group Borrower Limit (GBL) prescribed by RBI has been exceeded : Nil (Previous year Nil)

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## 49.06.5. Unsecured Advances:

The amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral – ₹ Nil (Previous year Nil)

## Note 49.07 Registration obtained from other financial sector regulators: Nil

## Note 49.08 Disclosure of Penalties imposed by RBI and other regulators: Nil (Previous year Nil)

## Note 49.09 Related Party Transactions

### 49.09.1. Details of all material transactions with the related parties

Refer Note No. 29

### 49.09.2. Policy on dealing with Related Party transaction:

The Company has made a list of related parties after considering the requirements and based on the annual declaration received from individuals like Directors and Key Managerial Personnel (KMP). The Directors and KMP's are also required to inform the Company of any changes to such declaration during the year. All related party transactions are reported and referred for approval to the Audit Committee as per section 177 of the Companies Act, 2013. The Audit committee may grant general approval for repetitive related party transactions. Such general approval will be valid for a period of one year and a fresh approval shall be taken for every financial year.

As per section 188 of the Companies Act, 2013, the consent of the Board/Shareholders' approval is required, by a special resolution in a general meeting, for entering into the specified transactions with a related party, if they are not in ordinary course of business of the Company or at arm's length and exceeds the threshold limits as specified in the Act.

## Note 49.10 Ratings assigned by credit rating agencies and migration of ratings during the year

Rating Agency	Instrument	Rating	Effective Date	Valid Upto
CRISIL	Long Term Rating for Rupee Bonds aggregating ₹ 1000 Cr	"CRISIL AAA/stable"	13-Mar-23	** Upto the maturity of the Bonds issued under the same
CRISIL	Short Term Debt Programmed (including Commercial Paper) for ₹ 50 Cr	"CRISIL A1+"	13-Mar-23	** Upto the maturity of the CP issued under the same
ICRA	Long Term Rating for Rupee Bonds aggregating ₹ 1000 Cr	ICRA AAA/stable"	13-Mar-23	** Upto the maturity of the Bonds issued under the same
ICRA	Short Term Debt Programmed (including Commercial Paper) for ₹ 50 Cr.	"ICRA A1+"	13-Mar-23	** Upto the maturity of the CP issued under the same

## Note 49.11 Remuneration of Directors

The details of transaction with Non-Executive Independent Directors are as below:

(Amount in lakhs)

Particulars	(Amount in lakhs)	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Directors' Sitting Fees	11.70	11.30
Commission to Directors	5.00	6.00

## Note 49.12 Provisions and Contingencies

Break up of 'Provisions and Contingencies' (including write – offs; net of write-backs) shown under the head Expenditure in Profit and Loss Account

(Amount in lakhs)

Particulars	(Amount in lakhs)	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Provisions / (write back) for depreciation on Investment at Amortized Cost	19.01	(44.13)
Provision / (write back) for NPA	-	-
Provision made towards Income tax	-	-
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets/Stage 1 and 2 cases	103.70	(145.83)

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## Note 49.13 Draw Down from Reserves

There was no draw down from reserves during the financial year. (Previous year Nil)

## Note 49.14 Concentration of Deposits, Advances, Exposures and NPAs

### 49.14.1. Concentration of Advances

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Total Advances to twenty largest borrowers / customers	95,557.96	61,848.51
Percentage of Advances to twenty largest borrowers / customers to Total Exposure of the company on borrowers / customers	97.46%	100%

### 49.14.2. Concentration of Exposure

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Total Exposure to twenty largest borrowers / customers	96,507.96	61,848.51
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the company on borrowers / customers	97.49%	100%

### 49.14.3. Concentration of NPAs

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Total Exposure to top four NPA accounts	-	-

### 49.14.4. Sector-Wise NPAs

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-



# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## Note 49.15 Movement of NPAs

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Net NPAs to Net Advances (%)</b>	-	-
<b>Movement of NPAs (Gross)</b>		
Opening balance	-	-
Additions during the year	-	-
Reductions during the year	-	-
Closing balance	-	-
<b>Movement of Net NPAs</b>		
Opening balance	-	-
Additions during the year	-	-
Reductions during the year	-	-
Closing balance	-	-
<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
Opening balance	-	-
Provisions made during the year	-	-
Write-off / write-back of excess provisions	-	-
Closing balance	-	-

