

Annual Report 2023-24



Kotak Karma Foundation



**Transforming**  
for scale





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# Directors' Report

To the Members

## KOTAK KARMA FOUNDATION

Your Directors present this First Directors' Report of Kotak Karma Foundation together with the audited Financial Statement for the financial year ended 31<sup>st</sup> March, 2024.

## FINANCIAL SUMMARY AND HIGHLIGHTS

Particulars	Amount (₹ in Lakh)
Receipts of CSR Funds and Grants	-
Other Income	-
Total Income	-
Total Expenditure	16.17
Surplus / (Deficit) for the year	(16.17)

## OPERATIONS, MAJOR EVENTS AND STATE OF COMPANY'S AFFAIRS

Your Company is a 'not for profit' organisation incorporated on 26<sup>th</sup> June, 2023 under the provisions of Section 8 of the Companies Act, 2013 ("Act"). Your Company is a wholly-owned subsidiary of Kotak Mahindra Bank Limited ("Bank") and has been set-up for furtherance of part of the Bank's Corporate Social Responsibility (CSR) initiatives. Your Company is also registered as a Charitable institution under the relevant provisions of the Income Tax Act, 1961.

Your Company is yet to commence its business operations. There have been no material changes or commitments after the closure of financial year that affect the financial position of the Company.

Your Company does not have any joint venture, subsidiary or associate company.

## DIVIDEND AND TRANSFERS TO RESERVE

Being a company incorporated under Section 8 of the Act, your Company is not permitted to declare any dividend and no amounts are required to be transferred to reserves.

## SHARE CAPITAL

Your Company was incorporated with the Authorised Capital of Rs. 10 crore comprising 1 crore equity shares of Rs. 10 each. The paid-up share capital of your Company is Rs. 1 crore comprising 10 lakh equity shares of Rs. 10 each. The entire paid-up share capital comprises the initial subscription by the signatories to the Memorandum of Association of your Company at the time of incorporation. Since incorporation, your Company has not raised any further share capital.

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Currently, the Board of your Company comprises three Directors, as below:

Ms. Shanti Ekambaram (DIN: 00004889) – Non-Executive Chairperson

Mr. Paul Parambi (DIN: 07002589) – Non-Executive Director

Mr. Chetan Savla (DIN: 10213435) – Non-Executive Director

All the above Directors hold the directorship in your Company as 'first Directors', i.e., since incorporation on 26<sup>th</sup> June, 2023. At the ensuing Annual General Meeting of your Company, all the three first Directors will retire and being eligible, have offered themselves for appointment as Directors by the members. The Board of your Company commends their appointment as Directors of your Company.

Your Company does not require appointment of a Key Managerial Personnel.

The provisions regarding Board/Directors' performance evaluation under the Act do not apply to your Company.

## BOARD MEETINGS

Since incorporation, the Board of Directors of your Company have met twice during the year ended 31<sup>st</sup> March, 2024, i.e., on 21<sup>st</sup> July, 2023 and 15<sup>th</sup> January, 2024.



## CSR AND COMMITTEES OF THE BOARD

The provisions with respect to constitution of a Corporate Social Responsibility and Corporate Social Responsibility expenditure under the Act do not apply to your Company. During the year, your Company was not required to constitute any committees of the Board.

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm in pursuance of Sections 134(3) and 134(5) of the Act, that:

- (i) your Company has, in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2024, followed the applicable accounting standards and guidance provided by The Institute of Chartered Accountants of India along with proper explanations relating to material departures, if any;
- (ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31<sup>st</sup> March, 2024 and of the surplus/deficit of your Company for the financial year ended 31<sup>st</sup> March, 2024;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your 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 are operating effectively; and
- (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.

## INTERNAL FINANCIAL CONTROLS

The internal financial controls with reference to the financial statement of your Company are adequate and operate effectively.

## REPORTING OF FRAUDS BY AUDITORS

During the financial year under review, no instances of fraud committed against your Company were reported by the Statutory Auditors of the Company, under Section 143(12) of the Act, to the Board of Directors of the Company.

## STATUTORY AUDITORS

M/s. V C Shah & Co., Chartered Accountants (FRN: 109818W) are the First Auditors of the Company. They hold office up to the conclusion of the ensuing Annual General Meeting. The Board of your Company commends re-appointment of M/s. V C Shah, Chartered Accountants as Statutory Auditors of your Company, to hold such office, from the conclusion of the ensuing Annual General Meeting (1<sup>st</sup> Annual General Meeting) till the conclusion of the 6<sup>th</sup> Annual General Meeting.

