

Annual Report 2023-24



**Kotak Securities Limited**



**Transforming**  
for scale





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# Directors' Report

To  
The Members of

## KOTAK SECURITIES LIMITED

Your Directors have pleasure in presenting the 30<sup>th</sup> Annual Report on the business and operation of your Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2024.

### FINANCIAL HIGHLIGHTS

The key highlights of the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2024 and a comparison with the previous financial year ended 31<sup>st</sup> March, 2023 are summarized below:

Particulars	Amount (in ₹ crore)	
	As on 31 <sup>st</sup> March, 2024	As on 31 <sup>st</sup> March, 2023
<b>Total Income</b>	3,918.46	2,839.78
Profit/ (Loss) before Interest, Tax and Depreciation	2,177.20	1,447.63
Finance Cost	362.77	269.46
<b>Profit/ (Loss) before Depreciation and Tax</b>	1,814.42	1,178.17
Depreciation	76.22	62.74
<b>Profit/ (Loss) before Tax</b>	1,738.21	1,115.43
Tax Expense (including deferred tax credit)	426.54	276.09
<b>Net Profit/ (Loss)</b>	1,311.66	839.34
Other Comprehensive Income	(1.08)	(22.43)
Total Comprehensive Income	1,310.59	816.91
<b>Balance carried to Balance Sheet</b>	1,310.59	816.91
<b>Earning Per Share (Basic &amp; Diluted)</b>	8,197.90	5,245.87

### FINANCIAL HIGHLIGHTS AND PERFORMANCE OF THE COMPANY

During the financial year ended 31<sup>st</sup> March, 2024, your Company's total income is ₹ 3,918.46 crore as against ₹ 2,839.78 crore in the previous year. The profit before tax stood at ₹ 1,738.21 crore for the year as against ₹ 1,115.43 crore for the previous financial year. The net provision for tax (current tax and deferred tax) for the year is ₹ 426.54 crore (previous year ₹ 276.09 crore). After making provision for income tax, the net profit for the year ended 31<sup>st</sup> March, 2024 is ₹ 1,311.66 crore as against ₹ 839.34 crore for the previous financial year.

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Companies Act 2013 (the Act).

Consolidated Financial Statements in terms of Section 129(3) of the Companies Act, 2013 are prepared consolidating Financial Statements of Subsidiaries and Associates in accordance with applicable Accounting Standards.

The performance of the subsidiary and each of the associates are presented in AOC 1 (enclosed herewith as **Annexure A**) which forms part of the Financial Statements.

### DIVIDEND

Your Directors are pleased to recommend a dividend of ₹300/- per equity share (previous year ₹ 300/- per share) for the year ended March 31, 2024. This would entail a payout of ₹48,00,00,000/- (Rupees Forty Eight Crore only). The dividend would be paid to all the shareholders, whose names appear in the Register of members / beneficial holders list on the date of Annual General Meeting.



## SHARE CAPITAL

### ➤ AUTHORISED SHARE CAPITAL

The Authorized Share Capital of the Company is ₹160,000,000/- (Rupees Sixteen Crore only) divided into 16,000,000 (One Crore Sixty Lakh) Equity Shares of ₹10 /- each.

### ➤ ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

During the financial year 2023-24, there was no further issue of equity share capital.

The Issued, Subscribed & Paid-up Share Capital as on 31<sup>st</sup> March, 2024 is ₹16,000,000/- (Rupees One Crore Sixty Lakh only) divided into 1,600,000 (Sixteen Lakh) Equity Shares of ₹10 /- each.

## HOLDING

The Company is subsidiary company of Kotak Mahindra Bank Limited (KMBL).

## SUBSIDIARY

Kotak Mahindra Financial Services Limited (KMFSL).

## ASSOCIATES

- Kotak Mahindra Prime Limited (KMPL).
- Kotak Infrastructure Debt Fund Limited (KIDFL).

## MATERIAL CHANGE AND COMMITMENT:-

In terms of the information required under sub-section (3)(l) of Section 134 of the Act, it is to be noted that no material changes and commitments, affecting the financial position of the Company has occurred between the end of the financial year of the Company to which the Financial Statements relate and to the date of the Directors Report.

