

Annual Report 2023-24



Kotak Mahindra (UK) Limited



Transforming
for scale



Contents

Directors' Report.....	4
Independent Auditors' Report	6
Balance Sheet	8
Statement of Profit And Loss.....	9
Statement of Cash Flows	10
Schedules forming part of the Financial Statements	11

Directors' Report

To the shareholders of,

KOTAK MAHINDRA (UK) LIMITED

The directors present their Directors' Report and the audited financial statements of Kotak Mahindra (UK) Limited ("the Company") for the year ended 31st March, 2024.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

Kotak Mahindra (UK) Limited ("the Company") is a private limited liability company, incorporated on 21st November, 1994 in the United Kingdom and is also domiciled in the United Kingdom. The Company is authorized and regulated by the UK Financial Conduct Authority ("FCA") as a MIFIDPRU Investment Firm and has several regulatory permissions. The Company's primary business is distribution of funds managed by its affiliates and other third parties and dealing in securities. The Company is authorised and regulated by the Financial Conduct Authority ("FCA"). The Company has two branches – Dubai (regulated by the Dubai Financial Services Authority) and Singapore (regulated by the Monetary Authority of Singapore). The Company is also registered with the Securities and Exchange Board of India.

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.

The Asset under Management ("AUM") of the funds distributed by the Company stood at USD 4.54 billion as on 31st March 2024, as compared to USD 2.13 billion as on 31st March 2023. A year saw significant growth in assets both due to net inflows as well as positive market movement.

FUTURE OUTLOOK

GLOBAL DISTRIBUTION:

The interest on India continues to be strong despite strong Indian market performance in the previous financial year. The company has seen a significant growth in net assets of the Luxembourg based UCITS funds and expects the interest to continue for the coming financial year as well. However, the Company expects the year to be volatile on the back of events like general elections in United States and India, interest rate trajectory in the US, energy prices, as well as the ongoing global geopolitical events such as the prolonged Russia-Ukraine war and the conflicts in the West Asia and factors such as higher cost of living in UK.

As a global distributor, the Company will continue to expand its relationships with institutional investors and its distribution network across the world for their exposure into Indian markets.

DEALING IN SECURITIES AS AGENT/PRINCIPAL ("DEALING"):

On the back of a low fixed income trading volume, the company expects normalization with increase in volatility and volumes for the coming year. The markets are expecting lower rates for the US Fed, however timing and the depth of rate cuts will result in volatility for the coming year. The company predominately deals in emerging market bonds and will expand its coverage of bonds in these markets and also expand client base with whom it trades.

RISK MANAGEMENT

The activity profile of the Company is focused on India and hence the Company is significantly exposed to an emerging market economy risk.

The reporting currency of the Company is the USD and the Company is consequently exposed to the currency risk posed by adverse movements in USD against Pound Sterling and the Singapore Dollar as most of its staff and administrative expenses and some of its assets and liabilities are denominated in these currencies. It is exposed to market and credit risk on its investment portfolio comprising of debt instruments.



POLITICAL AND CHARITABLE DONATIONS

No political or charitable donations were made during the year (2023: NIL).

FINANCIAL RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year ended 31 March 2024 was ₹ 386,341,746 (2023: ₹ 150,683,961).

The Company declared and paid a dividend of ₹ NIL (2023: ₹ NIL) during the year.

DIRECTORS

The directors as at the date of this Report and who served throughout the year and to the date of this report are:

Mr. Ruchit Puri

Mr. Sanjeev Prasad

Mr. Dipak Gupta

Mr. Gaurang Shah

Mr. Shyam Kumar Syamasundaram

Mr. Christopher Daniel

Mr. Gijo Joseph

QUALIFYING THIRD PARTY INDEMNITIES

There are no qualifying third party indemnities in force for the benefit of any of the directors and officers at the time of this report.

GOING CONCERN

The directors have considered the Company's ability to continue as a going concern and after making appropriate enquiries, believe that the Company has sufficient resources to continue operating for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

FIXED ASSETS

Information on the tangible fixed assets of the Company is given in the financial statements.