The Notes on Financial Statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments. There are no qualifications, reservations or adverse remarks or disclaimers made by Statutory Auditors, in their report

## 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 the Company for the financial year ended 31<sup>st</sup> March, 2024 has been prepared by the Company. The same can be requested via email, by writing to the chetan.savla@kotak.com.

## RISK MANAGEMENT

Your Company has a Risk Management framework in place to identify and evaluate risks and opportunities in connection with its activities.

## RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no Related Party Transactions to be reported under Section 188(1) of the Act. All Related Party Transactions as required under Ind AS 24 are reported in Notes to Accounts under Note no. 10.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Your Company does not have any loans, guarantees or investments under Section 186 of the Act.

## **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. There was no foreign exchange earning or outflow during the year under report.

## **DEPOSITS**

Your Company cannot accept and has not accepted any deposit under the Act from the public, etc.

## **EMPLOYEES**

Your Company did not employ and has no employees as on 31<sup>st</sup> March, 2024. The disclosure under the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is not applicable to the Company.

## **ACKNOWLEDGEMENT**

Your Directors would like to place on record their gratitude for the valuable support received from all the stakeholders.

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

**Shanti Ekambaram**  
**Chairperson**

Date: 20<sup>th</sup> June, 2024

Place: Mumbai



# Independent Auditor's Report

## To the Members of Kotak Karma Foundation

### Report on the Audit of the Financial Statements

#### OPINION

We have audited the accompanying financial statements of **Kotak Karma Foundation** ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Income and expenditure including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity, for the period then ended, and notes to the financial statements including a summary of material 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 March 31, 2024 and deficit, changes in equity and its cash flows for the period ended on that date.

#### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report including Annexures to Board's report but does not include the financial statements and our auditor's 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. We have nothing to report in this regard.

#### RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

#### AUDITOR'S 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 auditor's 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.

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

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

- 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.
- Obtain an understanding of internal financial controls 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 is not applicable to the company.

As required by Section 143(3) of the Act, we report that:

1. This report does not include a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, since the Order provides that it shall not apply to a company licensed to operate under section 8 of the Companies Act, 2013.
2. (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 except for the matters stated in paragraph 2(i)(vi) below in reporting under Rule 11(g) of the Companies Act (Audit and Auditors Rule, 2014) as amended.
- (c) The Balance Sheet, the Statement of Income and Expenditure including the Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.





- (g) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in para (b) above on reporting under Section 143(3)(b) and para 2(i)(vi) below on reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended).
- (h) The Company has not paid any remuneration to its directors during the period. Accordingly, the provision of Section 197 of the Act is not applicable.
- (i) 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, in our opinion and to the best of our information and according to the explanations provided to us:
- i. The Company does not have any pending litigations which would impact its financial position in its financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv.
    - 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 entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
      - 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:
      - 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; and
    - 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. The Company has neither declared nor paid any dividend during the period. So compliance with respect to section 123 of the Act is not applicable.
  - vi. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the period for all relevant transactions recorded in the respective software except that audit trail feature is not enabled at the database level and master fields as it relates to accounting software used for maintaining general ledger described in Note 17 to the financial statements.

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

Chartered Accountants  
Firm Registration No. 109818W

**Viral J. Shah**

Partner  
Membership No. 110120  
UDIN: 24110120BKFQR3355

Place: Mumbai  
Date: June 20, 2024

## Annexure “A” to the Independent Auditor’s Report

**(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the Members of Kotak Karma Foundation on the financial statements for the year ended 31<sup>st</sup> March, 2024)**

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB- SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE “ACT”)**

We have audited the internal financial controls over financial reporting of Kotak Karma Foundation (the “Company”) as of 31<sup>st</sup> March, 2024 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

#### **OPINION**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2024, based on the criteria for internal financial control over financial reporting 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 ICAI.

#### **MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Management of the Company is 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “ICAI”). 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 Act.

#### **AUDITOR’S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was established and maintained and if 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 over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 OVER FINANCIAL REPORTING**

A company’s internal financial control over financial reporting 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 control over financial reporting includes 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting 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.

