

Annual Report 2023-24



Kotak Mahindra, Inc.



Transforming
for scale



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Directors' Report

To the shareholders of
KOTAK MAHINDRA INC

CORPORATE INFORMATION

Board of Directors

Mr. Gijo Joseph
Mr. Shyam Kumar
Mr. Gaurang Shah

Statutory Auditors

V.C.Shah & Co.

The Directors have pleasure in presenting their 26th Annual Report together with the audited accounts of your Company for the year ended 31st March, 2024.

MARKET OUTLOOK

Global economic growth during the financial year 2023-2024 was better than expected despite tightening of the interest rates in the United States, elevated oil prices, and ongoing geo political conflicts.

The Indian economy has been one of the brighter spots during the year 2023-2024 with the GDP growing over 7%. The Reserve Bank of India maintained its elevated policy rates despite the inflation cooling off

While the Indian economy reported strong GDP growth during the year 2023-24 and the equity markets had a very strong broad-based growth, it was an uneven growth. Consumption slowed down, while infrastructure spending and investments picked up during the year. Urban growth was very resilient; however, the rural economy hasn't yet fully recovered from the Covid slowdown.

From a capital market standpoint, increased interest was witnessed from domestic savers into equities and that bodes well for capital formation and also reduces the volatility of the equity markets.

India is likely to witness a strong growth of around 6.5% during the year 2023- 2024 with macro indicators like inflation, current account deficit, fiscal deficit moderating. In equities, India's weight in MSCI EM Index has moved to around 18% from just 8% 3 years back and for the first time India will get included in the bond indices as JP Morgan Emerging Bond Index includes India in the benchmark in June 2024 and gradually increase the weight to maximum possible 10% by Mar 2025. These have had and is expected to have positive impact on the overall Indian equity and debt capital markets respectively.

OPERATIONS

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA).

BUSINESS MODEL:

The Company's operations consist primarily of chaperoning trades for its foreign affiliates including listed equities executed on the Indian exchanges by its Indian affiliate, Kotak Securities ("KS"), under Rule 15a-6 of the Securities Exchange Act. The Company also chaperones its affiliate, Kotak Mahindra (UK) Ltd, for trades executed in fixed income securities. The Company distributes research reports prepared by KS under the same Rule. The Company also engages in private placements for funds in the U.S. that are available only to 3(c)(7) investors. The Company refers clients to its affiliate for investment related services. The Company participates in private placements for both publicly traded and privately held companies pursuant to Rule 144A. Private placements and IPO's include offerings that are exempt from registration in accordance with applicable provisions of the '33 Act, including (but not limited to) Section 4(2) and the rules and regulations promulgated thereunder, including (but not limited to) Regulation D. The Company has entered into an agreement with another broker (clearing broker) to execute and clear on a fully disclosed basis customer and proprietary accounts of the Firm.

FINANCIAL RESULTS AND DIVIDENDS

Particulars	FY2023-24 (in INR crore)	FY202-23 (in INR crore)
Income	50	47
PBT	14	15
PAT	11	13

The total revenue for the year was INR 50 crore, as compared to INR 47 crore in the previous year, primarily due to increase in all revenue streams except service income. Total expenses increased from INR 32 crore to INR 36 crore in current year primarily due to an increase in staff and travelling costs. As a result, the Company made a profit after tax of INR 11 crore compared to INR 13 crore in the previous year.



The Company continued to expand its relationships with its existing institutional investors under all business lines. The Company had a net worth of INR 99 crore compared to INR 86 crore in the previous year. The Companies minimum capital requirement is INR 2 crore under Rule 15c3-1 of the SEC rules, and the company is capitalized well above the said limits.

In order to conserve capital for potential business needs, the Directors do not recommend any dividend for the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors state as an averment of their responsibility that:

- a. The Company has, in the preparation of the annual accounts for the year ended 31st March, 2024, followed the applicable accounting standards and accounting principles generally accepted in India, along with proper explanations relating to material departures, if any;
- b. The Directors have selected such accounting policies and applied them consistently and made judgment 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 31st March, 2024, and of the profit of the Company for the financial year ended 31st March, 2024;
- c. The Directors 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 the Company and for preventing and detecting fraud and other irregularities;
- d. There have been no adverse comments in the auditor's report for the period, which require any explanation.
- e. The Directors have prepared the annual accounts on a going concern basis.

For and on Behalf of the Board of Directors

Gijo Joseph
Director

Date: 25th April, 2024

Independent Auditors' Report

To
The Members of

KOTAK MAHINDRA INC

The financial statements of KOTAK MAHINDRA INC (the "Company") as at 31st March, 2024, being a company registered in the United States of America, are audited KNAV PA, Certified Public Accountants, USA and we have been furnished with their audit report dated 22nd April, 2024.

We are presented with the accounts in Indian Rupees prepared on the basis of aforesaid accounts to comply with requirements of section 129 of Companies Act, 2013 ("the Act"). We give our report hereunder:

REPORT ON THE AUDIT OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS.