DIRECTORS DECLARATION

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law in United Kingdom requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements set out are presented in Indian Rupees prepared based on the aforesaid financial statements to comply with requirements of section 129 of Companies Act, 2013 in India.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

For and on behalf of the Board of Directors

Christopher Daniel
Director

Date: 25th April, 2024

Independent Auditors' Report

To the Board of Directors of

KOTAK MAHINDRA (UK) LIMITED.

The financial statements of KOTAK MAHINDRA (UK) LIMITED (the "Company") as at 31st March, 2024, being a company registered in the United Kingdom, are audited by Ernst & Young LLP, Statutory Auditors, London and we have been furnished with their audit report dated 23rd 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 (UK) LIMITED ("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 (UK) Limited for the purpose of Kotak Mahindra Bank Limited ("Ultimate Holding Company") to prepare its consolidated financial statements and for inclusion in the annual report of the Ultimate Holding Company for the year ended March 31, 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, Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Board of Directors are also responsible for overseeing the Company's financial reporting process.



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

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

As stated here in above we have relied upon the audit conducted by Ernst & Young, LLP, Statutory Auditors, London 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 Kingdom, have been audited by the predecessor auditors whose audit report dated 23rd 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.

Balance Sheet

as at 31st March, 2024

(Amount in ₹)

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	70,078,422	70,078,422
(b) Reserves and surplus	3.2	4,881,826,906	4,427,850,643
2 Non-current liabilities			
(a) Long-term provisions	3.3	77,687,260	82,423,393
3 Current liabilities			
(a) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		2,213,750,435	536,961,845
(b) Other current liabilities	3.4	22,033,204	9,562,504
(c) Short-term provisions	3.5	101,295,609	117,383,060
Total		7,366,671,837	5,244,259,866
II. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3.6	6,140,432	3,148,288
(b) Non Current Investments	3.7	2,063,248,953	1,064,492,670
(c) Long-term loans and advances	3.8	14,213,187	14,238,316
(d) Deferred tax asset	3.9	2,826,234	3,802,524
2 Current assets			
(a) Current investments	3.7	352,681,386	828,247,005
(b) Trade receivables	3.10	2,018,965,518	379,083,354
(c) Cash and cash equivalents	3.11	2,059,398,657	2,130,751,824
(d) Short-term loans and advances	3.12	782,786,751	770,960,612
(e) Other current assets	3.13	66,410,720	49,535,273
TOTAL		7,366,671,837	5,244,259,866
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 of
Kotak Mahindra (UK) Limited**

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

A. N. Shah
Partner
Membership No. 042649

Ruchit Puri
Director

Christopher Daniel
Director

25th April, 2024
Place: Mumbai

25th April, 2024
Place: Mumbai



Statement of Profit and Loss Account

for the year ended 31st March, 2024

(Amount in ₹)

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			
	Service Income (net)		1,408,939,317	1,008,718,214
II.	Income from investments (net)		60,444,505	49,364,067
III.	Other Interest Income	3.14	168,415,017	48,953,843
	Total Revenue		1,637,798,839	1,107,036,124
IV.	Expenses:			
	Employee benefits expense	3.15	828,699,648	660,412,232
	Finance cost	3.16	3,147,546	1,273,236
	Depreciation and Amortisation expense	3.6	3,429,134	2,690,748
	Other expenses	3.17	250,167,593	227,414,261
	Total expenses		1,085,443,921	891,790,477
V.	PROFIT/(LOSS) BEFORE TAX		552,354,918	215,245,647
VI.	Tax expense:			
	(a) Current tax			
	- Pertaining to profit/ (loss) for the current period		165,007,183	63,755,269
	- Adjustment of tax relating to earlier periods		(19,988)	(106,596)
	(b) Deferred tax		1,025,977	913,013
			166,013,172	64,561,686
VII.	PROFIT/(LOSS) FOR THE YEAR		386,341,746	150,683,961
VIII.	Earnings / (loss) per equity share (in ₹): Basic and Diluted	3.20	402.77	157.09
	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 of
Kotak Mahindra (UK) Limited****For V C Shah & Co**Chartered Accountants
Firm Registration No. 109818W**A. N. Shah**Partner
Membership No. 042649**Ruchit Puri**