Place: Mumbai  
Date: June 20, 2024

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

**Viral J. Shah**  
Partner  
Membership No. 110120  
UDIN: 24110120BKFORB3355

CIN: U88900MH2023NPL405387

# Balance Sheet

as at 31<sup>st</sup> March, 2024

(Amount in 000's)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2024
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
(a) Other Intangible assets	2	747
<b>Sub total</b>		<b>747</b>
<b>Current Assets</b>		
(a) Financial Assets		
(i) Cash and cash equivalents	3	8,528
<b>Sub total</b>		<b>8,528</b>
<b>Total Assets</b>		<b>9,275</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share capital	4	10,000
(b) Other Equity	5	(1,617)
<b>Sub total</b>		<b>8,383</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
(a) Financial Liabilities		
(i) Trade payables		
(A) Total outstanding dues of micro enterprises and small enterprises		
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	6	100
(b) Provision	7	486
(c) Other current liabilities	8	306
<b>Sub total</b>		<b>892</b>
<b>Total Equity and Liabilities</b>		<b>9,275</b>
See accompanying notes to the financial Statements	1- 18	

The notes referred to above form an integral part of the financial statements.

In terms of our report attached.

**For V. C. Shah & Co.**  
Chartered Accountants  
Firm Registration Number: 109818W

**Viral J. Shah**  
Partner  
Membership Number: 110120

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024

For and on behalf of the Board of Directors of  
**Kotak Karma Foundation**

**Paul Parambi**  
Director  
DIN:07002589

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024

**Chetan Savla**  
Director  
DIN:10213435

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024



CIN: U88900MH2023NPL405387

# Statement of Income and Expenditure

For the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

(Amount in 000's)

Particulars	Note No.	Period from 26 <sup>th</sup> June 2023 to 31 <sup>st</sup> March 2024
<b>I INCOME</b>		
Income from Operations		-
<b>Total Income (I)</b>		-
<b>II EXPENDITURE</b>		
Depreciation, amortization and impairment	2	20
Other expenses	9	1,597
<b>Total expenses (II)</b>		<b>1,617</b>
<b>III Excess of expenditure over income for the period before tax (I-II)</b>		(1,617)
<b>IV Tax expense</b>		
(1) Current tax		-
(2) Deferred tax		-
<b>Total tax expense (1+2)</b>		-
<b>V Excess of expenditure over income for the period after Tax (III-IV)</b>		(1,617)
<b>VI Other comprehensive income</b>		-
<b>VII Total Comprehensive Income for the year (V+VI)</b>		<b>(1,617)</b>
<b>VIII Earning per equity share (nominal value of share ₹ 10.00)</b>		
Basic and diluted (in ₹)	12	(3.34)
See accompanying notes to the financial Statements	1- 18	

The notes referred to above form an integral part of the financial statements.

In terms of our report attached.

**For V. C. Shah & Co.**  
Chartered Accountants  
Firm Registration Number: 109818W

**Viral J. Shah**  
Partner  
Membership Number: 110120

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024

For and on behalf of the Board of Directors of  
**Kotak Karma Foundation**

**Paul Parambi**  
Director  
DIN:07002589

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024

**Chetan Savla**  
Director  
DIN:10213435

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024

CIN: U88900MH2023NPL405387

# Statement of Cash Flows

For the period ended 31<sup>st</sup> March, 2024

(Amount in 000's)

Particulars	Period from 26 <sup>th</sup> June 2023 to 31 <sup>st</sup> March 2024
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
<b>Excess of expenditure over income for the period</b>	(1,617)
<b>Adjustments for:</b>	
(a) Provision for impairment	2
(b) Depreciation / amortization	20
<b>Operating profit before working capital changes</b>	<b>(1,595)</b>
<b>Working capital changes</b>	
(a) Increase/(decrease) in Trade Payables	100
(b) Increase/(decrease) in Provisions	486
<b>Cash generated from operations</b>	<b>(1,009)</b>
Income tax paid (Net of refunds)	-
<b>NET CASH FLOWS GENERATED/(USED IN) OPERATING ACTIVITIES (A)</b>	<b>(1,009)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
(a) Purchase of fixed assets	(461)
<b>NET CASH FLOWS GENERATED/(USED IN) FROM INVESTING ACTIVITIES (B)</b>	<b>(461)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
(a) Proceeds from issuance of equity share capital	10,000
<b>NET CASH FLOWS GENERATED/(USED IN) FROM FINANCING ACTIVITIES (C)</b>	<b>10,000</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>8,530</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>8,530</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS WITH THE BALANCE SHEET (REFER NOTE 3)</b>	
Balances with banks in current account	8,530
Less: Impairment loss allowance	(2)
<b>CASH AND CASH EQUIVALENTS AS RESTATED AS AT THE YEAR END</b>	<b>8,528</b>

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

The notes referred to above form an integral part of the financial statements.