## FY24 REVIEW AND FUTURE OUTLOOK

### MARKET

The Indian market offers a mixed picture with most large-cap. stocks trading at fair-to-reasonable valuations and most mid- and small-cap. stocks trading at extremely high valuations. However, the high valuations of the market needs to be viewed in the context of (1) India's strong macroeconomic situation (robust GDP growth, decent balance of payments, fiscal and inflation); a normal monsoon and lower inflation in product prices may result in a gradual recovery in consumption demand, especially from low-income and rural households, (2) strong earnings growth over FY2025-26 led by healthy growth in volumes and stable profitability across sectors and (3) stable global macro-economic outlook; declining global inflation may lead to reduction in policy rates by major central banks, which should provide be a positive for global equities and the Indian market.

At 22,957, Nifty-50 Index trades at 21.1x FY25E net profits and at 18.4x FY26E net profits, which look reasonable versus history and bond yields. However, valuations of the Nifty-50 Index may not be a good indicator given the wide disparity in valuations across sectors and stocks. The market continues to a three-part market with (1) sectors such as financials trading at reasonable valuations, (2) sectors such as consumer, IT services and pharmaceuticals trading at full-to-rich valuations and (3) sectors such as automobiles, capital goods and PSUs trading at extremely rich valuations.

We expect net profits of the Nifty-50 Index to grow by 9.4% (EPS of ₹1,089) in FY25 and by 14.2% (EPS of ₹1,246) in FY26. The low growth for FY25 reflects the high base of profits in a few cases, where earnings were inflated by one-off factors (accounting change in the case of Coal India and high marketing margins in the case of the downstream oil companies). Adjusted for the net profits of Coal India and the downstream oil companies, we expect net profits of the Nifty-50 Index to grow 14.9% in FY25 and 14.4% in FY26, with broad-based earnings growth across sectors. FY24 net profits of the Nifty-50 Index grew a strong 20.3% (13.5% adjusted for net profits of Coal India and the downstream oil companies).

The Indian market's medium-term outlook continues to be attractive given (1) favorable demographics and rising share of working-age population in overall population, (2) improvement in productivity led by large ongoing investment by the government and the private sector in infrastructure and (3) strong earnings prospects across sectors led by higher consumption of goods and services linked to rising household incomes, increased domestic manufacturing supported by the government's thrust on domestic manufacturing (PLI scheme) and higher manufactured and services exports.

### KEY RISKS

- Global growth slowdown in key economies
- Continued high inflation with inflation staying above the 2% target of major central banks resulting in continued tight monetary policy of major central banks
- High commodity prices could negatively impact the economy through higher-than-expected inflation and earnings through lower profitability in certain sectors

Source: KIE reports and based on the interviews of Mr. Nilesh Shah and Mr. Sanjeev Prasad.

## AWARDS AND RECOGNITIONS

Sr. No.	Awards	Institution	Month
1.	National Feather Touch Award - Best Marketing Campaign	Feather Touch Award	Mar-24
2.	National Feather Touch Award - Best Marketing Team	Feather Touch Award	Mar-24
3.	Customer Engagement Campaign of the Year	ASSOCHAM	Feb-24
4.	Best Use of Data Analytics in Marketing	ASSOCHAM	Feb-24
5.	Pitch BFSI Marketing Awards 2023 - Most Effective Launch / Relaunch campaign	Exchange4Media	Oct-23
6.	Pitch BFSI Marketing Awards 2023 - Most Effective Marketing Campaign - Online Trading Platform	Exchange4Media	Oct-23
7.	Pitch BFSI Marketing Awards 2023 - Most Effective Performance Marketing Campaign	Exchange4Media	Oct-23

## OPERATIONS

The financial year 2023-24 witnessed a volume growth in equity derivative, currency and commodity segment, and volume de-growth in cash market segment over FY 2022-23. Market average daily volumes (excluding proprietary segment) increased from ₹ 148,674 crore for FY 2022-23 to ₹ 161,901 crore for FY 2023-24. Consequently, the Company's volumes also have gone up in derivatives segment while they have reduced in cash segment.