OPINION

We have verified the accompanying Special Purpose Financial Statements duly converted in Indian Rupees from audited accounts in USD of KOTAK MAHINDRA INC ("the Company"), which comprise the Balance Sheet as at 31st March 2024, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Special Purpose Financial Statements"). As explained in Note 2.1(i) to the Special Purpose Financial Statements, these Special Purpose Financial Statements include limited information and have been prepared by the management of KOTAK MAHINDRA INC for the purpose of Kotak Mahindra Bank Limited ("Ultimate Holding Company") to prepare its consolidated financial statements and for inclusion in the annual report of the Ultimate Holding Company for the year ended March 31, 2024, under the requirements of section 129(3) of the Companies Act, 2013, in accordance with the accounting policies of the Ultimate Holding Company and in compliance with the recognition and measurement principles of the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, as applicable to the Ultimate Holding Company.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements give a true and fair view in all material respects in conformity with recognition and measurement principles of the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, as applicable to the Ultimate Holding Company, of the state of affairs of the Company as at March 31, 2024, and its profit for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Special Purpose Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the "Code of Ethics" issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Special Purpose Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Financial Statements.

KEY AUDIT MATTERS

We state that there are no key audit matters to communicate in our report.

RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR SPECIAL PURPOSE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible with respect to the preparation of the Special Purpose Financial Statements in accordance with the recognition and measurement principles of Companies

(Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, as applicable to the Ultimate Holding Company.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation, and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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



AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS

Our responsibility is to express an opinion on these Special Purpose Financial Statements based on our verification.

As stated hereinabove we have relied upon the audit conducted by KNAV PA, Certified Public Accountants, USA, and based thereon we state that:

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Financial Statements.

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

1. Identify and assess the risks of material misstatement of the Special Purpose Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. As per Ultimate Holding Company's (Kotak Mahindra Bank Limited) instructions, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the Special Purpose Financial Statements in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Special Purpose Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
5. Evaluate the overall presentation, structure, and content of the Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In view of the facts specified above, the requirements of reporting under section 143(3) of the Act, are not applicable.

OTHER MATTERS

The audited financial statements of the Company for the corresponding year ended 31st March, 2024 prepared in conformity with the accounting principles generally accepted in the United States of America, have been audited by the predecessor auditors whose audit report dated 22nd April, 2024 expressed an unmodified opinion on those audited financial statements.

Our opinion is not modified in respect of this matter.

RESTRICTION ON DISTRIBUTION OR USE

This report is intended solely for the information of the Company's and its Ultimate Holding Company's Board of Directors and the Auditors of the Ultimate Holding Company and is not intended to be and should not be used by anyone other than specified parties. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, the Company's, and Ultimate Holding Company's Board of Directors for our audit work, for this report, or for the opinions we have formed.

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

A. N. Shah
Partner
Membership No. 042649

Place: Mumbai
Date: April 25, 2024
UDIN: 24042649BKBACKI7674

Balance Sheet

as at 31st March, 2024

(₹)

Particulars	Note No.	As at 31 st March, 2024	As at 31 st March, 2023
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3.1	1,429,715	1,429,715
(b) Reserves and surplus	3.2	986,446,337	861,881,139
2 Non-current liabilities			
(a) Long-term borrowings		-	-
(b) Long-term provisions	3.3	19,170,734	16,955,524
3 Current liabilities			
(a) Trade payables			
1. Total outstanding dues of micro and small enterprises		-	-
2. Total outstanding dues of creditors other than micro enterprises and small enterprises		12,439,361	8,213,523
(b) Short-term provisions	3.4	98,352,709	74,153,421
TOTAL		1,117,838,858	962,633,324
II. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment and intangible assets	3.5	9,616,665	2,616,109
(b) Non-current investments	3.6	234,666,473	93,089,370
(c) Long-term loans and advances	3.7	3,881,045	7,345,466
(d) Deferred tax asset		27,523,650	13,065,030.00
(e) Others (fixed deposit- original maturity more than 12 months)		8,340,500	-
2 Current assets			
(a) Current Investments	3.6	243,906,609	355,586,559
(b) Trade receivables	3.8	51,115,036	49,237,232
(c) Cash and Cash Equivalents	3.9	433,828,640	348,586,159
(d) Short-term loans and advances	3.10	42,031,657	46,266,478
(e) Other current assets	3.11	62,928,582	46,840,921
TOTAL		1,117,838,858	962,633,324

Significant Accounting Policies and Notes to Accounts

2&3

In terms of our report of even date

For and on Behalf of the Board of Directors

For V. C. Shah & Co.

Chartered Accountants
Firm Registration No.: 109818W

A. N. Shah

Partner
Membership No.: 042649

Shyam Kumar Syamasundaran

Director

Gijo Joseph

Director

Mumbai

Dated: 25th April, 2024

Dated: 25th April, 2024



Statement of Profit and Loss Account

for the year ended 31st March, 2024

(₹)

Sr. No.	Particulars	Note No.	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
I.	Revenues from operations			
	(a) Revenue from research distribution		35,184,254	17,910,399
	(b) Referral Fee Income		80,554,194	59,748,356
	(c) Service fee income		347,445,303	380,231,502
	(d) Revenue from Riskless Principal transactions		2,570,811	-
II.	Other income			
	(a) Income from Investments		25,510,310	6,767,021
	(b) Other Income	3.12	12,094,875	5,648,969
III.	Total Income (I+II)		503,359,747	470,306,248
IV.	Expenses:			
	Employee Benefit Expenses	3.13	280,897,713	251,497,964
	Finance cost		-	-
	Depreciation and Amortisation expense	3.5	1,239,002	434,928
	Other expenses	3.14	81,707,640	68,058,602
	Total expenses		363,844,355	319,991,494
V.	PROFIT/(LOSS) BEFORE TAX		139,515,392	150,314,754
VI.	Tax expense:			
	Current tax			
	- Pertaining to profit / (loss) for the current period		42,890,910	31,464,024
	- Adjustment of tax relating to earlier periods		(14,159,228)	(13,698,776)
			28,731,683	17,765,248
VII.	PROFIT/(LOSS) FOR THE YEAR		110,783,710	132,549,506
VIII.	Earnings/(loss) per equity share (in ₹):			
	Basic and Diluted	3.21	44.08	52.74
	Significant Accounting Policies and Notes to Accounts	2&3		