In terms of our report attached.

**For V. C. Shah & Co.**  
Chartered Accountants  
Firm Registration Number: 109818W

**Viral J. Shah**  
Partner  
Membership Number: 110120

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024

For and on behalf of the Board of Directors of  
**Kotak Karma Foundation**

**Paul Parambi**  
Director  
DIN:07002589

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024

**Chetan Savla**  
Director  
DIN:10213435

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024



CIN: U88900MH2023NPL405387

# Statement of Changes in Equity

For the period ended 31<sup>st</sup> March, 2024

## A. EQUITY SHARE CAPITAL

(Amount in 000's)

Particulars	As at 31 <sup>st</sup> March, 2024
Balance at the beginning of the period	-
Changes in equity share capital during the period	10,000
<b>Balance at the end of the period</b>	<b>10,000</b>

## B. OTHER EQUITY

(Amount in 000's)

Particulars	Retained earnings	Other Comprehensive Income	Total
Balance at the beginning of the period	-	-	-
Excess of expenditure over income for the period after Tax	(1,617)	-	(1,617)
Other comprehensive income for the period (net of tax)	-	-	-
<b>Total Comprehensive Income for the period ended 31<sup>st</sup> March 2024</b>	<b>(1,617)</b>	<b>-</b>	<b>(1,617)</b>
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>(1,617)</b>	<b>-</b>	<b>(1,617)</b>

In terms of our report attached.

**For V. C. Shah & Co.**  
Chartered Accountants  
Firm Registration Number: 109818W

**Viral J. Shah**  
Partner  
Membership Number: 110120

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024

For and on behalf of the Board of Directors of  
**Kotak Karma Foundation**

**Paul Parambi**  
Director  
DIN:07002589

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024

**Chetan Savla**  
Director  
DIN:10213435

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024

# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

## NOTE 1: MATERIAL ACCOUNTING POLICIES

### A. CORPORATE INFORMATION

Kotak Karma Foundation ('the Company') is a 100% subsidiary of Kotak Mahindra Bank Limited ('the Bank'). The Company has been incorporated under Section 8 of the Companies Act, 2013, as a wholly-owned subsidiary of the Bank, for setting up a Centre of Excellence ("CoE") of the Bank for furtherance of part of its Corporate Social Responsibility ("CSR") initiatives. The Company was incorporated on 26<sup>th</sup> June, 2023 and hence comparatives have not been provided.

### B. BASIS OF PREPARATION

#### Statement of compliance

The Financial statements are prepared in accordance with the Indian Accounting Standards (Ind As) notified under Section 133 of the Companies Act, 2013 ('the Act') read with Companies ( Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

The financial statements have been prepared on accrual and going concern basis.

#### a) 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 thousands, except when otherwise indicated.

#### b) Note on critical accounting judgements and key sources of estimation, uncertainty:

The preparation of financial statements in accordance with Ind AS requires use of judgements, 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 realised may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

#### *Judgment, estimates and assumptions are required in particular for:*

##### I. Impairment of financial assets

The Company recognises loss allowances for expected credit losses on its financial assets measured at amortized cost. 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 statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios and collateral values.

##### II. Determination of estimated useful lives of property, plant and equipment and intangible assets

Useful lives of property, plant and equipment and intangible assets are based on 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.

#### c) Standards issued but not yet effective upto the date of issuance of the financial statements:

The Ministry of Corporate Affairs vide notification dated 31 March 2023 notified the Companies (Indian Accounting Standards) Amendment Rules, 2023, which amended certain accounting standards (see below), and are effective 1 April 2023:

- Disclosure of accounting policies – amendments to Ind AS 1
- Definition of accounting estimates – amendments to Ind AS 8

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### C. MATERIAL ACCOUNTING POLICIES

#### a) Revenue recognition of income

Interest income is accrued on a time basis by reference to the principle outstanding and at the effective interest rate applicable.





# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

## b) Income Tax

The Company has been incorporated as a 'Not for Profit Company' under section 8 of Companies Act 2013, and granted registration under section 12AA of the Income Tax Act, 1961. The Company is prohibited by its objects to carry out any activity on commercial basis and it operates on a non-commercial basis and thereby eligible for tax exemption.