## Note 49.16 Overseas Assets: Nil (Previous year Nil)

## Note 49.17 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms): Nil (Previous year Nil)

## Note 49.18 Customer Complaints

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	-	-
No. of complaints redressed during the year	-	-
No. of complaints pending at the end of the year	-	-

## NOTE 49.19 SCHEDULE TO THE BALANCE SHEET

### Liabilities Side

(Amount in lakhs)

Sr No	Particulars	Amount Outstanding	Amount Overdue
<b>1.0</b>	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		
a	Bonds: Secured #	73,613.92	-
	Bonds: Unsecured #	-	-
b	Deferred Credits	-	-
c	Terms Loans	-	-
d	Inter-corporate loans and borrowing	-	-
e	Commercial Paper	-	-
f	Public Deposits	-	-
g	Other Loans – Secured Overdraft facility from Bank	-	-

# Bonds are payable at Maturity at the end of tenure and are Secured by Mortgage of Flat and charge on loans & Advances.

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## Assets Side

		(Amount in lakhs)
Sr No	Particulars	Amount Outstanding
<b>2.0</b>	<b>Break-up of Loans and Advances including bills receivables (other than those included in (3) below:</b>	
a	Secured	69,946.13
b	Unsecured	1.84
<b>3.0</b>	<b>Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	
i	Leased Assets including lease rentals under sundry debtors	
a	Financial Lease	-
b	Operating Lease	-
ii	Stock on hire including hire charges under sundry debtors	
a	Assets on hire	-
b	Repossessed Assets	-
iii	Other loans counting towards AFC activities	
a	Loans where assets have been repossessed	-
b	Loans other than (a) above	-
<b>4.0</b>	<b>Break-up of Investments:</b>	
	<b>Current Investments:</b>	
<b>4.1</b>	<b>Quoted:</b>	
i	Shares:	
a	Equity	-
b	Preference	-
ii	Debentures and Bonds	885.91
iii	Units of Mutual Funds	-
iv	Government Securities	-
v	Others (please specify)	-

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amount in lakhs)

Sr No	Particulars	Amount Outstanding	
4.2	Unquoted:		
i	Shares:		
	a Equity		-
	b Preference		-
ii	Debentures and Bonds		111.88
iii	Units of Mutual Funds		16,179.96
iv	Government Securities		-
v	Others (please specify)		-
	<b>Long Term Investments:</b>		
4.3	Quoted:		
i	Shares:		
	a Equity		-
	b Preference		-
ii	Debentures and Bonds		19,536.02
iii	Units of Mutual Funds		-
iv	Government Securities		-
v	Others (please specify)		-
4.4	Unquoted:		
i	Shares:		
	a Equity		-
	b Preference		-
ii	Debentures and Bonds		7,234.73
iii	Units of Mutual Funds		-
iv	Government Securities		-
v	Others (please specify)		-

(Amount in lakhs)

Sr No	Particulars	Amount Net of provisions		
		Secured	Unsecured	Total
<b>5.0</b>	<b>Borrower group-wise classification of assets financed as in (2) and (3) above</b>			
5.1	Related Parties **			
	a Subsidiaries	-	-	-
	b Companies in the same group	-	-	-
	c Other related parties	-	-	-
5.2	Other Than Related Parties	69,947.96	-	69,947.96
	<b>Total</b>	<b>69,947.96</b>	<b>-</b>	<b>69,947.96</b>

\*\* As per Indian Accounting Standard issued by MCA (Please see Note b)

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amount in lakhs)

Sr No	Particulars	Amount Net of provisions	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
<b>6.0</b>	<b>Investor group-wise classification of all investments (current and long term) in the shares and securities (both quoted and unquoted)</b>		
6.1	Related Parties **		
a	Subsidiaries	-	-
b	Companies in the same group	-	-
c	Other related parties	-	-
6.2	Other Than Related Parties	44,727.06	43,948.51
	<b>Total</b>	<b>44,727.06</b>	<b>43,948.51</b>