The Company's market share (excluding proprietary segment) for FY 2023-24 changed to:

- 12.63% compared to 9.23% in FY 2022-23 for NSE options segment.
- 18.37% compared to 9.92% in FY 2022-23 for commodity segment.
- 10.24% compared to 10.55% in FY 2022-23 for cash segment.

**Note:** Market share excludes proprietary segment volumes

## RETAIL SEGMENT

Over the past year, our primary focus has been on enhancing the customer experience by addressing key challenges encountered by our clients. This involved the introduction of several initiatives:

- Launched new Mutual Funds platform with native journey and leveraging a unified backend across all channels.
- Implementation of a new account opening flow featuring a redesigned system and open APIs, facilitating a smoother process.
- Introduction of Trade Free Pro, recognized as one of the industry's premier brokerage plans tailored for Pay later (MTF) traders.
- Revamping of the IPO module to ensure a faster and more reliable experience, replacing the legacy system.
- Implementation of real-time alerts for stocks and derivatives based on 27 parameters such as Last Traded Price (LTP), Volume, and Greeks.
- Introduction of SIPit, providing a straightforward method for initiating Systematic Investment Plans (SIPs) in stocks.
- Deployment of a resilient CRM system using Salesforce, enabling us to effectively manage our rapid growth.
- Launching Trade with Charts, a web-based platform offering traders comprehensive access to trading resources in a single location.
- Introduction of BSE derivatives trading, fulfilling a significant demand from our client base, enabling trading in Sensex and Bankex futures and options.
- Introduction of InstaTrade, a fast and convenient trading solution for scalpers, integrating charts, option chains, and positions on a single screen.
- Introduction of a Daily Profit and Loss (P&L) calendar, providing traders with a valuable tool for analysing their trading activities and identifying areas for improvement.
- Integration with external tax filing portals to streamline the tax filing process for our clients.

These initiatives collectively signify our commitment to continuously improving our services and ensuring a seamless experience for our customers.

As on 31<sup>st</sup> March, 2024, the Company had a national footprint of 1,196 branches, franchisees and referral co-ordinators across 322 cities in India serving its customers. The cumulative number of registered authorised persons stood at 1,485 for NSE and 1,231 for BSE.

## INSTITUTIONAL EQUITIES

In FY 2023-24, Institutional Equities division of your Company, registered stellar growth in revenues and maintained its leadership position in both the cash equities and derivatives segments. During FY 2023-24, overall market volumes in the institutional segment increased by 43% Y-o-Y for the cash segment and by 78% Y-o-Y for the derivatives segment, which contributed to the strong growth in the division's volumes and revenues. Kotak Institutional Equities was able to maintain its yields across client segments despite strong competition and continued to add new clients to its franchise. It also showed very strong performance in distribution of IPOs, QIPs, open offers and execution of block trades and maintained its leadership position.



The Institutional Equities research team continued to add new sectors and companies to its list of coverage. The division continues to upgrade its IT infrastructure by investing in latest technology across segments to improve operational efficiency and maintain its overall leadership position in the institutional segment.

## PRIMARY MARKET

In the current financial year, your Company witnessed an increase in IPO and Debt issues.

In the current financial year, your Company was associated with the distribution of 79 Public Offer Issues, 40 Debt Public Offer Issues, 25 Offers for Sale, 120 Buybacks and 4 Sovereign Gold Bond issues.

## RISK MANAGEMENT

Your Company has a robust Risk Management framework to identify and evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

The Company has identified following key business risks and has suitable risk mitigates in place:

### A) CREDIT RISK:

Your Company has in place, a widespread credit policy to monitor clients margin requirement to prevent risk of default which includes well defined basis for categorization of securities, client-wise/scrip-wise maximum exposure, segment-wise margin requirement, etc. for better management of credit risk.