## c) Impairment of non-financial assets

The carrying values of assets/ cash generating units 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 recognised 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 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 recognised.

## d) Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognised but disclosed in the notes.

## e) 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.

### Financial assets

#### *Recognition and Initial measurement*

All financial assets are recognised initially at fair value plus or minus, 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.

#### *Classification*

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

#### *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 information provided to the management. The information considered includes:

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.

# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

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

For the purposes of this assessment, '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.

## **Subsequent measurement**

The Company classifies its financial assets in the following measurement categories:

### **Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions:

- the asset 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 on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR and reported as part of interest income in the Statement of Profit and Loss. The losses if any, arising from impairment are recognised in the Statement of Profit and Loss.

### **Financial liabilities**

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss.

## **f) Depreciation**

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of the assets at rates which are equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of the assets. Estimated useful lives of assets based on technical evaluation by management are as follows:

Software - 3 years

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

## **g) 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 amortised cost, such as Cash and cash equivalents, Bank Deposit and other financial assets.

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 amortised cost and FVOCI is 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:

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



# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

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 and converted into forward looking PD's using suitable macro-economic variable data.

- 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.

### 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 amortised 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 recognised. 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 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 recognised. 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 recognised 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.

### 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 applies statistical techniques to estimate 12 month ECL and lifetime ECL.

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

The Company considers its historical loss experience 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.

#### h) Write-offs

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery.

#### i) Measurement of fair values

The Company's accounting policies and disclosures require fair value measurement of financial instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

**j) Segment reporting**

Since, the Company has a single business segment and a single geographical segment, disclosures pertaining to the primary and secondary segments have not been presented. The Company is primarily engaged in activities become a COE for the Bank and to further its CSR objectives. The activities are in nature of charitable objects and in the context of IND AS 108 on 'Operating Segment', constitutes a single reportable segment.

**k) 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.

**l) Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional 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.

**m) Current versus non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading.

**n) Earnings per share**

Basic earnings per share is computed by dividing the excess of Income over Expenditure by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the excess of Income over Expenditure by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**o) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest "Thousands" as per the requirement of Schedule III, unless otherwise stated. Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes in these financial statements.



# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

## NOTE 2 INTANGIBLE ASSETS

(Amount in 000's)

Particulars	Software	Total
<b>Gross carrying amount</b>		
Opening Balance	-	-
Additions during the period	767	767
Disposals during the period	-	-
<b>Balance as at 31<sup>st</sup> March, 2024</b>	<b>767</b>	<b>767</b>
<b>Accumulated depreciation and impairment</b>		
Opening Balance	-	-
Amortisation for the period	20	20
Disposals during the period	-	-
<b>Balance as at 31<sup>st</sup> March, 2024</b>	<b>20</b>	<b>20</b>
<b>Net carrying amount as at 31<sup>st</sup> March, 2024</b>	<b>747</b>	<b>747</b>

### Impairment loss and reversal of impairment loss

There is no impairment loss recognised for intangible assets

## NOTE 3 CASH AND CASH EQUIVALENTS

(Amount in 000's)

Particulars	As at 31 <sup>st</sup> March, 2024
Balances with banks in current account	8,530
Less: Impairment loss allowance	(2)
<b>Total</b>	<b>8,528</b>

## NOTE 4 EQUITY SHARE CAPITAL

(Amount in 000's)

Particulars	As at 31 <sup>st</sup> March, 2024
<b>Authorised</b>	
10,000,000 equity shares of ₹10 each with voting rights	100,000
<b>Issued subscribed and paid up</b>	
1,000,000 equity shares of ₹10 each with voting rights	10,000

# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

## A. RECONCILIATION OF NUMBER OF SHARES OUTSTANDING AT THE BEGINNING AND END OF THE PERIOD :

(Amount in 000's)

Particulars	No. of shares	Amount
<b>Equity shares of Rs 10 each fully paid-up</b>		
As at 1 <sup>st</sup> April, 2023	-	-
Add/(less): Movement during the year	1,000,000	10,000
<b>As at 31<sup>st</sup> March, 2024</b>	<b>1,000,000</b>	<b>10,000</b>