\*\* As per Indian Accounting Standard issued by MCA (Please see Note b)

(Amount in lakhs)

Sr No	Particulars	Amount
<b>7.0</b>	<b>Other information:</b>	
i	Gross Non-Performing Assets	
a	Related parties	-
b	Other than related parties	-
ii	Net Non-Performing Assets	
a	Related parties	-
b	Other than related parties	-
iii	Assets acquired in satisfaction of debt	

## Notes:

- a) As defined in Paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.  
b) All Accounting Standards and Guidance Notes issued by MCA are applicable including for valuation of investments and other assets as assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current

## Note 50 Disclosure Required by Reserve Bank of India on Liquidity Risk Under Liquidity Risk Management Framework

### 50.01. Funding Concentration based on significant counterparty (both deposits and borrowings)

As at 31<sup>st</sup> March, 2023

(Amount in lakhs)

Sr No.	Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
1	19	64,480.00	-	86.84%

### 50.02. Top 20 large deposits Nil (Previous year Nil)

### 50.03. Top 10 Borrowings

As at 31<sup>st</sup> March, 2023

(Amount in lakhs)

Sr No.	Name of the party	Amount	% of Total Borrowings
1	Top 10 Borrowings	54,530.00	76.27%

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## 50.04. Funding Concentration based on significant instrument/product

As at 31<sup>st</sup> March, 2023

		(Amount in lakhs)	
Sr No.	Name of Significant Instrument / Product	Amount	% of Total Liabilities
1	Rupee Bonds	71,500.00	96.29%

## 50.05. Stock Ratios:

As at 31<sup>st</sup> March, 2023

Sr No.	Instrument/Product	%age of		
		Total Public Funds	Total Liabilities	Total Assets
1	Commercial Papers	0%	0%	0%
2	Rupee Bonds (Original Maturity of Less than One Year)	0%	0%	0%
3	Other Short Term Liabilities*	0%	0%	0%

\*Short term liabilities include principal portion of all long term liabilities payable within a period of 12 months from balance sheet date.

## 50.06. Institutional set-up for liquidity risk management

The Board of Directors (the Board) is responsible for the overall management of Liquidity Risk. The Board has defined liquidity risk management strategy and sets the overall policy and risk tolerances.

In order to manage/mitigate liquidity risk, in addition to regulatory limits on liquidity gaps, the Company has also defined prudential internal limit for Liquidity Gap tolerance for its time bucket which is approved by the Board.

Treasury is responsible for managing liquidity under the liquidity risk management framework as approved by the Board. ALCO is responsible for ensuring adherence to the risk tolerance/limits set by the Board.

Liquidity risk management strategies and practices are reviewed to align with changes to the external environment, including regulatory changes, business conditions and market developments. Actual and anticipated cash flows generated are monitored to ensure compliance with limits.

## NOTE 51 DISCLOSURES AS REQUIRED BY THE MASTER DIRECTION – MONITORING OF FRAUDS IN NBFCS ISSUED BY RBI DATED 29 SEPTEMBER 2016 - NONE

## NOTE 52 DISCLOSURE REQUIRED UNDER COVID - 19 REGULATORY PACKAGE - ASSET CLASSIFICATION AND PROVISIONING

Particulars	(Amount in lakhs)	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Amounts in SMA/overdue categories, where the moratorium/deferment was extended	-	-
Amount where asset classification benefits is extended	-	-
Provision Created	-	-
Less: Provisions adjusted during the against slippages	-	-
Residual provisions	-	-

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 53 DISCLOSURE UNDER GUIDANCE NOTE ON IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS BY NON-BANKING FINANCIAL COMPANIES AND ASSET RECONSTRUCTION COMPANIES

**Note 53.01: Number of accounts, total amount outstanding and the overdue amounts of accounts that are past due beyond 90 days but not treated as impaired - NIL**

**Note 53.02: Comparison between provisions required under Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances as per Ind AS 109**

