

Annual Report 2023-24



**Kotak Mahindra (International)  
Limited**



**Transforming**  
for scale





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# Directors' Report

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors present their report and the audited financial statements of Kotak Mahindra (International) Limited (the "Company") for the year ended 31<sup>st</sup> March, 2024.

### PRINCIPAL ACTIVITY

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

### MARKET AND BUSINESS UPDATE:

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 has not 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 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.

### FUTURE OUTLOOK:

The interest on India continues to be strong despite strong Indian market performance in the previous financial year. 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 etc. as well as the ongoing global geopolitical events such as the prolonged Russia-Ukraine war, and the conflicts in the west Asia. Though India would be relatively better positioned in the coming years, the Company is cautiously optimistic across all its business verticals of investment management, investment advisory and dealing in securities. On proprietary activity, it will continue to build a low risk investment portfolio and ensure appropriate utilisation of its capital resources.

### RESULTS AND DIVIDEND

The Company's profit for the financial year ended 31<sup>st</sup> March, 2024 amounted to ₹ 642,788,594 (2023: ₹124,072,530).

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

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 31<sup>st</sup> March, 2024, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, 2001. The financial statements set out are presented in Indian Rupees prepared based on the aforesaid financial statements to comply with requirements of section 129 of the Companies Act, 2013 in India.

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

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

### AUDITORS

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

25<sup>th</sup> April, 2024



# Independent Auditors' Report

To the Board of Directors of

## **Kotak Mahindra (International) Limited**

The financial statements of Kotak Mahindra (International) Limited (the "Company") as at 31<sup>st</sup> March, 2024, being a company registered in the Mauritius, are audited by Ernst & Young, Mauritius and we have been furnished with their audit report dated 24<sup>th</sup> 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 (International) Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> 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 (International) Limited for the purpose of Kotak Mahindra Bank Limited ("Ultimate Holding Company") to prepare its consolidated financial statements and for inclusion in the annual report of the Ultimate Holding Company for the year ended March 31, 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 hereinabove we have relied upon the audit conducted by Ernst & Young, Mauritius and based thereon we state that:

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

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

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

## OTHER MATTERS

The audited financial statements of the Company for the corresponding year ended 31<sup>st</sup> March, 2024 prepared in conformity with the accounting principles generally accepted in the Mauritius, have been audited by the predecessor auditors whose audit report dated 24<sup>th</sup> 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

Place: Mumbai  
Date: 25<sup>th</sup> April, 2024  
UDIN : 24042649BKBCKJ5079

**A. N. Shah**  
Partner  
Membership No. 042649

# Balance Sheet

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

(Amount in ₹)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3.1	161,597,644	161,597,644
(b) Reserves and surplus	3.2	9,851,752,935	9,067,733,039
<b>2 Non-current liabilities</b>			
(a) Long-term provisions	3.3	5,571,035	9,132,328
<b>3 Current liabilities</b>			
(a) Short-term borrowings	3.4	2,214,402,750	1,828,282,500
(b) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises; and		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		64,137,834	56,163,984
(c) Other current liabilities	3.5	175,841	144,881
(d) Short-term provisions	3.6	10,505,695	10,214,756
<b>Total</b>		<b>12,308,143,734</b>	<b>11,133,269,132</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	3.7	2,361,788	732,203
(b) Non Current Investments	3.8	413,035,361	703,270,306
(c) Long-term loans and advances	3.9	26,796,463	26,383,466
(d) Deferred tax asset			39,949
<b>2 Current assets</b>			
(a) Current investments	3.8	11,529,777,214	10,067,553,404
(b) Trade receivables	3.10	132,982,515	88,460,877
(c) Cash and cash equivalents	3.11	51,913,807	103,458,628
(d) Short-term loans and advances	3.12	-	-
(e) Other current assets	3.12	151,276,586	143,370,299
<b>TOTAL</b>		<b>12,308,143,734</b>	<b>11,133,269,132</b>
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

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

Chartered Accountants  
Firm Registration No. 109818W

**A. N. Shah**

Partner  
Membership No. 042649

Mumbai  
Dated: 25<sup>th</sup> April, 2024

**Neeraj Malhotra**

Director

Mumbai  
Dated: 25<sup>th</sup> April, 2024

**Thirumagen Vaitilingon**

Director





# Statement of Profit and Loss Account

for the year ended 31<sup>st</sup> March, 2024

(Amount in ₹)