In terms of our report of even date

For and on Behalf of the Board of Directors

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

A. N. Shah
Partner
Membership No.: 042649

Shyam Kumar Syamasundaran
Director

Gijo Joseph
Director

Mumbai
Dated: 25th April, 2024

Dated: 25th April, 2024

Cash Flow Statement

for the year ended 31st March, 2024

(₹)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Cash Flow from Operating Activities		
Net Profit / (Loss) before taxation	139,515,392	150,314,754
Adjustments for:		
- Interest	(32,857,090)	(18,143,323)
- Dividend income	(65,580)	(57,882)
- Unrealised (gain)/ loss on investment	(1,882,371)	6,532,799
- Interest Expense	-	-
- Exchange Adjustments	(28,490,764)	47,919,527
- Depreciation and Amortisation Expense	1,239,002	434,928
Operating Profit before Working Capital Changes	77,458,589	187,000,804
Adjustments for:		
(Increase) / Decrease in Trade Receivable	(1,877,804)	46,060,139
Increase / (Decrease) in Deferred Tax assets	(14,458,620)	(13,065,030)
Increase / (Decrease) in Long-term provisions	2,215,210	3,049,994
(Increase) / Decrease in Other current assets	(16,087,662)	(6,953,652)
(Increase) / Decrease in Long-term loans and advances	3,464,421	(3,818,650)
Increase / (Decrease) in Short term provisions	24,199,288	42,768,420
(Increase) / Decrease in Short-term loans and advances	4,234,821	(39,358,779)
Increase / (Decrease) in Trade payables	4,225,838	4,242,184
Cash Generated from Operations	83,374,081	219,925,430
Direct taxes (paid)/ refund	(28,731,683)	(34,773,393)
NET CASH FLOW (USED IN) / FROM OPERATING ACTIVITIES (A)	54,642,399	185,152,037
Cash Flow from Investing Activities		
Purchase of fixed assets	(8,463,058)	(2,564,800)
Proceeds from Purchase/Sale of Non Current Investments	(97,198,980)	(214,649,820)
Proceeds from Purchase/Sale of Current Investments	111,679,950	
Interest Received	32,857,090	18,143,323
Fixed Deposits (Placed)/Redeemed during the year	(194,425,000)	(20,972,000)
NET CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES (B)	(155,549,998)	(220,043,297)
Cash Flow from Financing Activities		
Proceeds from issuance of share capital	-	-
Dividend Income	65,580	57,882
Interest Expense	-	-
Proceeds/(Repayment) of subordinated loan	-	-
NET CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES (C)	65,580	57,882
Net Increase in Cash and Cash Equivalents (A + B)	(100,842,019)	(34,833,378)
Cash and Cash Equivalents at the beginning of the year	176,029,159	210,862,537
Cash and Cash Equivalents at the end of the year	75,187,140	176,029,159
	(100,842,019)	(34,833,378)

Notes:

- The Cash Flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard-3 "Cash Flow Statements" specified under Section 133 and other relevant provisions of the Companies Act, 2013.
- Figures in brackets indicate cash outflow.
- The previous year's figures have been re-grouped, wherever necessary in order to conform to this year's presentation.

In terms of our report of even date

For and on Behalf of the Board of Directors

For V. C. Shah & Co.

Chartered Accountants
Firm Registration No.: 109818W

A. N. Shah

Partner
Membership No.: 042649

Shyam Kumar Syamasundaran
Director

Gijo Joseph
Director

Mumbai
Dated: 25th April, 2024

Dated: 25th April, 2024



Notes

forming part of the financial statements as at 31st March, 2024

1 ORGANISATION AND NATURE OF BUSINESS

Kotak Mahindra, Inc. (the "Company"), a majority-owned subsidiary of Kotak Mahindra Bank Limited (the "Parent"), is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company's operations consist primarily of chaperoning trades for its foreign affiliates including listed equity trades executed on the Indian exchanges by its Indian affiliate, Kotak Securities Limited ("KS") and the Mauritius affiliate, Kotak Mahindra International Limited ("KMIL"), under Rule 15a-6 of the Securities Exchange Act. The Company also chaperones its affiliate, Kotak Mahindra (UK) Ltd, for trades executed in fixed income securities. The Company also distributes research reports prepared by KS under the same Rule. The Company also engages in private placements for 3(c)(7) funds in the U.S. that are available only to qualified purchasers and institutional investors. These funds are managed by its affiliates, Kotak Mahindra Asset Management (Singapore) Pte. Ltd. ("KMAMS") and KMIL. The Company also refers clients to KMAMS and KMIL for investment related services. The Firm participates in private placements for both publicly traded and privately held companies pursuant to Rule 144A. Private placements and IPO's include offerings that are exempt from registration in accordance with applicable provisions of the '33 Act, including (but not limited to) Section 4(2) and the rules and regulations promulgated thereunder, including (but not limited to) Regulation D. The Company has entered into an agreement with another broker (clearing broker) to execute and clear on a fully disclosed basis customer and proprietary accounts of the Firm.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of Preparation

- i) The special purpose financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these special purpose financial statements to comply in all material respects with the Accounting standards notified under Section 133 and relevant provision of the Companies Act, 2013. The special purpose financial statements have been prepared on accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the special purpose financial statements are consistent with those followed in the previous year except for the change in accounting policies disclosed hereafter, if any.
- ii) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the services and the time between the provision of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

2.2 Conversion to Indian Rupees

For the purpose of accounts, all income and expense items are converted at the average rate of exchange applicable for the period. All assets and liabilities (except Share Capital) are translated at the closing rate as on the Balance Sheet date. The Share Capital is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year end is transferred to Translation Reserve Account and the said account is being treated as "Reserves and Surplus".