As at 31<sup>st</sup> March, 2023

(Amount in lakhs)						
Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norm
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	95,987.89	270.38	95,717.51	302.65	(32.27)
	Stage 2	2,059.89	60.89	1,999.00	8.24	52.65
<b>Subtotal</b>		<b>98,047.78</b>	<b>331.27</b>	<b>97,716.51</b>	<b>310.89</b>	<b>20.38</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	-	-	-	-	-
Doubtful	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	6,301.84	1.45	6,300.39	-	1.45
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Total</b>		<b>104,349.62</b>	<b>332.72</b>	<b>104,016.90</b>	<b>310.89</b>	<b>21.83</b>

As at 31<sup>st</sup> March, 2022

(Amount in lakhs)						
Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norm
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	59,507.40	161.49	59,345.91	181.54	(20.05)
	Stage 2	2,342.02	47.07	2,294.95	9.37	37.70
<b>Subtotal</b>		<b>61,849.42</b>	<b>208.56</b>	<b>61,640.86</b>	<b>190.91</b>	<b>17.65</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	-	-	-	-	-
Doubtful	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	787.76	0.20	787.56	-	0.20
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Total</b>		<b>62,637.18</b>	<b>208.77</b>	<b>62,428.42</b>	<b>190.91</b>	<b>17.86</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## NOTE 54 DISCLOSURE REGARDING RESOLUTION FRAMEWORK FOR COVID-19-RELATED STRESS

Type of Borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
	(A)	(B)	(C)	(D)	(E)
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

## NOTE 55 DISCLOSURE REQUIRED BY RESERVE BANK OF INDIA DIRECTION DOR.ACC.REC.NO.20/21.04.018/2022-23 DATED 19TH APRIL, 2022 ON NOTES TO ACCOUNTS AS PER SCALE BASED REGULATIONS

### Note 55.01 Exposures

#### Note 55.01.1. Exposure to Real Estate Sector:

Sr No	Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>1</b>	<b>Direct Exposure</b>		
1.1	Residential Mortgages: Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
1.2	Commercial Real Estate Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	-	-
1.3	Investment in Mortgage Backed Securities (MBS) and other securitised exposures	-	-
i	Residential,		
ii	Commercial Real Estate.		
<b>2</b>	<b>Indirect Exposure</b>		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
	<b>Total Exposure to Real Estate Sector</b>	<b>-</b>	<b>-</b>

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## Note 55.01.2. Exposure to Capital Market

(Amount in lakhs)

Sr No	Particulars	As at	
		31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
1.1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
1.2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
1.3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
1.4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds/ convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
1.5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
1.6	Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
1.7	Bridge loans to companies against expected equity flows / issues	-	-
1.8	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds All exposures to Venture Capital Funds (both registered and unregistered)	-	-
1.9	Financing to stockbrokers for margin trading	-	-
1.10	All exposures to Alternative Investment Funds: (i) Category I (ii) Category II (iii) Category III	-	-
<b>Total exposure to capital market</b>		<b>-</b>	<b>-</b>

## NOTE 55 DISCLOSURE REQUIRED BY RESERVE BANK OF INDIA DIRECTION DOR.ACC.REC.NO.20/21.04.018/2022-23 DATED 19TH APRIL, 2022 ON NOTES TO ACCOUNTS AS PER SCALE BASED REGULATIONS

### Note 55.01.3 Sectoral Exposure

(Amount in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Infrastructure	98,995.95	-	-	61,848.51	-	-

### Note 55.01.4 Sectoral Exposure

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
i) Total amount of intra-group exposures	-	-
ii) Total amount of top 20 intra group exposures	-	-
iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	-	-



# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## Note 55.02 Unhedged foreign currency exposure - Nil Note 55.02 Related Party Disclosure