#### ➤ Key Risk:

- Market volatility could lead to mark to market losses and diminution in the underlying collaterals used as margin by the clients.
- Risk of non-realization of debits under Margin Trading Facility (MTF) & Debtor books due to fall in the collateral value.
- Risk of a diminution in value of a single stock/collateral position in a single client account.
- Non confirmation of trades by custodians for Institutional clients.

#### ➤ Mitigant & Measures:

- Exposure to the clients are being given on the basis of margin available with us in the form of cash & securities, wherein higher % of haircuts vis-à-vis exchange haircuts are being applied on securities provided as margin. Dynamic risk monitoring mechanism which is a continuous process is in place.
- End of the day, value at risk (VaR) is calculated and the report gets circulated to senior management with respect to maximum possible risk the firm can incur on account of clientele trades.
- Approval matrix has been defined in the Credit Policy for various exposure limits going up to the Board.
- Upper Cap for acceptance of securities from a client and / or across all clients in absolute terms and / or on an overall basis to avoid concentration risk is defined in Credit Policy.
- For institutional clients, trading limits are approved by Co-Heads in consultation with Trading Heads at the time of onboarding. Limits are assigned based on client size, background, future potential.
- For Cash Equity, aggressive follow ups are made with Custodians for confirmation of trades. For F&O trades, aggressive follow ups with Professional Clearing Member (clearer) during the day to ensure that there are minimal trades in the Company's books. Intensified follow-up during expiry week, event days and on volatile days to ensure that all trades are given-up by the respective PCM.
- High Frequency Trading (HFT) clients are on auto give-up mode.

### B) MARKET RISK:

Market risk is the risk to earnings and capital due to volatility of interest rates, prices of securities, liquidity etc. A dedicated team monitors the exposure limits regularly (intra-day and on day to day basis) to check for any breach and sends alerts to the prop trading desk for appropriate action. The team is also responsible for designing the calculation methodologies for VaR / exposure.

#### ➤ Key Risk:

- Risk of unhedged positions for intermittent period in the Prop arbitrage book and risk due to market volatility in Delta positions.
- Risk of diminution in the value of investments made by the Company in various instruments such as Bonds, NCDs, Special Situation Fund and Mutual Funds etc.

➤ **Mitigant & Measures:**

- There is a dedicated Prop risk management team which continuously monitors the unhedged position and take appropriate steps.
- Proactive and real-time risk management, backed by available technology and prudent risk management framework help tide over the market volatility without any material impact.
- End of the day, VaR is calculated and the report gets circulated to senior management with respect to maximum possible risk the firm can incur on account of proprietary trades.
- Monitoring of short term investments is done by treasury team on regular basis & long term by Finance & Accounts team on quarterly basis.

**C) LIQUIDITY RISK:**

Your Company has a strong financial position and the business is adequately capitalized and, appropriate credit lines are available to address liquidity risk. Daily monitoring of margin utilization (requirement) vis-à-vis margin available is done, to identify any liquidity gap and necessary arrangement of funds is carried out accordingly.

➤ **Key Risk:**

- Risk of Dealer executing a very large trade without informing treasury team. This may result in margin shortfall of funds / collaterals at Exchange level and trading terminals going into Risk reduction mode.
- Risk of not being able to meet short-term financial obligations.

➤ **Mitigant & Measures:**

- Sufficient collaterals with exchanges are maintained to ensure that at all times the terminals operate below Risk Management Committee (RMC) approved thresholds (i.e. 10% below Risk Reduction / Square-off mode).
- All front office teams have been informed that prior approval of Treasury head is required for any order with margin requirement of ₹100 Crore or more.
- Creditors MIS is prepared to ensure surplus liquidity is available over and above creditors money.
- Liquidity is monitored on a daily basis in form of LCR (Liquidity Coverage Ratio) wherein outflows and inflows are stressed upto coming 30 days.
- Detailed liquidity stress testing in the form of liquidity data is being sent to rating agencies, wherein liquid assets are mapped against known liabilities (Majorly CP repayment) for up to next 6 months and a positive liquidity profile is always maintained.
- Unutilized Bank lines of approx. ₹1,500 crore to meet any sudden liquidity issue due to volatility in the market.