2.3 Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. Those estimates and assumptions include, but are not limited to, useful life of computer and equipment, realization of deferred tax assets, fair valuation of investment in securities and fair valuation of Stock Appreciation Rights ("SAR's"). Actual results could differ from those estimates.

2.4 Revenue Recognition

The Company receives referral fees for referring clients to fellow subsidiaries of the Company and to third party investment managers. The Company also receives fees for providing research to clients and records the income at the time the services are provided.

The Company also receives service fee income from its affiliates, Kotak Securities Limited, Kotak Mahindra (UK) Limited. and Kotak Mahindra (International) Ltd. as compensation for providing chaperoning services under Rule 15a-6 of the Securities Exchange Act of 1934 and referral and distribution fees from KMIL, KMAMS and KMUK. The Company has a clearing arrangement with a clearing broker whereby the clearing broker clears fixed income securities trades for the company. The company acts as riskless principal and recognizes the commission from these transactions in its books on execution of these trades.

2.5 Fixed Assets

Property, Plant and Equipment

Property, plant and Equipment are stated at acquisition cost inclusive of incidental expenses, net of accumulated depreciation and accumulated impairment losses, if any.

Notes

forming part of the financial statements as at 31st March, 2024

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

Office Equipment	7 years
Computers	3 years

For leasehold improvements and furniture, depreciation is provided over the lesser of the economic use of the improvement or the term of the lease.

Losses arising from the retirement of and gains or losses arising from disposal of Property, plant and Equipment which are carried at cost, are recognised in the Statement of Profit and Loss.

2.6 Investments

Investments are classified into long-term investments and current investments. Investments which are intended to be held for more than one year are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments. Long-term investments are stated at cost less other than temporary diminution. Current investments are valued at cost or market value / fair value which ever is lower.

2.7 Leases

Leases where all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

2.8 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalent consists of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any. Certificates of Deposit Certificate of deposits ("CDs") with original maturities greater than three months are held to maturity and recorded at amortized cost basis on the balance sheet.

The Company has certificates of deposit in the amount of ₹ 366,982,000 at 31st March, 2024. These deposits bear an interest in the range of 4.75 to 5.55% per annum. Withdrawal of these funds is subject to a penalty if taken before maturity.

2.9 Taxes

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

Deferred Tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets arising mainly on account of carry forward of losses and unabsorbed depreciation under tax laws are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income against which such deferred tax assets can be realised. Deferred tax assets on account of other timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

2.10 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

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

2.11 Provisions and Contingencies

Provision is recognised when there is a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.



Notes

forming part of the financial statements as at 31st March, 2024

Contingent Liabilities are not recognized but are disclosed in the notes unless the outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

Subsequent Events

The Company has evaluated events occurring after the date of the statement of financial condition for potential recognition or disclosure in its financial statements. The Company did not identify any material subsequent events requiring adjustment to or disclosure in its financial statements, except as described below.

2.12 Employee Share based payments

Cash-settled scheme:

The cost of cash-settled transactions, stock appreciation rights (SARs) having grant date on or before 31st March, 2021 is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments were granted. Similar to Equity settled options, SARs granted after 31st March, 2021 are measured on fair value basis. The intrinsic / fair value is amortised on a straight-line basis over the vesting period with a recognition of corresponding liability. This liability is remeasured at each balance sheet date up to and including the vesting date with changes in intrinsic / fair value recognised in the profit and loss account in 'Payments to and provision for employees'. The SARs that do not vest because of failure to satisfy vesting conditions are reversed by a credit to employee compensation expense, equal to the amortised cost in respect of the lapsed portion.

Notes

forming part of the financial statements as at 31st March, 2024

3 NOTES TO THE ACCOUNTS

3.1(A) SHARE CAPITAL

(₹)

Share Capital	As at 31 st March 2024	As at 31 st March 2023
Authorised shares		
3,000,000 (31 st March, 2021: 2,000,000) equity shares of USD 0.01 each	\$30,000	\$30,000
Issued, Subscribed and fully Paid up		
2,513,422 (31 st March, 2021: 1,530,621) Equity Shares of USD 0.01 each	1,429,715	1,429,715
Total	1,429,715	1,429,715

(B) EQUITY SHARES

Reconciliation of equity share capital	As at 31 st March 2024	As at 31 st March 2024	As at 31 st March 2023	As at 31 st March 2023
	Quantity	₹	Quantity	₹
Share capital outstanding at the beginning of the year	2,513,422	1,429,715	2,513,422	1,429,715
Issued during the period		-		-
Share capital outstanding at the end of the year	2,513,422	1,429,715	2,513,422	1,429,715