Related Parties/ Items	Parent (as per ownership or control)		Subsidiaries		"Associates/ Joint ventures"		Key Management Personnel		Relatives of Key Management Personnel		Others		Fellow Subsidiaries		Total	
	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022
<b>-Kotak Mahindra Bank Limited</b>																
Borrowings																
A. Outstanding at the year end	24,195.13	41,053.36	-	-	-	-	-	-	-	-	-	-	-	-	24,195.13	41,053.36
B. Maximum outstanding during the year	48,000.00	40,000.00	-	-	-	-	-	-	-	-	-	-	-	-	48,000.00	40,000.00
Deposits (Inter Corporate Deposit)																
A. Outstanding at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Maximum outstanding during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits (Term Deposit)																
A. Outstanding at the year end	5622.57	23.06	-	-	-	-	-	-	-	-	-	-	-	-	5622.57	23.06
B. Maximum outstanding during the year	20,500.00	5,500.00	-	-	-	-	-	-	-	-	-	-	-	-	20,500.00	5,500.00
Advances																
A. Outstanding at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Maximum outstanding during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments																
A. Outstanding at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Maximum outstanding during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/other assets																
Sale of fixed/other assets																
Interest paid (on borrowing)	2,597.63	2,316.50	-	-	-	-	-	-	-	-	-	-	-	-	2,597.63	2,316.50
Interest received (on Fixed Deposits)	19.73	6.33	-	-	-	-	-	-	-	-	-	-	-	-	19.73	6.33
Balance in current account	664.40	751.31	-	-	-	-	-	-	-	-	-	-	-	-	664.40	751.31
Equity Shares Held by Kotak Mahindra Bank Limited	9,300.00	9,300.00	-	-	-	-	-	-	-	-	-	-	-	-	9,300.00	9,300.00
Preference Shares Held by Kotak Mahindra Bank Limited	-	70.00	-	-	-	-	-	-	-	-	-	-	-	-	-	70.00
Others	357.75	369.60	-	-	-	-	-	-	-	-	-	-	-	-	357.75	369.60
<b>Kotak Mahindra Investments Limited</b>																
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Kotak General Insurance Company Limited</b>																
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Kotak Mahindra Life Insurance Company Limited</b>																
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Kotak Securities Ltd</b>																
Equity shares invested by Kotak Securities Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,300.00	9,300.00
<b>Kotak Investment Advisor Ltd</b>																
Equity shares invested by Kotak Investment Advisor Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,200.00	6,200.00
<b>Kotak Mahindra Capital Company Ltd</b>																
Equity shares invested by Kotak Mahindra Capital Company Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,200.00	6,200.00
<b>Manoj Gupta</b>																
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Veenu Singla</b>																
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Agam Sandha</b>																
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64.59	7.37
<b>Bhavesh Jadhav</b>																
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.39	-
	111,257.21	99,390.17	-	-	-	-	-	-	-	-	-	-	-	-	21,727.09	21,717.21
															133,076.28	121,439.83

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## Note 55.03 Customer Complaints

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
A) Number of complaints pending at beginning of the year	-	-
B) Number of complaints received during the year	-	-
C) Number of complaints disposed during the year	-	-
- Number of complaints rejected by the NBFC	-	-
D) Number of complaints pending at the end of the year	-	-
<b>Maintainable complaints received by the NBFC from Office of Ombudsman</b>	-	-
Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
- Number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
- Number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
- Number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

## Note 56.01 Corporate Governance

### Note 56.01.1 Composition of the Board

S No	Name of Director	Director since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Held	Attended	No. of other Directorships	Salary and other compensation	Sitting Fee	Commission*	No. of shares held in and convertible instruments held in the NBFC
1	Dipak Gupta	20-10-2016	Non-Executive - Non Independent Director	00004771	13	13	4	-	-	-	NIL
2	Raghunandan Dattatray Maluste	21-08-2018	Non-Executive - Independent Director	01302477	13	13	2	-	970,000.00	500000.00	NIL
3	Paritosh Kashyap	24-05-2022	Non-Executive - Non Independent Director	07656300	10	8	2	-	-	-	NIL
4	Phani Shankar	19-07-2022	Non-Executive - Non Independent Director	09663138	9	7	2	-	-	-	NIL
5	Sujata Gujthakurta	29-03-2018	Non-Executive - Non Independent Director	08099266	13	10	1	-	-	-	NIL

\* Commission of ₹ 2/- Lakh is Paid to Non-Executive - Independent Director Mr Uday Phadke who has resigned w.e.f. July 05, 2021

Details of change in composition of the Board during the current and previous financial year.