Director

Christopher Daniel

Director

25th April, 2024
Place: Mumbai25th April, 2024
Place: Mumbai

Cash Flow Statement

for the year ended 31st March 2024

(Amount in ₹)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Cash Flow from Operating Activities		
Net Profit before taxation	552,354,918	215,245,647
Adjustments for:		
Interest Income	(44,890,269)	(14,596,119)
Interest Expenses	1,187,058	129,158
Exchange Adjustments	38,935,934	186,763,970
Interest on Fixed deposit	(85,261,950)	(33,471,171)
Interest Income on Debentures	(91,088,776)	(84,203,046)
Mark to market on Investments	(35,354,837)	9,830,370
Amortisation of premium/ accretion of discount on bonds and convertible bonds	10,277,931	25,205,006
Depreciation and Amortisation Expense	3,429,134	2,690,748
Operating Profit before Working Capital Changes	349,589,143	307,594,563
Adjustments for:		
Increase in Long-term loans and advances	25,129	(1,354,456)
Decrease / (Increase) in Trade receivables	(1,639,882,165)	376,948,572
Increase in Short-term loans and advances	(11,826,139)	(308,341,169)
Increase / (Decrease) in Long-term provisions	(4,736,132)	(1,419,805)
(Decrease) / Increase in Trade payables	1,676,788,590	(390,327,835)
Increase / (Decrease) in Other current liabilities	12,470,701	3,643,307
(Decrease) / Increase in Short-term provisions	(26,173,104)	8,774,132
Cash Generated from Operations	356,256,022	(4,482,693)
Income taxes (refunded) / paid	(154,951,227)	(62,359,972)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	201,304,795	(66,842,665)
Cash Flow from Investing Activities		
Fixed deposits redeemed/(placed)	(99,719,594)	(298,180,020)
Purchase of Fixed Assets	(6,352,687)	(3,328,156)
Interest on Fixed deposit	79,313,834	9,109,185
Interest Income on Term Loan	44,890,269	14,596,119
Interest Income on Debentures	80,161,445	82,919,465
Purchase of Investments	(2,316,209,812)	(637,628,929)
Maturity of Investments	1,831,222,665	721,133,780
Realised loss on sale of Investments	15,503,387	4,725,065
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(371,190,496)	(106,653,492)
Cash Flow from Financing Activities		
Interest Expenses	(1,187,058)	(129,158)
NET CASH FLOW USED IN FINANCING ACTIVITIES (C)	(1,187,058)	(129,158)
Net Increase in Cash and Cash Equivalents (A + B + C)	(171,072,760)	(173,625,314)
Cash and Cash Equivalents at the beginning of the year	600,184,676	773,809,990
Cash and Cash Equivalents at the end of the year	429,111,916	600,184,676
	(171,072,760)	(173,625,314)

Notes:

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

This is the Cash Flow Statement referred to in our report of even date

**For and on behalf of the Board of Directors of
Kotak Mahindra (UK) Limited**

For V C Shah & Co

Chartered Accountants
Firm Registration No. 109818W

A. N. Shah

Partner
Membership No. 042649

Ruchit Puri

Director

Christopher Daniel

Director

25th April, 2024
Place: Mumbai

25th April, 2024
Place: Mumbai



Schedules

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

1 ORGANISATION AND NATURE OF BUSINESS

Kotak Mahindra (UK) Limited ("the Company") is a private limited liability company, incorporated on 21st November 1994 in the United Kingdom and is also domiciled in the United Kingdom. The Company is authorized and regulated by the UK Financial Conduct Authority ("FCA") as a MIFIDPRU Investment Firm and has several regulatory permissions including arranging deals in investments, dealing in securities as an agent and principal, advising on investments and safeguarding and administration of assets. The Company is also registered with the Securities and Exchange Board of India

The Company's Dubai branch is regulated by the Dubai Financial Services Authority ("DFSA") as a Category 3A firm and has permissions to advise on financial products, arrange deals in investments, deal in investments as agent and as a matched principal.