(C) TERMS/RIGHTS ATTACHED TO EQUITY SHARES

The company has only one class of equity shares having a par value of USD 0.01 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in USD. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

(D) SHARES HELD BY HOLDING/ULTIMATE HOLDING COMPANY AND/OR THEIR SUBSIDIARIES/ASSOCIATES

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

(₹)

Number of equity share	As at 31 st March 2024	As at 31 st March 2023
Kotak Mahindra Bank Limited, the holding company	1,281,848	1,281,848
Kotak Mahindra Capital Company Limited, subsidiary of Kotak Mahindra Bank Limited	1,231,572	1,231,572
Kotak Mahindra (International) Limited, fellow subsidiary	2	2

(E) DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY

Equity shares of USD 0.01 fully paid up

	As at 31 st March 2024		As at 31 st March 2023	
	Number	% holding	Number	% holding
Kotak Mahindra Bank Limited, holding company	1,281,848	51.00%	1,281,848	51.00%
Kotak Mahindra Capital Company Limited, subsidiary of Kotak Mahindra Bank Limited	1,231,572	48.99%	1,231,572	48.99%



Notes

forming part of the financial statements as at 31st March, 2024

3.2 RESERVES AND SURPLUS

(₹)

Reserves and Surplus	As at 31 st March, 2024	As at 31 st March, 2023
a. Securities Premium Reserve		
Opening Balance	330,848,053	330,848,053
Additions/(deductions) during the period	-	0
Closing Balance	330,848,053	330,848,053
b. Translation Reserve		
Opening Balance	182,137,632	122,716,439
Additions/(deductions) during the period	13,781,488	59,421,193
Closing Balance	195,919,120	182,137,632
c. Surplus in the statement of profit and loss		
Opening balance	348,895,454	216,345,947
Net Profit For the current year	110,783,710	132,549,506
Less: Appropriations		
Dividend on equity shares for the year		
Closing Balance	459,679,163	348,895,454
Total	986,446,337	861,881,139

3.3 LONG TERM PROVISIONS

(₹)

Long Term Provisions	As at 31 st March 2024	As at 31 st March 2023
Provision for employee benefits		
Stock Appreciation Rights (refer note 3.24)	15,058,647	10,945,987
Deferred Incentive	4,112,087	6,009,537
Total	19,170,734	16,955,524

3.4 SHORT-TERM PROVISIONS

(₹)

Short-term Provisions	As at 31 st March 2024	As at 31 st March 2023
Provision for employee benefits		
Provision for Stock Appreciation Rights (refer note 3.24)	11,700,150	15,418,514
Deferred Incentive	10,503,794	9,842,689
Provision for Taxes	36,114,365	31,636,518
Provision for incentives	40,034,400	17,255,700
Total	98,352,709	74,153,421

Notes

forming part of the financial statements as at 31st March, 2024

3.5 PROPERTY, PLANT AND EQUIPMENT

(₹)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 st April, 2023	Additions	Deduction/ Adjustments*	Balance as at 31 st March, 2024	Balance as at 1 st April, 2023	Depreciation charge for the year	Deduction/ Adjustments*	Balance as at 31 st March, 2024	Balance as at 31 st March, 2024	Balance as at 31 st March, 2023
Property, Plant and Equipment										
Furniture and Fixtures	4,599,758	1,933,382.90	(2,638,239)	3,894,902	2,681,142	276,199	(2,679,133)	278,208	3,616,694	1,918,616
Office equipment	1,881,637	2,331,358.21	(1,864,673)	2,348,322	1,881,640	207,568	(1,880,127)	209,081	2,139,241	0
Leasehold Improvements	598,399	2,680,334.31	(625,396)	2,653,337	598,396	186,973	(597,592)	187,777	2,465,560	0
Computer & Software	2,608,113	1,251,041.44	(227,990)	3,631,164	1,910,618	568,262	(242,887)	2,235,994	1,395,171	697,494
Total	9,687,907	8,196,117	-5,356,298	12,527,728	7,071,798	1,239,002	-5,399,739	2,911,063	9,616,665	2,616,108
Previous year	7,117,806	2,564,800	(5,301)	9,687,907	6,712,760	435,155	76,117	7,071,798	2,616,109	405,046

* Deduction / adjustments includes effect of Translation Reserve of (₹10,329,072) (Previous Year (₹641,578) under Gross Block and (₹10,327,450) (Previous Year (₹ 559,936)) under Accumulated Depreciation

3.6 INVESTMENTS

Investments	Face Value	As at 31 st March, 2024		As at 31 st March, 2023	
		Quantity	₹	Quantity	₹
National Association of Security Dealers	\$0.50	900	12,511	900	12,326
Foreign Currency Bonds	\$100.00		484,312,368	5,534,000	464,791,647
REC LIMITED MTN 5.25% 11/13/2023				819,000	72,613,711
POWFIN 3 1/4 09/16/24		600,000	52,350,816	600,000	51,575,644
POWFIN 3 3/4 06/18/24		565,000	49,583,689	565,000	48,849,490
CANARA BANK LONDON MTN 3.875% 3/28/2024				800,000	67,182,192
SBIIN 43/8 01/24/24				1500000	123,193,373
INRCIN 3.73 3/29/24				1250000	101,377,238
TTMTIN 5 3/4 10/30/24		400,000	32,981,673		
HDFCB 5.686 03/02/26		800,000	66,810,741		
OINLIN 4 4/21/27		2,300,000	167,969,330		
Treasury Investments					
US Treasury 2 1/2 05/15/24		1,000,000	81,342,681		
US Treasury BILL 52 Week Maturity 10/03/24		420,000	33,273,438		
TOTAL			484,324,879		464,791,647
Less: Provision for diminution			5,751,796		16,128,043
Total Bonds and Convertible Debentures			478,573,082		448,663,604
Total Current Investments			243,906,609		355,586,559
Total Non-Current Investments			234,666,473		93,089,370
Aggregate amount of quoted investments			478,573,082		448,675,929
Market Value of quoted investments			486,292,164		452,706,614