Sr. No.	Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
I.	Revenues from operations			
	(a) Income from Services (net)		295,042,491	127,389,084
	(b) Income from Investments (net)		610,340,273	235,385,500
II.	Other income	3.13	11,186,605	2,874,333
<b>III.</b>	<b>Total Revenue</b>		<b>916,569,369</b>	<b>365,648,917</b>
IV.	Expenses:			
	Employee Benefit Expenses	3.14	89,705,760	87,734,254
	Finance Costs	3.15	119,893,831	60,933,901
	Depreciation and Amortisation expense	3.7	592,596	296,693
	Other Expenses	3.16	48,148,535	83,093,987
	<b>Total Expenses</b>		<b>258,340,722</b>	<b>232,058,835</b>
<b>V.</b>	<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>658,228,647</b>	<b>133,590,082</b>
VI.	Tax expense:			
	Current tax			
	- Pertaining to profit for the current period		15,399,794	9,587,188
	Deferred tax		40,259	(69,636)
			<b>15,440,053</b>	<b>9,517,552</b>
<b>VII.</b>	<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>642,788,594</b>	<b>124,072,530</b>
VIII.	Earnings per equity share (in ₹) :			
	Basic & Diluted	3.23	157.48	30.40
	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

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

**A. N. Shah**  
Partner  
Membership No. 042649

Mumbai  
Dated: 25<sup>th</sup> April, 2024

**Neeraj Malhotra**  
Director

Mumbai  
Dated: 25<sup>th</sup> April, 2024

**Thirumagen Vaitilingon**  
Director

# Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2024

(Amount in ₹)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
<b>Cash Flow from Operating Activities</b>		
Net Profit before taxation	658,228,647	133,590,081
<b>Adjustments for:</b>		
Depreciation and Amortisation Expense	592,596	296,693
Interest Income	(515,758,969)	(414,443,489)
Interest and other Financial Charges	119,893,831	60,933,901
Exchange Adjustments	141,208,608	703,363,911
Amortisation of premium/ accretion of discount on bonds and convertible bonds	(12,781,216)	72,169,827
Realised loss/ (gain) on disposal of investments	12,386,110	2,363,952
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>403,769,606</b>	<b>558,274,876</b>
Adjustments for:		
(Increase) / Decrease in Loans and advances - Long term	(412,997)	(2,048,893)
(Increase) / Decrease in Trade receivables	(44,521,638)	32,573,938
(Increase) / Decrease in Current assets	8,932,153	15,982,491
Increase / (Decrease) in Trade payables	7,973,850	5,882,740
Increase / (Decrease) in Other current liabilities	30,960	(1,142,216)
Increase / (Decrease) in long term provision	(3,561,293)	(2,613,037)
Increase / (Decrease) in Short term provision	(1,296,070)	(111,755)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>370,914,572</b>	<b>606,798,144</b>
Income taxes paid	(13,813,100)	(10,564,662)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>357,101,472</b>	<b>596,233,482</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(10,179,981,412)	(8,112,323,417)
Disposal of investments	9,008,387,652	5,521,453,922
Purchase of fixed assets	(2,199,486)	(469,941)
Interest Received	498,920,529	389,119,360
<b>NET CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES (B)</b>	<b>(674,872,717)</b>	<b>(2,202,220,076)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Movement in share capital</b>		
Short term loan accepted	386,120,254	388,225,000
Interest and other Financial Charges Paid	(119,893,831)	(60,933,901)
<b>NET CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES (C)</b>	<b>266,226,423</b>	<b>327,291,099</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(51,544,822)</b>	<b>(1,278,695,494)</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	103,458,628	1,382,154,121
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	51,913,806	103,458,628
	<b>(51,544,822)</b>	<b>(1,278,695,494)</b>

Notes:

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

In terms of our report of even date

For and on behalf of the Board of Directors of

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

Chartered Accountants  
Firm Registration No. 109818W

**A. N. Shah**

Partner  
Membership No. 042649

Mumbai

Dated: 25<sup>th</sup> April, 2024

**Neeraj Malhotra**

Director

Mumbai

Dated: 25<sup>th</sup> April, 2024

**Thirumagen Vaitilingon**

Director



# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

## 1. ORGANISATION AND NATURE OF BUSINESS

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

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

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

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

### 2.2 CONVERSION TO INDIAN RUPEES

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

### 2.3 USE OF ESTIMATES

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

### 2.4 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Commission, fees and other revenues are invoiced and recognised on an accrual basis to the extent there is a reasonable certainty of its ultimate realization/corrections and the revenue can be reliably measured.