The Company's Singapore branch is regulated by the Monetary Authority of Singapore ("MAS") and holds Capital Markets Services ("CMS") Licenses issued by MAS to conduct the regulated activities dealing in capital markets products.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 BASIS OF PREPARATION

- (i) The Special Purpose financial statements of the Company are prepared under the historical cost convention. These Special Purpose financial statements are prepared for the purpose of the Ultimate Holding Company's consolidation and for inclusion in the annual report of the Ultimate Holding Company (Kotak Mahindra Bank Limited) under the requirements of section 129(3) of the Companies Act, 2013. The Special Purpose Financial Statements of the Company have been prepared in accordance with the generally accepted accounting principles in India as per the Accounting Standards (Indian GAAP) applicable to Kotak Mahindra Bank Limited (Ultimate Holding Company) as specified under section 133 of the Companies Act, 2013 (the Act).
- ii) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the services and the time between the provision of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

2.2 CONVERSION TO INDIAN RUPEES

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

2.3 USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

2.4 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. It represents fees and other revenue invoiced (net of value added tax) and is recognised on an accrual basis. Interest income is recognised in the income statement as accrued using effective interest method.

2.5 EXPENSES

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

2.6 PROPERTY, PLANT AND EQUIPMENT

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

Schedules

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:

Furniture and Fixtures	3 years
Computer & Software	3 years
Other Equipment	3 years

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

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

2.7 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 whichever is lower.

2.8 EMPLOYEE BENEFITS

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

2.9 LEASES

Leases where all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss Account on a straight-line basis over the lease term.

2.10 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalent consists of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

2.11 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 recognised, 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.



Schedules

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

2.12 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.

2.13 PROVISIONS AND CONTINGENCIES

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

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

2.14 EMPLOYEE SHARE BASED PAYMENTS

Cash Settled Scheme:

The cost of cash-settled transactions, stock appreciation rights (SARs) having grant date on or before 31st March, 2021 is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments were granted. 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.

Schedules

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

3 NOTES TO ACCOUNTS

3.1 (a) Share capital

(Amount in ₹)

	As at 31 st March, 2024	As at 31 st March, 2023
Authorised shares		
1,000,000 (Previous year 1,000,000) Ordinary shares of £ 1 each	£1,000,000	£1,000,000
Issued, Subscribed and fully Paid up		
959,200 (Previous year 959,200) Equity Shares of £ 1 each	70,078,422	70,078,422
Total	70,078,422	70,078,422

(b) Equity shares

(Amount in ₹)

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	959,200	70,078,422	959,200	70,078,422
Issued during the period	-	-	-	-
Share capital outstanding at the end of the year	959,200	70,078,422	959,200	70,078,422

(c) Terms/rights attached to equity shares

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

Each share holder is entitled to receive dividend as may be approved by Board / 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:

(Amount in ₹)

Number of equity share	As at 31 st March, 2024	As at 31 st March, 2023
Kotak Mahindra Bank Limited, the holding company	489,200	489,200
Kotak Mahindra (International) Limited, subsidiary of Kotak Mahindra Bank Limited	470,000	470,000



Schedules

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

(e) Details of shareholders holding more than 5% shares in the Company

Equity shares of ₹ 1 fully paid up

(Amount in ₹)

Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
	Number	% holding	Number	% holding
Kotak Mahindra Bank Limited, holding company	489,200	51.00%	489,200	51.00%
Kotak Mahindra (International) Limited, subsidiary of Kotak Mahindra Bank Limited	470,000	49.00%	470,000	49.00%

3.2 RESERVES AND SURPLUS

(Amount in ₹)

	As at 31 st March, 2024	As at 31 st March, 2023
a. Translation Reserve		
Opening Balance	1,192,797,823	849,565,965
Additions/(deductions) during the period	67,634,518	343,231,858
Closing Balance	1,260,432,341	1,192,797,823
b. Surplus in the statement of profit and loss		
Opening balance	3,235,052,819	3,084,368,858
Net Profit For the year	386,341,746	150,683,961
Closing Balance	3,621,394,565	3,235,052,819
Total	4,881,826,906	4,427,850,643

3.3 LONG-TERM PROVISIONS

(Amount in ₹)

	As at 31 st March, 2024	As at 31 st March, 2023
Provision for employee benefits		
Provision for gratuity	15,990,456	25,872,423
Stock Appreciation Rights (refer note 3.26)	46,339,232	36,508,189
Deferred Incentive	15,357,572	20,042,781
Total	77,687,260	82,423,393