S No	Name of Director	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective Date
1	Mr. Arvind Kathpalia	Non-Executive	Resignation	1/4/2022
2	Mr. Rajiv Gurnani	Non-Executive	Appointment	27/4/2022
3	Mr. Paritosh Kashyap	Non-Executive	Appointment	24/5/2022
4	Mr. Phani Shankar	Non-Executive	Appointment	19/7/2022
5	Mr. KVS Manian	Non-Executive	Resignation	8/7/2022
6	Mr. Rajiv Gurnani	Non-Executive	Resignation	1/7/2022

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

## Note 56.01.2 Committees of the Board and their compositions

S No	Name of Director	(Audit Committee) Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		
				Held	Attended	No. of shares held in the NBFC
1	Raghunandan Dattatray Maluste	18-01-2019	Chairperson	9	9	0
2	Paritosh Kashyap	14-07-2022	Member	6	5	0
3	Sujata Gujthakurta	27-04-2022	Member	9	6	0

S No	Name of Director	(Nomination and Remuneration Committee) Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		
				Held	Attended	No. of shares held in the NBFC
1	Raghunandan Dattatray Maluste	18-01-2019	Chairperson	5	5	0
2	Dipak Gupta	25-04-2017	Member	5	4	0
3	Paritosh Kashyap	14-07-2022	Member	2	2	0

S No	Name of Director	(CSR Committee) Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		
				Held	Attended	No. of shares held in the NBFC
1	Raghunandan Dattatray Maluste	18-01-2019	Chairperson	1	1	0
2	Dipak Gupta	18-01-2019	Member	1	1	0
3	Paritosh Kashyap	14-07-2022	Member	1	1	0

S No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		
				Held	Attended	No. of shares held in the NBFC
1	Raghunandan Dattatray Maluste	18-01-2019	Chairperson	9	9	0
2	Paritosh Kashyap	14-07-2022	Member	6	5	0
3	Sujata Gujthakurta	27-04-2022	Member	9	6	0

## Note 56.01.3. General Body Meetings

Give details of the date, place and special resolutions passed at the General Body Meetings.

S No	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1	AGM	24-08-2022 via video Conferencing	1. Appointment of Mr. Paritosh Kashyap (DIN: 07656300) as a Non-Executive Director of the Company 2. Appointment of Mr. Phani Shankar (DIN: 09663183) as a Non-Executive Director of the Company 3. Approval of payment of commission to the Independent Directors of the Company 4. Issuance of Non-Convertible Debentures (both secured and unsecured) upto an amount not exceeding ₹ 900 crore

# Notes

to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

**Note 56.01.4 Details of non-compliance with requirements of Companies Act, 2013 - Nil**

**Note 56.01.5 Details of penalties and strictures - Nil**

**Note 56.02 Breach of Covenant - Nil**

**Note 56.03 Divergence in Asset Classification and Provisioning - Nil**

## NOTE 57

The company has not transferred and acquired any loans directly to / from any lenders defined in RBI Master Direction on Transfer of Loan Exposure Directions, 2021

## NOTE 58

Previous year's figures have been regrouped / reclassified wherever necessary to conform to figures of the current period.

For **Gokhale and Sathe**  
Firm Registration Number: 103264W  
Chartered Accountants

**Rahul Joglekar**  
Partner  
Membership No: 129389

Date : 17<sup>th</sup> May 2023  
Place: Mumbai

**For and on behalf of the Board of Directors**

**Dipak Gupta**  
Director  
DIN: 00004771

**Veenu Singla**  
Chief Executive Officer  
& Chief Financial Officer

Date : 17<sup>th</sup> May 2023  
Place: Mumbai

**Paritosh Kashyap**  
Director  
DIN: 07656300

**Agam Sandha**  
Company Secretary

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Kotak Infrastructure Debt Fund Limited  
27BKC, C 27, G Block, Bandra Kurla Complex,  
Bandra (E), Mumbai - 400 051  
Company Website: [www.kidfl.kotak.com](http://www.kidfl.kotak.com)  
Kotak Mahindra Bank Website: [www.kotak.com](http://www.kotak.com)

CIN: U65910MH1988PLC048450