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

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

# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

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

Office Equipment	3 years
Computers	3 years

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

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

## 2.7 INVESTMENTS

Investments in Associate/ fellow subsidiaries are stated at cost.

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

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

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

All investment transactions are recognised using trade date accounting.

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

## 2.8 EMPLOYEE BENEFITS

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

## 2.9 LEASES

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

## 2.10 TAXES

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

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising mainly on account of carry forward losses and unabsorbed depreciation under tax laws are recognised only if there is virtual certainty of its realisation, supported by convincing evidence.



# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

## 2.11 EARNINGS PER SHARE

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

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

## 2.12 PROVISIONS

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

## 2.13 CASH AND CASH EQUIVALENTS

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

## 2.14 EMPLOYEE SHARE BASED PAYMENTS

### Cash-settled scheme:

The cost of cash-settled transactions, stock appreciation rights (SARs) having grant date on or before 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2024

## 3 NOTES TO ACCOUNTS

### 3.1 (A) SHARE CAPITAL

(Amount in ₹)

	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Authorised shares</b>		
4,081,650 (31 <sup>st</sup> March, 2023: 4,081,650) equity shares of USD 1 each	<b>\$4,081,650</b>	<b>\$4,081,650</b>
<b>Issued, Subscribed and fully Paid up</b>		
4,081,650 (31 <sup>st</sup> March, 2023: 4,081,650) equity shares of USD 1 each	161,597,644	161,597,644
<b>Total</b>	<b>161,597,644</b>	<b>161,597,644</b>

### (B) EQUITY SHARES

(Amount in ₹)

Reconciliation of number of shares	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
	Quantity	₹	Quantity	₹
Share capital outstanding at the beginning of the year	4,081,650	4,081,650	4,081,650	4,081,650
Issued during the period	-	-	-	-
Number of shares at the end	4,081,650	4,081,650	4,081,650	4,081,650

### (C) TERMS/RIGHTS ATTACHED TO EQUITY SHARES

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

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

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

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

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

(Amount in ₹)

Number of shares	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Kotak Mahindra Bank Limited, the holding company	2,081,650	2,081,650
Kotak Mahindra Capital Company Limited, subsidiary of Kotak Mahindra Bank Limited	2,000,000	2,000,000



# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

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

### Equity shares of USD 1 fully paid up

(Amount in ₹)

	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	Number	% holding	Number	% holding
Kotak Mahindra Bank Limited, holding company	2,081,650	51	2,081,650	51
Kotak Mahindra Capital Company Limited, subsidiary of Kotak Mahindra Bank Limited	2,000,000	49	2,000,000	49

## 3.2 RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Translation reserve</b>		
Opening Balance	2,562,248,665	1,858,837,975
Additions/(deductions) during the year	141,231,302	703,410,690
<b>Closing Balance</b>	<b>2,703,479,967</b>	<b>2,562,248,665</b>
<b>Surplus in the statement of profit and loss</b>		
Opening balance	6,505,484,374	6,381,411,844
(+) Net Profit/(Net Loss) for the year	642,788,594	124,072,530
<b>Closing Balance</b>	<b>7,148,272,968</b>	<b>6,505,484,374</b>
<b>Total</b>	<b>9,851,752,935</b>	<b>9,067,733,039</b>

## 3.3 LONG-TERM PROVISIONS

(Amount in ₹)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Provisions for employee benefits</b>		
Deferred Incentive	654,410	3,074,899
Provision for Stock-appreciation Rights (refer note 3.24)	4,149,024	4,112,063
Provision for gratuity	767,600	1,884,986
Provision for LTA	-	60,380
<b>Total</b>	<b>5,571,035</b>	<b>9,132,328</b>

# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

## 3.4 SHORT-TERM BORROWINGS

(Amount in ₹)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Unsecured</b>		
Loan from fellow group entity	2,214,402,750	1,828,282,500
<b>Total</b>	<b>2,214,402,750</b>	<b>1,828,282,500</b>

## 3.5 OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
MTM provisions - Derivatives	175,841	144,881
<b>Total</b>	<b>175,841</b>	<b>144,881</b>