Schedules

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

3.4 OTHER CURRENT LIABILITIES

(Amount in ₹)

	As at 31 st March, 2024	As at 31 st March, 2023
GST Payable	22,033,204	9,562,504
Total	22,033,204	9,562,504

3.5 SHORT-TERM PROVISIONS

(Amount in ₹)

	As at 31 st March, 2024	As at 31 st March, 2023
Provision for employee benefits:		
Provision for Stock Appreciation Rights (refer note 3.26)	35,066,331	65,817,275
Provision for Leave Encashment	8,666,629	8,651,901
Payable to statutory funds	7,102,877	6,346,045
Deferred Incentive	38,738,055	34,931,775
Other Provisions:		
Provision for taxes (net of advance tax ₹ 208,674,920)	11,721,717	1,636,063
Total	101,295,609	117,383,060

3.6 PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 st April, 2023	Additions	Deduction / Adjustment*	Balance as at 31 st March, 2024	Balance as at 1 st April, 2023	Depreciation charge for the year	Deduction / Adjustment*	Balance as at 31 st March, 2024	Balance as at 31 st March, 2024	Balance as at 31 st March, 2023
Tangible Assets										
Computer & Software	97,002,137	1,680,193	1,470,150	100,152,479	94,014,245	2,261,514	1,429,473	97,705,231	2,447,248	2,987,892
Furniture and Fixtures	77,675,946	4,257,269.00	1,198,433	83,131,648	77,519,204	1,062,572	1,172,831	79,754,608	3,377,040	156,741
Office equipment	11,569,653	415,225.00	176,911	12,161,788	11,565,997	105,048	174,599	11,845,645	316,144	3,655
Leasehold Improvements Capital Work-in-progress			-							
Total	186,247,735	6,352,687	2,845,493	195,445,915	183,099,447	3,429,135	2,776,903	189,305,484	6,140,433	3,148,288
Previous Year	168,654,653	3,328,156	14,264,926	186,247,735	166,857,268	2,690,769	13,551,411	183,099,447	3,148,289	1,797,386

* Deduction / adjustments include effect of translation reserve of ₹ 28,45,493/- [Previous year - ₹ 14,264,926] in Gross block & ₹ 27,76,903 [Previous year - ₹ (13,551,441)]



Schedules

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

3.7 INVESTMENTS

(Amount in ₹)

Script Name	Quantity 31 st March, 2024	Amount as at 31 st March, 2024	Quantity 31 st March, 2023	Amount as at 31 st March, 2023
Investments				
Foreign Currency Bonds				
NTPCIN 3.75 04/3/24	2,200,000	183,497,110.10	2,200,000	181,940,846
BHARTI 5.35% 05/20/24	2,050,000	171,264,568.28	2,050,000	170,860,686
BPCLIN 4% 05/08/25	1,500,000	123,607,488.36	-	-
TTMTIN 5.875 05/20/25	1,000,000	83,039,639.47	-	-
HDFCB 5.686 03/02/26	1,500,000	125,959,716.38	-	-
RILIN 9.375 06/24/26	600,000	53,993,258.88	-	-
ONGCIN 3.75% 07/27/26	1,500,000	121,453,099.75	-	-
POWFIN 6.15% 12/06/28	5,000,000	427,443,953.29	-	-
OINLIN 5.875 02/04/29	2,000,000	165,306,344.54	-	-
INRCIN 3.835 12/13/27	4,700,000	372,397,510.62	-	-
WPROIN 1.5 06/23/26 REGS	500,000	38,457,568.47	-	-
OINLIN 4% 04/21/27	3,000,000	239,921,208.80	-	-
BPCLIN 4.375% 01/18/27	1,500,000	121,851,040.34	-	-
RECLIN 2.750 01/13/27 GMTN	500,000	38,693,632.70	-	-
RECLIN 2.25 09/01/26 GMTN	2,000,000	154,247,666.89	-	-
BOBIN 3.875 04/04/24 EMTN	-	-	5,000,000	413,253,322
CBKIN 3.875% 03/28/24	-	-	2,000,000	165,570,794
ONGCIN 3.75% 05/07/23	-	-	2,500,000	205,706,378
POWFIN 3.25 09/16/24	-	-	600,000	50,423,432
RECLIN 3.5 12/12/24	-	-	2,300,000	194,597,818
EXIMBK 3.875 03/12/24 GMTN	-	-	3,000,000	250,137,565
INRCIN 3.73 03/29/24 EMTN	-	-	660,000	53,771,390
OINLIN 5.375% 04/17/24	-	-	1,000,000	82,353,080
EXIMBK 6.2 03/20/24	-	-	2,000,000	164,335,558
Total		2,421,133,807		1,932,950,868
Less: Provision for diminution		5,203,468		40,211,192
Total Bonds and Convertible Debentures		2,415,930,339		1,892,739,675
Total Current Investments		352,681,386	-	828,247,005
Total Non-Current Investments		2,063,248,953		1,064,492,670
Aggregate value of quoted investments		2,415,930,339	-	1,892,739,675
Aggregate market value of quoted investments		2,417,514,109	-	1,894,093,349
Aggregate value of unquoted investments				