**D) OPERATIONAL RISK:**

Your Company manages the operational risks through well-defined operational processes, policies and systems, which are reviewed on a periodical basis. Frequent audits by Internal Auditors further ensure adherence to defined processes and policies.

➤ **Key Risk:**

- Risk of erroneous orders by dealers, fat finger error etc.
- Loss resulting from inadequate or failed procedures, systems or policies.
- Faulty systems which can cause erroneous execution of orders from clients' account.
- Algo Risk.

➤ **Mitigant & Measures:**

- There are terminal level limits in place to restrict maximum amount of order that can be placed.
- Client wise single order level limit are put in place in addition to exchange prescribed single order/client level limit
- Automation and Digitalization are adopted and is being promoted for all critical processes such as; Account Opening, Pay-in & Pay-out and Depository Participant (DP) Operations. Manual processes are controlled with dual checks i.e. Maker & Checker.
- Emphasis is made on modifying existing workflows, business rules, systems and policies, which helps in keeping operational risk management practices optimized and up to date.





- Internal Audit covers periodical monitoring of the activities from controls and compliance perspective.
- Limits are set at Terminal, Dealer & Order level to mitigate the risk of erroneous orders. Additionally, orders in client accounts are being executed on the basis of available margin
- For institutional trades, maker-checker process for booking of trades for orders received on phone / chats by way of ticketing mechanism. Further, initiatives taken to increase orders through FIX mode. Smart real time dashboard displaying real time trade data vis-à-vis orders.
- To mitigate Algo risk, any new Algo or subsequent modification undergoes a rigorous testing and certification. Client level and terminal level limits implemented. Additionally, there are sufficient risk rules to safeguard the interest of the Company.
- All certified Algos are compulsorily tested during the mandatory mock trading sessions conducted by the Exchanges.
- Daily monitoring of surveillance alerts generated based on regulatory as well as internal parameters.

#### E) REGULATORY AND COMPLIANCE RISK:

Your Company has dedicated Compliance Team whose primary responsibility is to circulate / guide the functional teams in implementing the various regulatory circulars, guidelines, etc. Further, regular Internal Audit carried out by regulators / Internal Auditors of the Company ensures adherence to the regulatory / policies requirements on any specific area / function. Discussion of audit findings of various Regulators (including concurrent audits as mandated by SEBI / NSDL) with the Senior Management / Board is carried out.

##### ➤ Key Risk:

- Failure to comply with regulations / circulars exposes the organization to risk of regulatory action.
- Failure to comply with regulatory guidelines by Authorised Person.

##### ➤ Mitigant & Measures:

- Compliance function ensures all business functions / operations are timely updated with the regulatory requirements involving changes / improvements in existing processes.
- Half-yearly SEBI prescribed Internal Audits are carried out by an independent external Chartered Accountant (CA) firm.
- Compliance team does a review and send monthly updates on the compliance status of various circulars / regulations / guidelines issued by SEBI / Exchanges / other regulators to the Management.

#### F) REPUTATIONAL RISK:

Your Company manages, the reputational risk through well-defined code of conduct policies as well as robust controls in client trading which are reviewed on periodic basis.

##### ➤ Key Risk:

- Reputation risk refers to the potential for negative publicity, public perception or uncontrollable events to have adverse impact on the Company reputation, thereby affecting revenue.
- Risk of transactions in client account without consent from clients.
- Clients trading in F&O segment without having appropriate knowledge could lead to losses and client complaint.

##### ➤ Mitigant & Measures:

- We do social media monitoring through a third party tool which helps us to track messages across social media platforms about KSL.
- Code of conduct for all the employee is in place and appropriate action is taken against employees who breach the code of conduct policy. Additionally, awareness e-mails are sent to all the employees on regular basis.
- In trinity accounts, for funds transfer through dealers, we have put in a process whereby a link goes to client on registered email id & mobile number. Client can either approve or reject the request.
- Instant App notification is triggered to client after trade is executed. Exchange also sends email and SMS to clients at the end of day whenever a trade is executed in client account. Contract notes are also send to clients by KSL.
- In order to ascertain if client is well conversant, calls on various occasions are made to clients such as; client trading through dealer 1<sup>st</sup> time in F&O segment, client incurring loss of ₹5 lacs and in multiples thereon etc.
- Relationship Managers continuously connect with their clients to iron out any issues / concerns.