## 3.6 SHORT-TERM PROVISIONS

(Amount in ₹)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Provision for employee benefits</b>		
Deferred Incentive	2,612,614	1,791,981
Provision for Stock-appreciation Rights (refer note 3.24)	3,495,631	5,612,330
<b>Other provisions</b>		
Provision for income tax (net of advance tax ₹ 70,452,704 (Previous year ₹ 75,290,645))	4,397,450	2,810,445
<b>Total</b>	<b>10,505,695</b>	<b>10,214,756</b>

## 3.7 PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 <sup>st</sup> April, 2023	Additions	Deduction / Adjustment*	Balance as at 31 <sup>st</sup> March, 2024	Balance as at 1 <sup>st</sup> April, 2023	For the Period	Deduction / Adjustment*	Balance as at 31 <sup>st</sup> March, 2024	Balance as at 31 <sup>st</sup> March, 2024	Balance as at 31 <sup>st</sup> March, 2023
<b>Tangible Assets</b>										
Office Equipment	4,466,004	-	67,123	4,533,127	4,383,781	39,178	66,175	4,489,134	43,995	82,225
Computers	3,606,267	2,199,486	70,206	5,875,959	2,956,288	553,418	48,460	3,558,166	2,317,793	649,979
<b>Total</b>	<b>8,072,271</b>	<b>2,199,486</b>	<b>137,329</b>	<b>10,409,086</b>	<b>7,340,069</b>	<b>592,596</b>	<b>114,635</b>	<b>8,047,300</b>	<b>2,361,788</b>	<b>732,203</b>
Previous year	6,468,677	469,941	599,631	8,072,271	6,078,371	296,693	552,711	7,340,069	732,203	390,306

\* Deductions / adjustments include effect of Translation Reserve of ₹ 137,329 (2023: ₹599,631) under Gross Block and ₹121,472 (2023: ₹ 552,711) under Accumulated Depreciation





# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

## 3.8 INVESTMENTS

(Amount in ₹)

Script Name	Quantity 31 <sup>st</sup> March, 2024	Amount as at 31 <sup>st</sup> March, 2024	Quantity 31 <sup>st</sup> March, 2023	Amount as at 31 <sup>st</sup> March, 2023
<b>Non-trade Investments (Fully paid, cost)</b>				
<b>Investment in equity instruments (unquoted)</b>				
<b>Associate</b>				
Kotak Mahindra (UK) Limited	470,000	26,287,575	470,000	26,287,575
Kotak Mahindra Financial Services Limited	450,000	25,898,375	450,000	25,898,375
<b>Fellow Subsidiary</b>				
Kotak Mahindra, Inc	2	348	2	348
<b>Total</b>		<b>52,186,298</b>		<b>52,186,298</b>
<b>Equity and other similar funds (unquoted) and deb funds (unquoted)</b>				
Kotak India Venture Fund I	334	27,832	334	27,420
Seaf India Investment and Growth Fund	69,030	575,745	69,030	567,220
Kotak India Real Estate Fund I	999	83,322	999	82,088
Kotak India Private Equity Fund Ltd	1,000	83,405	1,000	82,170
Kotak India Private Equity Fund Ltd III - Class B	1,000	83,405	1,000	82,170
Core Infrastructure India Fund Pte. Ltd	1,037,097	86,499,075	4,894,006	402,140,473
Core Infrastructure India Pte. Fund Ltd- Class B	1,000	83,405	1,000	82,170
Supercraft3D PTE Limited	925,000	77,149,625	925,000	76,007,250
Bugworks Research Inc	1,499,995	125,107,044	363,953	82,169,776
Global Arbitrage Fund SPC	624	83,382,028	624	82,147,368
Kotak India Fixed Income Fund	20,856	23,277,719	38,064	41,854,158
<b>Total</b>		<b>396,352,605</b>		<b>685,242,262</b>
<b>Less: Provision for diminution</b>		<b>35,503,507</b>		<b>34,158,233</b>
<b>Equity and other similar funds (unquoted) and debt funds (unquoted)</b>		<b>360,849,098</b>		<b>651,084,029</b>
<b>Total Non-current Investments</b>		<b>413,035,396</b>		<b>703,270,326</b>
<b>Aggregate value of unquoted investments</b>		<b>413,035,396</b>		<b>703,270,326</b>
<b>Bonds and Convertible Bonds (Quoted)</b>				
<b>Foreign Currency Bonds</b>				
ADSEZ 3.375 07/24/24 REGS	819,000	66,347,918	10,000,000	759,678,084
BHARTI 5.35% 05/20/24	3,906,000	325,460,666	7,906,000	650,941,788
BOBIN 3.875 04/04/24 EMTN	-	-	8,600,000	696,825,265
EXIMBK 3.875 03/12/24 GMTN	-	-	700,000	56,806,915
EXIMBK 6.2 03/20/24	-	-	4,000,000	328,671,116
HDFCB 5.686 03/02/26	13,859,000	1,159,516,334	5,000,000	411,268,856
ICICI FLOAT 02/25/24	-	-	1,500,000	122,793,906

# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

Script Name	Quantity 31 <sup>st</sup> March, 2024	Amount as at 31 <sup>st</sup> March, 2024	Quantity 31 <sup>st</sup> March, 2023	Amount as at 31 <sup>st</sup> March, 2023
INRCIN 3.73 03/29/24 EMTN	-	-	8,961,000	725,236,310
JSTLIN 5.95 04/18/24	5,000,000	416,599,635	5,000,000	406,018,404
MUTHIN 4.4 09/02/23 REGS	-	-	9,905,000	805,024,354
NTPCIN 3.75 04/3/24	-	-	1,300,000	105,146,047
NTPCIN 4.375% 11/26/24	6,700,000	552,973,899	6,700,000	542,341,474
OINLIN 5.375% 04/17/24	-	-	9,000,000	738,953,167
ONGCIN 3.75% 05/07/23	-	-	2,480,000	203,492,230
ONGCIN 4.625% 07/15/24	103,000	8,555,064	103,000	8,381,752
PERTIJ 5 5/8 05/20/43	4,000	313,586	4,000	308,414
POWFIN 3.25 09/16/24	-	-	2,700,000	214,511,030
POWFIN 3.75 06/18/24 EMTN	3,000,000	248,951,414	3,000,000	241,104,036
RECLIN 4.75 05/19/23 REGS	-	-	4,400,000	361,164,759
RECLIN 5.25 11/13/23 REGS	-	-	5,700,000	467,849,110
SBIIN 4.375 01/24/24 REGS	-	-	7,800,000	636,670,251
SBIIN 4.875% 04/17/24	1,673,000	139,458,425	1,673,000	136,997,512
SHTFIN 4.4 03/13/24 REGS	-	-	4,204,000	333,704,538
SRILAN 6.2% 05/11/27	25,000	1,235,520	25,000	734,518
TATAIN 5.45% 01/24/28	1,000	82,268	1,000	79,787
TATAIN 5.95% 07/31/24	2,848,000	237,326,032	9,848,000	806,248,451
TTMTIN 5.75% 10/30/24	-	-	3,500,000	282,487,313
TTMTIN 5.875 05/20/25	12,270,000	1,017,518,363	300,000	24,114,101
BPCLIN 4% 05/08/25	4,750,000	388,777,186	-	-
SBIIN 1.8 07/13/26 GMTN	1,600,000	122,755,831	-	-
RECLIN 2.5 09/01/26 GMTN	12,775,000	975,912,503	-	-
SHTFIN 4.15 07/18/25 REGS	2,839,000	227,176,759	-	-
ADSEZ 4 07/30/27	3,000,000	229,607,244	-	-
ADSEZ 4% 07/30/27	2,100,000	160,725,071	-	-
RILIN 2.512 01/15/26	550,000	8,861,147	-	-
RILIN 9.375 06/24/26	4,850,000	434,553,478	-	-
SHFLIN 6.625 04/22/27 REGS	2,000,000	166,760,417	-	-
BHARTI 4 3/8 06/10/25	5,000,000	410,594,475	-	-
HDFCB 5.18 02/15/29	7,000,000	580,285,283	-	-
JSTLIN 5.375 04/04/25	3,200,000	263,717,269	-	-
ONGCIN 3.75% 07/27/26	1,500,000	120,439,739	-	-
OINLIN 5.125 02/04/29	1,500,000	123,981,552	-	-
SBIIN 5 01/17/29 EMTN	14,300,000	1,178,040,252	-	-
WPROIN 1.5 06/23/26 REGS	5,740,000	441,383,464	-	-



# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

Script Name	Quantity 31 <sup>st</sup> March, 2024	Amount as at 31 <sup>st</sup> March, 2024	Quantity 31 <sup>st</sup> March, 2023	Amount as at 31 <sup>st</sup> March, 2023
BPCLIN 4.375% 01/18/27	2,700,000	218,804,760	-	-
ICICI 3.8 12/14/27 REGS	3,500,000	277,079,333	-	-
INRCIN 3.835 12/13/27	2,000,000	157,862,312	-	-
OINLIN 4% 04/21/27	5,500,000	439,589,389	-	-
POWFIN 6.15% 12/06/28	5,000,000	428,530,720	-	-
<b>Total Foreign Currency Bonds</b>		<b>11,529,777,201</b>		<b>10,218,484,805</b>
<b>Total</b>		<b>11,529,777,201</b>		<b>10,218,484,805</b>
<b>Less: Provision for diminution</b>		-		<b>150,931,422</b>
<b>Total Bonds and Convertible Debentures</b>		<b>11,529,777,201</b>		<b>10,067,553,383</b>
<b>Total Current Investments</b>		<b>11,529,777,201</b>		<b>10,067,553,383</b>
<b>Aggregate value of quoted investments</b>		<b>11,529,777,201</b>		<b>10,067,553,383</b>
<b>Aggregate market value of quoted investments</b>		<b>10,076,418,609</b>		<b>10,076,418,609</b>
<b>Aggregate value of unquoted investments</b>		-		-
<b>Total investments</b>		<b>11,942,812,575</b>		<b>10,770,823,709</b>

### 3.9 LONG TERM LOANS AND ADVANCES

(Amount in ₹)

	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>a. Security Deposits</b>		
Unsecured, considered good	1,774,963	1,732,466
	1,774,963	1,732,466
<b>b. Loans and advances to related parties</b>		
Unsecured, considered good	25,021,500	24,651,000
	25,021,500	24,651,000
<b>Total</b>	<b>26,796,463</b>	<b>26,383,466</b>

### 3.10 TRADE RECEIVABLES

(Amount in ₹)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Unsecured, considered good, unless otherwise stated</b>		
Trade receivables exceeding six months from the date they are due for payment	12,444,158	34,003,393
Others	120,538,357	54,457,484
<b>Considered doubtful</b>	12,444,158	34,003,393
Less: Provision for doubtful debts	(12,444,158)	(34,003,393)
<b>Total</b>	<b>132,982,515</b>	<b>88,460,877</b>

# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

## 3.11 CASH AND CASH EQUIVALENTS

(Amount in ₹)

	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Balances with banks:</b>		
On current accounts	51,913,807	103,458,628
<b>Total</b>	<b>51,913,807</b>	<b>103,458,628</b>

## 3.12 OTHER CURRENT ASSETS

(Amount in ₹)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Interest accrued on Bonds	142,694,030	122,319,017
Margin money for Derivatives	-	8,932,153
Prepaid expenses	8,582,556	12,119,129
<b>Total</b>	<b>151,276,586</b>	<b>143,370,299</b>

## 3.13 OTHER INCOME

(Amount in ₹)

	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Interest income on Loans	716,145	638,877
Other income	10,470,460	2,235,456
<b>Total</b>	<b>11,186,605</b>	<b>2,874,333</b>

## 3.14 EMPLOYEE BENEFIT EXPENSE

(Amount in ₹)

	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Salaries, bonus and allowances	80,625,280	76,307,590
Gratuity	709,110	846,055
Expenses on Stock appreciation rights	5,817,611	7,329,107
Deferred Incentive	216,971	2,028,748
Staff welfare expenses	2,336,788	1,222,754
<b>Total</b>	<b>89,705,760</b>	<b>87,734,254</b>



# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

## 3.15 FINANCE CHARGES

(Amount in ₹)

	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Interest on borrowings	117,411,520	58,832,583
Interest on overdraft	818,675	387,261
Bank charges	1,663,636	1,714,057
<b>Total</b>	<b>119,893,831</b>	<b>60,933,901</b>

## 3.16 OTHER EXPENSES

(Amount in ₹)

	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Auditor's remuneration		
- Statutory fees	4,116,042	3,698,510
- Reimbursement of expenses	82,991	12,642
Communication expenses	3,435,022	3,667,918
Net custodial charges	2,806,372	1,725,486
Legal & professional charges	26,767,037	19,068,143
License Fees	1,315,699	1,560,485
Miscellaneous expenses	15,917,094	17,901,830
Membership Fees	5,242,774	4,504,148
Rent	2,212,213	2,158,383
Travel expenses	2,758,067	2,409,192
Insurance Charges	4,500,249	4,600,975
Provision on other receivables	(21,910,894)	19,690,919
Royalty Expenses	905,869	2,095,356
<b>Total</b>	<b>48,148,535</b>	<b>83,093,987</b>