Schedules

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

3.8 LONG TERM LOANS AND ADVANCES

(Amount in ₹)

	As at 31 st March, 2024	As at 31 st March, 2023
Unsecured, considered good		
Prepaid Expenses	610,092	689,269
Security Deposits	13,603,095	13,549,047
Deposits with residual maturity of more than twelve months	-	-
Total	14,213,187	14,238,316

3.9 DEFERRED TAX

(Amount in ₹)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Opening Balance	3,802,524	4,368,175
Additions/(deductions) during the period:		
- due to expense of share based payment cash settled	397,899	345,908
- due to Fixed Assets (difference between tax and net book value)	1,302	561,095
- due to change in liability (provision for compensated absences)	(28,619)	155,398
- due to change in liability (provision for deferred incentives)	655,395	(149,386)
- due to transalation	(2,002,267)	(1,478,665)
Total	2,826,232	3,802,524

3.10 TRADE RECEIVABLES

(Amount in ₹)

	As at 31 st March, 2024	As at 31 st March, 2023
Unsecured, considered good, unless otherwise stated		
Others	2,018,965,518	379,083,354
Total	2,018,965,518	379,083,354

3.11 CASH AND CASH EQUIVALENTS

(Amount in ₹)

	As at 31 st March, 2024	As at 31 st March, 2023
Balances with banks:		
On Current accounts*	429,111,916	600,184,676
Deposits with original maturity of less than three months	-	-
Other Bank Balances:		
Deposits with residual maturity of less than twelve months	1,630,286,742	1,530,567,148
Total	2,059,398,657	2,130,751,824

* Includes client money deposits aggregating to ₹ 51,719,640 (previous year ₹ 19,631,663) earmarked in a separate bank account held in the name of the Company



Schedules

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

3.12 SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

	As at 31 st March, 2024	As at 31 st March, 2023
Unsecured, considered good		
Loans to employees	260,229	60,411
Prepaid expenses	29,316,884	29,185,201
VAT Input Credit	2,564,639	2,185,000
Loan to Group Company	750,645,000	739,530,000
Advance tax	-	-
Total	782,786,751	770,960,612

3.13 OTHER CURRENT ASSETS

(Amount in ₹)

	As at 31 st March, 2024	As at 31 st March, 2023
Unsecured, considered good		
Interest accrued on deposits	33,204,643	27,256,527
Interest accrued on bonds	33,206,077	22,278,746
Total	66,410,720	49,535,273

3.14 OTHER INCOME

(Amount in ₹)

	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Interest income on loans	44,890,269	14,596,119
Interest income on deposits with banks	85,261,950	33,471,171
Miscellaneous income	2,907,961	886,552
Mark to market on Investments	35,354,837	-
Total	168,415,017	48,953,843

3.15 EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)

	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Salaries, bonus and allowances	684,295,974	511,206,903
Contribution to provident and other funds	30,770,836	32,010,286
Reimbursement of expense on ESOP Scheme	35,765	213,022.06
Expenses on stock appreciation rights	71,895,164	73,661,225
Deferred incentive	39,696,473	40,639,612
Staff welfare expenses	2,005,437	2,681,184
Total	828,699,648	660,412,232

Schedules

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

3.16 FINANCE COST

(Amount in ₹)