Notes

forming part of the financial statements as at 31st March, 2024

3.7 LONG-TERM LOANS AND ADVANCES

(₹)

Long-term loans and advances	As at 31 st March 2024	As at 31 st March 2023
Unsecured, considered good		
Deposits	3,881,045	7,345,466
Total	3,881,045	7,345,466

3.8 TRADE RECEIVABLES

(₹)

Trade Receivables	As at 31 st March 2024	As at 31 st March 2023
Unsecured, considered good, unless otherwise stated		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	-	-
Others	51,115,036	49,237,232
Total	51,115,036	49,237,232

3.9 CASH AND CASH EQUIVALENTS

(₹)

Cash and Cash Equivalents	As at 31 st March 2024	As at 31 st March 2023
Balances with banks:		
On Current accounts	75,187,140	176,029,159
Other Bank Balances		
Deposits with original maturity of more than 3 months	358,641,500	172,557,000
Total	433,828,640	348,586,159

3.10 SHORT-TERM LOANS AND ADVANCES

(₹)

Short-term Loans and Advances	As at 31 st March 2024	As at 31 st March 2023
Others		
Advance Tax	32,777,287.58	35,140,329
Prepaid expenses	9,254,369.42	11,126,149
Total	42,031,657	46,266,478

3.11 OTHER CURRENT ASSETS

(₹)

Other current assets	As at 31 st March 2024	As at 31 st March 2023
Interest income on fixed deposits	14,536,794	3,000,917
Deposit with clearing House	42,981,981	40,926,471
Interest accrued on Bonds	4,752,646	2,913,533
Interest accrued on T bills	657,161	-
Total	62,928,582	46,840,921

Notes

forming part of the financial statements as at 31st March, 2024

3.12 OTHER INCOME

(₹)

Other Income	For the year ended 31 st March 2024	For the year ended 31 st March 2023
Interest income on fixed deposits	11,408,235	4,843,502
Dividend Income	65,580	57,882
Miscellaneous Income	41	144,646
Other Interest Income	621,019	602,939
Total	12,094,875	5,648,969

3.13 EMPLOYEE BENEFIT EXPENSES

(₹)

Employee Benefit Expenses	For the year ended 31 st March 2024	For the year ended 31 st March 2023
Salaries, bonus and allowances	219,723,047	196,538,924
Expenses on Stock Appreciation Rights	22,150,088	20,019,696
Employer Contribution	3,993,146	3,774,562
Staff welfare expenses	35,031,432	31,164,782
Total	280,897,713	251,497,964

3.14 OTHER EXPENSES

(₹)

Other Expenses	For the year ended 31 st March 2024	For the year ended 31 st March 2023
Rent, rates & taxes	13,321,414	9,768,198
Communication expenses	7,021,446	6,058,904
Advertising, Business Promotion and Entertainment	4,345,790	2,948,008
Repairs and maintenance	2,900,708	2,420,764
Royalty	1,144,239	1,310,219
Travel expenses	24,574,204	16,033,821
Insurance	1,461,183	1,065,964
Professional and legal fees	15,114,893	19,584,678
Auditor's remuneration		
- Statutory audit fees	1,987,260	2,170,581
- Internal audit fees	579,618	522,547
Miscellaneous expenses	9,256,886	6,174,918
Licensing Charges	-	-
Total	81,707,640	68,058,602

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

3.16 The transactions are in local currency (US Dollars), which have been converted into Indian Currency (Indian Rupees) for reporting and the rate applied is as per para 2.2 of the significant accounting policies

3.17 Revenue from Contracts with customers -service income

The Company receives service fee income from its affiliates, Kotak Securities (KS), Kotak Mahindra (International) Ltd. and Kotak Mahindra (UK) Ltd. as compensation for providing chaperoning services to U.S. clients under Rule 15a-6 of the Securities Exchange Act of 1934, and from Kotak Mahindra Asset Management (Singapore) Pte. Ltd for other services.



Notes

forming part of the financial statements as at 31st March, 2024

The Company, through its affiliates, buys and sells securities on behalf of its customers. Each time a customer enters into a buy or sell transaction, the affiliate charges a commission. Commissions and related clearing expenses are recorded on the trade date (the date that the affiliate fills the trade order by finding and contracting with a counterparty and confirms the trade with the customer). The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer. Under the service contract with KS, the Company earns a share of the revenue earned by KS based on the roles and responsibilities of KS and the Company as set out in the agreement.

The revenue earned by the affiliates are shared with the Company in similar ways under the three service contracts. Under its service contract with Kotak Mahindra (International) Ltd., the Company gets a share of the revenue earned by the affiliate. Under the service contract with Kotak Mahindra (UK) Ltd., the Company gets a share of the revenue on each trade earned by Kotak Mahindra (UK) Ltd. Under the service contract with Kotak Mahindra Asset Management (Singapore) Pte. Ltd., the Company gets a share of the revenue earned by Kotak Mahindra Asset Management (Singapore) Pte. Ltd.