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

## 3.18 CONTINGENT LIABILITY

Guarantee secured against margin deposit in Dubai amounted to ₹1,135,559 (previous year ₹1,118,745)

## 3.19 CAPITAL COMMITMENT

The Company has made a total commitment of ₹ 834,050,000 (Previous year ₹ 821,700,000) of which ₹ 729,234,853 (Previous year ₹ 714,331,090) was called upon by Core Infrastructure India Fund Pte. Ltd. till 31<sup>st</sup> March, 2024. The Company will be called upon at a later date to pay ₹ 104,815,147 (Previous year ₹ 107,368,909) to meet its total commitment in Core Infrastructure India Fund Pte. Ltd.

## 3.20 SHORT-TERM BORROWINGS

The loans from Julius Baer Bank Ltd., with terms of up to 30 days bear an interest rate of 5.37 % to 6.88 % (2023: 2.41 % to 5.46 %) per annum. Loans from Kotak Mahindra Asset Management (Singapore) Pte. Ltd and Kotak Mahindra (UK) Limited are with term of up to 6 months and bear an interest of 5.62% to 6.20%

**3.21** The Company monitors proposed and issued tax laws, regulations and cases to determine the impact on uncertain tax positions. The foregoing is based on the taxation laws and practices currently in force in Mauritius and India and may be subject to change.

# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

## Taxes in Mauritius:

The Company, being tax resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. As the Company has received its Category 1 Global Business Licence ("GBL1") before 16<sup>th</sup> October 2017, it is grandfathered as per the provisions of the Financial Services Act, 2007 issued by Financial Services Commission and would benefit from deemed tax credit regime up to 30<sup>th</sup> June 2021. As from 1<sup>st</sup> July, 2021, the Company's GBL1 licence shall be deemed to be a Global Business Licence ("GBL").

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

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

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

## Taxes in India:

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

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

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

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

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

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

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



# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

## 3.22 DERIVATIVES

### Currency forwards

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

### Non deliverable forwards

Currency Pair	Fair value	Notional Contract Value
<b>USD-INR</b>	<b>USD</b>	<b>USD</b>
<b>31<sup>st</sup> March, 2024</b>	<b>(638)</b>	<b>Long: 500,000</b>
	(1,470)	Short: 250,000
31 <sup>st</sup> March, 2023	(1,763)	Long: 500,000

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

Reporting period	Unrealised Gain/ (Loss)	Notional Contract Value
<b>31<sup>st</sup> March, 2024</b>	-	-
31 <sup>st</sup> March, 2023	-	-

Summary and total outstanding derivative financial instruments outstanding as at 31<sup>st</sup> March, 2024

(Amount in ₹)

Reconciliation of number of shares	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	Fair Value USD	Notional USD	Fair Value USD	Notional USD
Foreign Currency Forward Contracts	(638)	Long: 500,000	(1,763)	Long: 500,000
Foreign Currency Forward Contracts	(1,470)	Short: 250,000	-	-
<b>Total</b>	<b>(2,108)</b>	<b>750,000</b>	<b>(1,763)</b>	<b>500,000</b>

## 3.23 EARNINGS PER EQUITY SHARE

(Amount in ₹)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
Earnings used in the computation of basic and diluted earnings per share (A)	642,788,594	124,072,530
Weighted average number of equity shares used in computation of basic earnings per share (B)	4,081,650	4,081,650
Nominal value of Equity shares	\$1	\$1
Basic and diluted earnings per share (₹) A/B	157.48	30.40

# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

## 3.24 STOCK APPRECIATION RIGHTS (SARS)

At the General Meeting of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had unanimously passed Special Resolution on 29<sup>th</sup> June, 2015 to grant stock appreciation rights (SARs) to the eligible employees of the Bank, its subsidiaries and associate companies. Pursuant to this resolution, Kotak Mahindra Stock Appreciation Rights Scheme 2015 has been formulated and adopted. Subsequently, the SARs have been granted under this scheme and the existing SARs will continue.