	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Bank Charges	1,960,488	1,144,078
Interest on borrowings	1,187,058	129,158
Total	3,147,546	1,273,236

3.17 OTHER EXPENSES

(Amount in ₹)

	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Rent, rates & taxes	28,813,009	26,753,455
Communication expenses	12,613,910	10,242,873
Printing and stationery	970,206	1,027,782
Repairs and maintenance	10,396,394	6,841,466
Advertising, business promotion and entertainment	14,546,226	7,171,857
Royalty charges	2,522,235	2,534,836
Foreign exchange loss (net)	6,051,767	10,916,215
Travel expenses	31,114,477	23,927,239
Insurance	4,572,703	4,819,345
Electricity expenses	1,445,424	1,460,030
Professional and legal fees	41,638,762	40,143,557
Membership and subscription	9,755,118	8,429,673
Licensing fees	6,619,556	6,007,014
Recruitment expenses	4,044,829	-
Dealing charges	52,407,890	48,842,514
Auditor's remuneration		
- Statutory fees	14,894,741	13,100,530
- Other Matters	728,828	-
- Reimbursement of expenses	84,513	70,928
Interest expenses on tax	-	30,452
Miscellaneous expenses	6,947,006	5,264,125
Mark to market on Investments	-	9,830,370
Total	250,167,593	227,414,261

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

3.19 The transactions 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.



Schedules

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

3.20 EARNINGS PER EQUITY SHARE

(Amount in ₹)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Earnings / (loss) used in the computation of basic and diluted earnings per share (A)	386,341,746	150,683,961
Weighted average number of equity shares used in computation of basic earnings per share (B)	959,200	959,200
Nominal value of Equity shares	₹1	₹1
Basic and diluted earnings / (loss) per share (₹) A/B	402.77	157.09

3.21 LEASES

The rent during the year for March 2024 is ₹ 26,432,794

The total annual commitments of the Company under non-cancellable operating leases are as under:

Land and Building

(Amount in ₹)

	As at 31 st March, 2024	As at 31 st March, 2023
Operating leases which expire :		
Within one year	24,109,289	24,408,573
Between one to five years	7,470,417	31,185,525

3.22 CONTINGENT LIABILITIES

During the year the Company's banker have issued a guarantee for ₹ 123,470,000 (Previous year ₹ 123,585,000) in favour of the Monetary Authority of Singapore. No loss is expected on this guarantee at the Balance Sheet date.

3.23 THE FOLLOWING AMOUNTS ARE DUE FROM DIRECTORS AS AT 31ST MARCH, 2024.

Mr. Shyam Kumar ₹ 16,224 (Previous Year ₹ 13,424)

Maximum balance due during the year is ₹ 89,817 (Previous Year ₹ 72,063)

Schedules

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

3.24 RELATED PARTY TRANSACTIONS

During the year ended 31st March, 2024, the Company entered in transactions with related entities. The nature, volume of transactions and balances with the related entities are as follows:

Particulars			Volume of transaction for the year ended		Receivable/(Payable) Balance as at	
Related Parties	Nature of relationship	Nature of transactions	31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023
Kotak Mahindra Bank Limited	Ultimate Parent Company	Outsourcing Costs	28,457,925	28,442,674	8,913,998	36,195,630
		Royalty charge	2,522,235	2,534,836	-	-
		Service fee income	43,338,685	36,110,433	-	-
Kotak Mahindra Bank Limited - Gift city Branch	Branch of Ultimate Parent Company	Dealing in securities	481,248	-	-	-
Kotak Mahindra Bank Limited - DIFC Branch	Branch of Ultimate Parent Company	Custody fees income	898,526	304,583	6,579,028	-
		Dealing in securities income	2,798,753	267,510	-	-
		Distribution Expenses	17,941,499	2,912,196	-	-
Kotak Securities Limited	Fellow Group Entities	Service fee income	194,597,941	159,397,490	17,089,677	13,949,351
Kotak Mahindra International Limited	Fellow Group Entities	Distribution expense	6,147,440	5,827,298	3,502,776	1,600,562
		Distribution Income	66,237,599	53,260,978	-	-
		Calculation Agency Income	-	-	-	-
		Interest Income	44,890,269	14,596,119	-	-
		Client Account	-	-	-	24,709,375
		Custody fees income	2,805,874	1,322,413	-	-
		Portfolio Management Income	-	-	-	-
		Short term loan	-	-	750,645,000	739,530,000
Kotak Mahindra Inc	Fellow Group Entities	Distribution expense	14,865,860	23,848,483	(1,709,449)	(15,468,182)
		Dealing in securities income	617,761	5,172,670	-	-
		Distribution Income	729,327	1,355,992	-	-
Kotak Mahindra Asset Management (Singapore) Pte Ltd	Fellow Group Entities	Distribution Income	1,371,715,711	818,312,056	24,967,489	37,886,330
		Portfolio management expense	4,974,946	5,011,156	-	-
		Custody fees income	527,517	486,868	-	-
Kotak Mahindra Financial Services Ltd	Fellow Group Entities	Distribution expense	2,421,299.11	(189,926)	(1,750,095)	-
Shyam Kumar Syamasundaram	Director	Dealing in securities income	-	14,471	(689,648)	(2,174,928)
		Custody fees income	82,801	43,610	-	-
			1,807,053,215	1,159,031,910	807,548,777	836,228,138
Directors remuneration included in personnel expenses			176,538,623	158,616,005		