## B. RIGHTS PREFERENCES AND RESTRICTIONS ATTACHED TO EQUITY SHARES

- The Company has only one class of equity shares having face value of ₹ 10 each. Each holder of equity shares is entitled to voting rights in the same proportion as the capital paid-up on such equity share bears to the total paid-up equity share capital of the Company.
- Since the Company is registered under section 8 of the Companies Act, 2013, it is prohibited from the payment of any dividend to its members.
- In the event of liquidation of the Company, the remaining assets of the Company, shall be given or transferred to some other Association or company or companies registered under section 8 of the Companies Act, 2013 having objects similar to the objects of the Company to be determined by the members of the the Company at or before the time of dissolution

## C. SHARES HELD BY HOLDING/ ULTIMATE HOLDING COMPANY AND/ OR THEIR SUBSIDIARIES/ ASSOCIATES

Particulars	As at 31 <sup>st</sup> March, 2024	
	Number of shares	% Holding
Kotak Mahindra Bank Limited	999,994	99.9994%
Mr. Dipak Gupta (as nominee of KMBL)	1	0.0001%
Mr. KVS Manian (as nominee of KMBL)	1	0.0001%
Mr. Jaimin Bhatt (as nominee of KMBL)	1	0.0001%
Mr. TV Sudhakar (as nominee of KMBL)	1	0.0001%
Mr. Chetan Savla (as nominee of KMBL)	1	0.0001%

## D. DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY (INCLUDING THEIR NOMINEES)

Particulars	As at 31 <sup>st</sup> March, 2024	
	Number of shares	% Holding
Kotak Mahindra Bank Limited	1,000,000	100.00%

## E. SHAREHOLDING OF PROMOTERS

Promoter name	Shares held by promoters at the end of the year		% Change during the period
	No. of Shares	% of Total Shares	
Kotak Mahindra Bank Limited	1,000,000	100%	-

## NOTE 5 OTHER EQUITY

(Amount in 000's)

Particulars	As at 31 <sup>st</sup> March, 2024
Retained Earnings	(1,617)
<b>Total</b>	<b>(1,617)</b>



# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

## A. OTHER EQUITY FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2024

(Amount in 000's)

Particulars	Retained Earnings	Other Comprehensive Income	Total
Opening balance	-	-	-
Expenditure over income for the period	(1,617)	-	(1,617)
<b>Closing balance</b>	<b>(1,617)</b>	<b>-</b>	<b>(1,617)</b>

## NOTE 6 TRADE PAYABLES

(Amount in 000's)

Particulars	As at 31 <sup>st</sup> March, 2024
(A) Total outstanding dues of micro enterprises and small enterprises	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	100
<b>Total</b>	<b>100</b>

Based on the intimation received by the company, none of the suppliers have confirmed to be registered under the Micro, Small and Medium Enterprises Development Act, 2006, accordingly no disclosures relating to the amounts unpaid as at the year end together with the interest paid or payable are required to be furnished. The above information has been reported by the Management and relied upon by the Auditors.

## AGEING FOR TRADE PAYABLES:

As on 31<sup>st</sup> March, 2024

(Amount in 000's)

Particulars	Unbilled dues	Total
(i) MSME	-	-
(ii) Others	100	100
(iii) Disputed dues – MSME	-	-
(iv) Disputed dues - Others	-	-

## NOTE 7 PROVISIONS

(Amount in 000's)

Particulars	As at 31 <sup>st</sup> March, 2024
(i) Provision for expenses	486
<b>Total</b>	<b>486</b>

## NOTE 8 OTHER CURRENT LIABILITIES

(Amount in 000's)

Particulars	As at 31 <sup>st</sup> March, 2024
(i) Capital Creditors	306
<b>Total</b>	<b>306</b>

# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

## NOTE 9 OTHER EXPENSES

(Amount in 000's)

Particulars	Period from 26 <sup>th</sup> June 2023 to 31 <sup>st</sup> March 2024
Legal, professional and consultancy charges	590
Rates and taxes	905
Auditors Remuneration (Refer note 9a)	100
Impairment on Bank balances	2
<b>Total</b>	<b>1,597</b>

## NOTE 9A PAYMENT TO AUDITORS

(Amount in 000's)

Sr. No.	Particulars	Period from 26 <sup>th</sup> June 2023 to 31 <sup>st</sup> March 2024
	Payment to the auditor as:	
a)	Audit fees	100
	<b>Total</b>	<b>100</b>

## NOTE 10 RELATED PARTY DISCLOSURES

### I. TRANSACTIONS WITH RELATED PARTIES

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

(Amount in 000's)