3.18 REVENUE FROM CONTRACTS WITH CUSTOMERS - REFERRAL FEE INCOME

The Company receives referral fee shares from its affiliates such as Kotak Mahindra (International) Ltd., Kotak Mahindra (UK) Ltd., Kotak Alternate Asset Managers Ltd and certain third-party investment managers for referring clients. The Company, through its affiliates, earns referral fees from affiliated private and other funds. Such fees are based on a percentage applied to the customer's assets under management including performance based fees, if any. In case of affiliates, the Company receives 50% of the monthly fees which is recognized when the services are performed and the performance obligation is satisfied over a period of time. In case of third party investment managers as well, the Company receives a percentage of the fees which is recognized when the services are performed. In certain cases, the Company gets a share of the revenue earned by the affiliate when the performance obligation is satisfied.

3.19 REVENUE FROM CONTRACTS WITH CUSTOMERS - OTHERS

Revenue from Research Distribution

The Company receives fees from providing research to clients. Revenue is recognized upon notification from certain institutional clients or their administrators requesting an invoice for the research services provided. The parties have not approved any contract (in writing, orally or based on their customary business practices) to perform their respective obligations. Since the Company does not meet the criteria of a contract for revenue earned from research distribution under the standard, such fees are recognized only upon notification from certain institutional clients or their administrators requesting an invoice for the research services provided.

Advisory Income

The Company receives advisory income from providing cross border advisory services to clients. The Company believes the performance obligation for providing advisory services is satisfied when the service has been completed, remuneration has been agreed upon and there is reasonable certainty for collection of fees.

Revenue from Riskless Principal Transaction

The Company has a clearing arrangement with a clearing broker whereby the clearing broker clears fixed income securities trades for the Company. The Company acts as riskless principal and recognizes the commission from these transactions in its books on execution of these trades.

Notes

forming part of the financial statements as at 31st March, 2024

All revenue recognized in the accompanying statement of income is considered to be revenue from contracts with customers. The following table depicts the disaggregation of revenue by product and customers for the year ended 31st March, 2024, and the amount due/payable from/to customers and affiliates at 31st March, 2024:

Service Income	Revenue	Amount due	Revenue (previous year)	Amount due (Previous Year)
Kotak Securities Limited	₹ 207,362,412	₹ 22,730,879	₹ 259,641,734	₹ 15,766,807
Kotak Mahindra Asset Management (Singapore) Pte, Ltd.	₹ 116,395,914	₹ 2,146,471	₹ 104,780,666	₹ 10,870,410
Kotak Mahindra (International) Ltd.	₹ 17,220,739	₹ 816,828	₹ 10,636,442	₹ 1,530,386
Kotak Mahindra (UK) Ltd.	₹ 617,810	₹ 0	₹ 5,172,660	₹ 0
Total	₹ 341,596,875	₹ 25,694,178	₹ 380,231,502	₹ 28,167,602

Referral Fees	Revenue	Amount due	Revenue (previous year)	Amount due (Previous Year)
Kotak Mahindra (International) Ltd.	₹ 34,407,094	₹ 1,895,662	₹ 16,182,036	₹ 449,882
Kotak Mahindra (UK) Ltd.	₹ 14,865,864	₹ 1,709,438	₹ 23,848,421	₹ 15,740,986
Kotak Alternate Asset Managers Limited	₹ 136,766	₹ 137,761	₹ 0	₹ 0
Unaffiliated	₹ 31,144,470	₹ 5,066,854	₹ 19,717,900	₹ 0
Total	₹ 80,554,194	₹ 8,809,715	₹ 59,748,356	₹ 16,190,869

Revenue from Research Distribution	Revenue	Amount due	Revenue (previous year)	Amount due (Previous Year)
Unaffiliated	₹ 35,184,254	₹ 0	₹ 17,910,399	₹ 59,573
Total	₹ 35,184,254	₹ 0	₹ 17,910,399	₹ 59,573

Advisory Income	Revenue	Amount due	Revenue (previous year)	Amount due (Previous Year)
Unaffiliated	₹ 5,848,428	₹ 0	₹ 0	₹ 0
Total	₹ 5,848,428	₹ 0	₹ 0	₹ 0

The receivable from affiliates for service and referral income as of 31st March, 2023 was ₹ 45,025,18. Receivable for research distribution as of 31st March, 2023 was ₹ 60,469.

Besides above, there is a receivable of ₹ 43,037 from Kotak Mahindra (International) Limited towards expenses. The above receivable from Kotak Mahindra (UK) Ltd. is net of ₹ 17,765 payable to them towards expenses. During the year, the Company paid ₹ 727,558 to Kotak Mahindra (UK) Ltd. and ₹ 2,654,018 to Kotak Mahindra International Limited towards referral fees and ₹ 1,457,566 to Kotak Mahindra Asset Management (Singapore) Ltd. towards portfolio management fees.

During the year ended 31st March, 2024, the Company earned ₹ 2,570,852 from riskless principal trading.

During the year ended 31st March, 2024, the Company received service fee income from KS of ₹ 207,362,384 which amounted to approximately 41% of total revenues of ₹ 508,742,286.

During the year ended 31st March, 2024, the Company paid royalty fees of ₹ 1,144,248 and ₹ 165,605 towards technology support services to the Parent.