During the year compensation to Key Managerial Personnel was ₹ 230.4 million (Previous year ₹ 199.9 million).



Schedules

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

3.25 Stock Option Scheme

At the General Meetings of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had unanimously passed Special Resolutions on 29th June, 2015, to grant options to the eligible employees of the Bank and its subsidiary and associate companies. Pursuant to this resolutions, Kotak Mahindra Equity Option Scheme, 2015 had been formulated and adopted.

In pursuance of the above referred Employees Stock Option Schemes, the Bank has granted stock options to employees of the Company. As per the regulatory guideline, the Bank has started recovering fair value computed as per Black-Scholes method for all stock options granted after 31st March, 2021. In accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share based payments" the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the Guidance Note on "Accounting for Employee Share-based payments" issued by The Institute of Chartered Accountants of India, the intrinsic value (for options granted on or before 31st March, 2021)/ fair value of the option is amortised on a straight-line basis over the vesting period. The Company has reimbursed the Bank ₹ 35,765 (Previous Year ₹ 2,13,022) during the year on account of such costs and the same is forming part of Employee costs and included under the head "Reimbursement of expense on ESOP cost" under Note no 3.15 i.e "Employee benefits expense".

Had the Company reported the compensation cost computed on the basis of fair value method instead of Intrinsic value method, employee compensation cost would have been lower by ₹ 122,268 (Previous Year higher by ₹ 150,464) with an increase in after tax profit by ₹ 122,268 (Previous Year lower by ₹ 22,422).

3.26 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 4.10 to 4.19 years.

Detail of activity under SAR is summarized below:

	No. of SARs	
	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Outstanding at the beginning of the year	271,783	293,192
Granted during the year	55,190	144,850
Additions/Reduction due to transfer of employees	-	-
Exercised during the year	(126,513)	(155,707)
Expired/Forfeited during the year	(6,498)	(10,552)
Outstanding at the end of the year	193,962	271,783

Schedules

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

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

(Amount in ₹)

Year ended 31 st March,	2024	2023
Total Employee Compensation Cost pertaining to share-based payment plans	71,895,164	73,661,225
Closing balance of liability for cash-settled options	81,405,563	102,325,464

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 ₹ 3,739,961 (Previous year by ₹ 6,897,413) and the profit after tax would have been higher by ₹ 2,804,970 (Previous year by ₹ 5,586,904).

3.27 Events after balance sheet date

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

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

In terms of our report of even date

**For and on behalf of the Board of Directors of
Kotak Mahindra (UK) Limited**

For V C Shah & Co

Chartered Accountants
Firm Registration No. 109818W

A. N. Shah

Partner
Membership No. 042649

April 25, 2024
Place: Mumbai

Ruchit Puri

Director

April 25, 2024
Place: Mumbai

Christopher Daniel

Director



Kotak Mahindra (UK) Limited
55, Baker Street, London, W1U 7EU
Company Website: www.kotakglobal.com
Kotak Mahindra Bank Website: www.kotak.com

Company Registration Number: 02992399