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
	<b>Holding company:</b>	-	-
a)	Kotak Mahindra Bank Limited	India	100%
	Mr. Uday S. Kotak, Promoter along with the persons/entities forming part of the Promoter Group, holds 25.90% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31 <sup>st</sup> March, 2024.	-	-

(Amount in 000's)

Nature of Transaction	Year ended 31 <sup>st</sup> March,	Holding Company	Total
Bank balances	2024	8,528	8,528
Issurance of share capital	2024	10,000	10,000
Reimbursement of expenses	2024	1,009	1,009

## NOTE 11 CAPITAL MANAGEMENT

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.





# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

## NOTE 12 EARNINGS PER SHARE

(Amount in 000's)

Sr. No.	Particulars	Period from 26 <sup>th</sup> June 2023 to 31 <sup>st</sup> March 2024
A)	<b>Excess of expenditure over income for the period</b>	(1,617)
B)	<b>Excess of expenditure over income for the period adjusted for the effect of dilution</b>	<b>(1,617)</b>
C)	<b>Weighted average number of ordinary shares (in 000's)</b>	
	Issued ordinary shares at the beginning of the year	-
	Effect of shares issued for cash	484
	<b>Weighted average number of shares at the end of the year for basic EPS</b>	<b>484</b>
D)	<b>Weighted average number of shares for the period ended 31<sup>st</sup> March, 2024 adjusted for the effect of dilution</b>	<b>484</b>
E)	<b>Face value per share (INR)</b>	<b>10.00</b>
F)	<b>Basic earnings per share (INR)</b>	<b>(3.34)</b>
G)	<b>Diluted earnings per share (INR)</b>	<b>(3.34)</b>

## NOTE 13 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

The fair values of financial assets and liabilities are included at the amount at which the instrument can be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Carrying values of financial assets i.e. cash and cash equivalents, trade receivables, others financial assets and of financial liabilities i.e. trade and other payables, working capital loan borrowing and other financial liabilities are reasonable approximations of their fair values due to the short maturities of these instruments.
- The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

However, the Company does not have material financial assets and financial liabilities carried at fair value through profit and loss ('FVTPL') and fair value through other comprehensive income. There are no material financial assets and liabilities that are required to be disclosed in level 1 and level 2.

During the year ended 31<sup>st</sup> March, 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Disclosures fair value measurement hierarchy for assets/liabilities as at 31<sup>st</sup> March, 2024:

(Amount in 000's)

Particulars	As at 31 <sup>st</sup> March, 2024
<b>Asset carried at amortised cost</b>	
Cash and cash equivalents	8,528
<b>Liabilities at amortised cost</b>	
Trade payables	100

During the period ending 31<sup>st</sup> March, 2024 there were no transfers between Level 1 and Level 2 fair value measurements.

# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

## I. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprises trade payables. The Company's principal financial assets include cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

## II. MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk, product price risk and interest rate risk.

## III. 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 balances with banks and accrued interest receivable.

## IV. FOREIGN CURRENCY RISK

The Company's all transactions are in Indian Rupees and therefore there is no foreign currency risk.

## V. FOREIGN CURRENCY SENSITIVITY

Since the business of the Company doesn't involves any foreign currency transactions, hence there is no exposure to foreign currency changes.

## VI. INTEREST RATE RISK

The Company is not exposed to interest rate risk because Company doesn't have any borrowing as on reporting date.

## VII. LIQUIDITY RISK

Liquidity risk is a risk that the Company may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents, and funds available by way of committed credit facilities from banks. Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Amount in 000's)

Particulars	As at 31 <sup>st</sup> March, 2024		
	< 1 year	1 to 5 years	Total
Trade payables*	100	-	100
<b>Total</b>	<b>100</b>	<b>-</b>	<b>100</b>

\* All trade payables pertains to Non-MSME category

## VIII. 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. The carrying amounts of following financial assets represent the maximum credit risk exposure:

(Amount in 000's)

Particulars	As at 31 <sup>st</sup> March, 2024
Balances with banks in current account	8,528
<b>Total</b>	<b>8,528</b>



# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

## a. Credit quality analysis

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

(Amount in 000's)

Particulars	As at 31 <sup>st</sup> March, 2024				Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired	
<b>Cash and cash Equivalents</b>					
Current	8,530	-	-	-	8,530
Past due 1-30 days	-	-	-	-	-
Past due 31-60 days	-	-	-	-	-
Past due 61-90 days	-	-	-	-	-
Past due 90 days	-	-	-	-	-
	<b>8,530</b>	-	-	-	<b>8,530</b>
Less: Impairment Allowance	(2)	-	-	-	(2)
<b>Carrying amount</b>	<b>8,528</b>	-	-	-	<b>8,528</b>

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

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

The Company applies various approaches to determine if there has been a significant increase in credit risk. In determining whether credit risk has increased significantly since initial recognition, The Company uses days past due information and forecast information to assess deterioration in credit quality of a financial asset.