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

Detail of activity under SAR is summarized below:

	No. of SARs	
	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
Outstanding at the beginning of the year	24,656	35,277
Granted during the year	950	10,230
Exercised during the year	(10,866)	(20,851)
Outstanding at the end of the year	14,740	24,656

Effect of cash-settled options to employees on the profit and loss account and on its financial position

Year ended 31 <sup>st</sup> March,	(Amount in ₹)	
	2024	2023
Total Employee Compensation Cost pertaining to cash-settled options	5,817,611	7,329,107
Closing balance of liability for cash-settled options	7,644,655	9,724,393

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 ₹ 1,341,972 (Previous year- ₹ 1,761,531) and the profit after tax would have been higher by ₹ 1,301,712 (Previous year- ₹ 1,708,685).

## 3.25 DEFERRED TAX

	(Amount in ₹)	
	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Opening Balance	39,949	(28,807)
Additions/(deductions) during the period		
- due to expense of share based payment cash settled	40,259	(69,636)
- due to translation reserve	(80,207)	138,392
Closing Balance	-	<b>39,949</b>





# Schedules

Forming part of the Financial Statements as at 31<sup>st</sup> March, 2024

## 3.26 RELATED PARTY TRANSACTIONS

(Amount in ₹)

Particulars			Volume of transaction for the year ended		Receivable/(Payable) Balance as at	
Related Parties	Nature of relationship	Nature of transactions	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Kotak Mahindra (UK) Limited	Associate	Custody fees	2,805,856	1,322,413	-	-
		Referral expenses	-	-	-	-
		PIFL Distribution fees Expenses	61,411,046	53,260,954	-	-
		Calculation agency expense	-	-	-	-
		Referral income	6,147,440	5,827,298	-	-
		Distribution fees Expenses	4,826,312	-	-	-
		Interest expense	44,890,287	14,596,122	-	-
		Short term loan	-	-	(750,645,000)	(739,530,000)
		Current account	-	-	-	(24,709,375)
		Payable	-	-	(3,502,776)	(1,600,562)
Kotak Investment Advisors Limited	Fellow Group Entity	Advisory expense	13,681,791	13,258,699	(4,925,000)	(4,503,000)
Kotak Mahindra Financials Services Limited	Associate	Loan given	-	-	25,021,500	24,651,000
		Interest Income	716,145	482,351	-	-
		Upfront & referral fees expenses	-	-	-	-
Kotak Mahindra, Inc.	Fellow Group Entity	Loan	-	-	-	-
		Interest Income	-	-	-	-
		Service Fees	8,631,315	-	-	-
		Distribution Fees	13,836,016	-	-	-
		Referral expenses	29,160,499	26,818,532	(2,755,551)	(1,843,046)
Kotak Mahindra Bank Limited	Holding Company	Referral income	2,654,019	2,890,457	-	-
		Outsourcing costs	12,151,948	12,201,251	-	-
		Other expenses	-	6,356	-	-
		Custodial charges	516	-	-	-
		Royalty	905,868	2,095,356	-	-
		Intermediary trail fees	16,050,533	1,084,717	-	-
		Interest Expenses	-	-	-	-
		Bank Balances	-	-	-	-
		Investment advisory fees expenses	28,518,489	41,933,498	(3,552,604)	(3,500,000)
		Interest income	-	-	-	-
Kotak Mahindra Asset Management Company Limited	Fellow Group Entity	Administration & payroll expense	1,466,846	1,424,142	-	-
IQ EQ Fund Services (Mauritius) Limited	Administrator	Administration & payroll expense	1,466,846	1,424,142	-	-
		Interest income	-	-	-	-
Kotak Mahindra Asset Management (Singapore)Pte. Limited	Fellow Group Entity	Portfolio Advisory Expenses	26,571,798	22,326,399	(5,102,941)	(1,534,576)
		Loan	-	-	(1,463,757,750)	(1,088,752,500)
Directors remuneration included in "Employee cost"		Interest expense	70,053,624	37,111,760	-	-
			25,372,932	28,195,372	-	-

During the year compensation to Key Managerial Personnel was ₹ 25,349,042 (Previous year ₹ 27,692,923).

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

## 3.28 EVENTS AFTER REPORTING DATE

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

In terms of our report of even date

For and on behalf of the Board of Directors of

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

**A. N. Shah**  
Partner  
Membership No. 042649

Mumbai  
Dated: 25<sup>th</sup> April, 2024

**Neeraj Malhotra**  
Director

Mumbai  
Dated: 25<sup>th</sup> April, 2024

**Thirumagen Vaitilingon**  
Director



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

Company Registration Number: 12499/712