3.20 INCOME TAXES

At 31st March, 2024, the net operating loss carryforwards for state and local income tax purposes is approximately ₹ 141,788,500 which will start to expire in 2034. Considering the past profitability and future projections, management currently believes it is more likely that the Company will realize the benefits of its carryforwards, and therefore no the partial valuation allowance has been recognized for state net



Notes

forming part of the financial statements as at 31st March, 2024

operating losses. The net deferred tax assets recorded as at year end is ₹ 27,523,650. The income tax expense for the year ended 31st March, 2024, consisted of federal, state and city taxes of ₹ 28,731,722. The effective tax rate differs from the statutory rate primarily due to the change in the recognition valuation allowance of the Company's deferred tax assets.

Deferred tax movement is as follows:

Particulars	(₹)	
	As at 31 st March, 2024	As at 31 st March, 2023
Opening Balance	13,065,030	-
Additions/(deductions) during the period:		
- due to change in net operating loss	(4,126,045)	13,065,030
- due to expense of share based payment cash settled	6,507,925	-
- due to Fixed Assets (difference between tax and net book value)	(2,087,961)	-
- due to change in liability (provision for incentives)	9,736,783	-
- due to change in liability (provision for deferred incentives)	3,554,721	-
- due to change in liability (other provision)	676,832	-
- due to translation	196,365	-
Total	27,523,650	13,065,030

3.21 EARNINGS PER EQUITY SHARE

Particulars	(₹)	
	As at 31 st March, 2024	As at 31 st March, 2023
Earnings / (loss) used in the computation of basic and diluted earnings per share (₹) (A)	110,783,710	132,549,506
Weighted average number of equity shares used in computation of basic earnings per share (B)	2,513,422	2,513,422
Nominal value of Equity shares	\$0.01	\$0.01
Basic and diluted earnings / (loss) per share (₹) (A/B)	44.08	52.74

3.22 Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

During the year ended 31st March, 2024, the operating lease cost was approximately ₹ 13,321,432

The Company has obtained a letter of credit from a local bank, in favor of the landlord for ₹ 3,574,822. This letter of credit is secured against a ₹ 4,170,250 certificate of deposit placed with the same bank. The letter of credit is automatically extended each year unless specifically terminated by the issuer.

Particulars	(₹)	
	FY24	FY23
i) Lease payments for the year	13,321,414	9,768,198
ii) Aggregate future minimum annual rental payments for the years subsequent to 31 st March, 2023 are approximately as follows:		

Employee Benefit Expenses	(₹)	
	For the year ended 31 st March 2024	For the year ended 31 st March 2023
Not later than one year	14,299,287	5,869,814
Later than one year but not later than five years	59,069,673	57,272,654
Later than five years	25,534,441	38,992,377
Total	98,903,401	102,134,845

Notes

forming part of the financial statements as at 31st March, 2024

3.23 CONTINGENCIES, OTHER COMMITMENTS AND CONCENTRATION OF CREDIT RISK

Concentration of Credit Risk

From time to time, the Company maintains its cash and cash equivalents in a financial institution that may exceed the Federal Deposit Insurance Corporation coverage of ₹ 20,851,250. The Company has not experienced any losses in such accounts and believes it is not subject to any significant credit risk on cash and cash equivalents.

The Company has obtained a letter of credit from a local bank, in favor of the landlord for ₹ 3,574,822. This letter of credit is secured against a ₹ 4,170,250 certificate of deposit placed with the same bank. The letter of credit is automatically extended each year unless specifically terminated by the issuer.

3.24 STOCK APPRECIATION RIGHTS (SARS)

At the General Meeting on 29th June, 2015 of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had passed Special Resolution to grant stock appreciation rights (SARs) to the eligible employees of the Bank, its subsidiaries and associate companies. Pursuant to this resolution, Kotak Mahindra Stock Appreciation Rights Scheme 2015 had been formulated and adopted. Subsequently, the SARs have been granted under this scheme. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1 to 3.29 years.

Detail of activity under SAR is summarized below:

Particulars	(₹)	
	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Outstanding at the beginning of the year	68,354	82045
Granted during the year	23,330	34530
Additions/Reduction due to transfer of employees	-	-
Exercised during the year	29,830	48221
Expired / Forfeited during the year	-	0
Transfer Out	-	0
Outstanding at the end of the year	61,854	68,354

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

Year ended 31 st March,	(₹)	
	2024	2023
Total Employee Compensation Cost pertaining to share-based payment plans	22,150,088	20,019,696
Closing balance of liability for cash-settled options	26,758,797	26,364,501

Had the Company recorded the compensation cost computed on the basis of fair valuation method instead of intrinsic value method, employee compensation cost would have been lower by ₹ 484,833.48 (Previous year lower by 1,713,112) with an increase in after tax profit by ₹ 383,018.45 (Previous year after tax profit would have been higher by 1,353,358).

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

In terms of our report of even date

For and on Behalf of the Board of Directors

For V. C. Shah & Co.

Chartered Accountants
Firm Registration No.: 109818W

A. N. Shah

Partner
Membership No.: 042649

Shyam Kumar Syamasundaran

Director

Gijo Joseph

Director

Mumbai
Dated: 25th April, 2024

Dated: 25th April, 2024



Kotak Mahindra, Inc.

C/o Corporation Service Company, 251 Little Falls Drive,
New Castle County, Wilmington, DE 19808 USA

Company Website: www.kotakglobal.com

Kotak Mahindra Bank Website: www.kotak.com

Company Registration Number: 2913169