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

- Stage 1: 0-30 days past due
- Stage 2: 31- 90 days past due
- Stage 3: More than 90 days past due

The Company has used simplified approach to provide expected credit loss on trade receivables as prescribed by Ind AS 109 which permits use of lifetime expected credit loss provision for all trade receivables. The Company has historic credit loss data to compute ECL.

#### *Assumption considered in the ECL model:*

- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- "Probability of default" (PD) is defined as the probability of whether the counter Party will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- "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.

#### *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 Gross domestic product, change in gross fixed investments. This process involves developing two or more additional economic 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.

# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

**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 30 days past due.

**Definition of default:**

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which the company operates and other micro-economic factors. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due.

## NOTE 14 SEGMENT INFORMATION

The Company is engaged in charitable activities which are not distinguishable on the basis of risk and return and hence the Company views the same as single business segment. Further, these charitable activities are being catered in India only and hence there are no separate reportable geographical segments. Accordingly, no separate disclosures in respect of primary and secondary segment have been provided.

## NOTE 15 ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

**(I) DETAILS OF BENAMI PROPERTY HELD**

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**(II) BORROWING SECURED AGAINST CURRENT ASSETS**

The Company has not borrowed from banks and financial institutions, hence this clause is not applicable.

**(III) WILFUL DEFAULTER**

The Company have not been declared wilful defaulter by any bank or financial institution or government or any government authority.

**(IV) RELATIONSHIP WITH STRUCK OFF COMPANIES**

The Company has no transactions with the companies struck off under Companies Act, 2013.

**(V) COMPLIANCE WITH NUMBER OF LAYERS OF COMPANIES**

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

**(VI) COMPLIANCE WITH APPROVED SCHEME(S) OF ARRANGEMENTS**

The Company has not entered into any scheme of arrangement which has an accounting impact on current financial year.

**(VII) UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM**

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

- a. 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
- b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- a. 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
- b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries



# Notes

to the Financial Statement for the period from 26<sup>th</sup> June, 2023 to 31<sup>st</sup> March, 2024

## (VIII) UNDISCLOSED INCOME

There is no income surrendered or disclosed as income during the current year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

## (IX) DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

The Company has not traded or invested in crypto currency or virtual currency during the current year.

## (X) VALUATION OF PP&E, INTANGIBLE ASSET AND INVESTMENT PROPERTY

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current year.

### Other regulatory information

#### (i) Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are to be registered with the Registrar of Companies.

## NOTE 16

There have been no events after the balance sheet date that require disclosure in these financial statements.

## NOTE 17

As per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014 the Company uses only such accounting software for maintaining its books of account that have a feature of recording audit trail of each and every transaction creating an edit log of each change made in the books of account along with the date when such changes were made within such accounting software. This feature of recording audit trail has operated throughout the year and was not tampered with during the year. In respect of one cloud based accounting software, the Service Organization Control Report does not cover whether audit trial was enabled or not as per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014 for direct data changes at the database level. The Company has established and maintained an adequate internal control framework and based on its assessment, believes that this was effective as of 31<sup>st</sup> March, 2024.

## NOTE 18

The Financial Statements have been reviewed and approved by the Board of Directors at its meeting held on 20<sup>th</sup> June, 2024.

In terms of our report attached.

**For V. C. Shah & Co.**  
Chartered Accountants  
Firm Registration Number: 109818W

For and on behalf of the Board of Directors of  
**Kotak Karma Foundation**

**Viral J. Shah**  
Partner  
Membership Number: 110120

**Paul Parambi**  
Director  
DIN:07002589

**Chetan Savla**  
Director  
DIN:10213435

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024

Place : Mumbai  
Date: 20<sup>th</sup> June, 2024



Kotak Karma Foundation  
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CIN: U88900MH2023NPL405387