## G) TECHNOLOGY RISK & CYBER RISK:

Your Company has a well-defined Business Continuity Plan (BCP) and Cyber Security Policy to safeguard the Organizations assets and data.

### ➤ Key Risk:

- Disruption to the activity of an organization causing financial, compliance reputation and other risks due to failure of its IT systems.
- Threat of Cyber Attacks causing technology failure to disrupt business.
- Vulnerability in any of the IT systems not being detected or not being rectified in a timely manner.

### ➤ Mitigant & Measures:

- Information technology risk management framework for safeguarding IT assets and data; such as Data Security, Application Security, Information security, Server & End Point, Network Security and Perimeter Security are in place.
- Business Continuity Plan (BCP), Disaster Recovery Plan (DR), and Cyber Security Policy is in place for protecting the organizations cyberspace against cyberattacks, threats and vulnerabilities. We are continuously evolving in this regard.
- Continuous Risk Assessment, Cyber Security Awareness, system audit, cyber audit and Vulnerability Assessment & Penetration Testing (VAPT) audits are in place.

## H) EARNINGS RISK:

One of the primary business objectives of any institution is to ensure a steady growth of its earnings. As a responsibility towards its shareholders, in addition to funding dividends, strong earnings performance allows the institution to grow, engage in new activities, remain competitive, and help maintain adequate capital levels. Regulators may share a similar level of appreciation for earnings performance through their focus on an institution's ability to augment capital. The Company engages in a variety of financial transactions, which are subject to different forms of risk which give rise to uncertainty in the earnings expected out of those transactions. Managing the earnings volatility is thus central to achieving a continued growth and fulfillment of business objectives of the Company.

### ➤ Key Risk:

- Impact on earnings due to risk of high volatility in the market.
- Stiff competition from new age brokers resulting in reduction of brokerage rates.
- Impact of change in interest rates on MTF book.

### ➤ Mitigant & Measures:

- Introduction of new products and enhancement of existing products.
- Financial results are reviewed by the Managing Director on a monthly basis and also reviewed by the board on a quarterly basis.
- Timely review of any change in interest rates is done by Risk Head along with Chief Operating Officer and Managing Director. Based on such review, it is decided whether to pass on the effect of such change in interest rates to clients.

## I) LEGAL RISK:

The Company has a separate Legal department, which is consulted to review legal issues involved in new/existing product offerings, related customer documentation/forms and other incidental matters. Most legal documents/ contracts (including outsourcing contracts) need to be vetted and approved by the Legal department. Assistance/opinions are also sought from other reputed external consultants, wherever required. The Legal department also deals with customer disputes/ claims which arise from time to time. The management shall ensure that there is a robust system for assessing the legal risk and adequate controls are in place for managing and mitigating legal risk affecting the performance of the Company

### ➤ Key Risk:

- Risk of inadequate coverage or an adverse clause in an agreement / contract executed by the company with any counterparty / vendors / clients etc.

### ➤ Mitigant & Measures:

- All agreement/contract (including outsourcing contracts) are vetted and approved by the Legal department before execution.
- Legal department reviews customer documentation/forms from legal perspective. Assistance / opinions are sought from external legal firms wherever required.

## J) MODEL RISK:

The Company uses internal models in the financial reporting and credit risk segment. The Company also uses model for estimation of credit loss for financial reporting under IndAS. As the models rely on certain assumptions to perform the necessary calculations, the Company is exposed to model risk.



➤ **Key Risk:**

- Output from the model may not be accurate.

➤ **Mitigant & Measures:**

- Existing models like Expected Credit Loss model is calculated by Finance team and reported in annual accounts & the same is verified by Statutory Auditor on annual basis.

**K) OUTSOURCING RISK:**

In modern world, outsourcing is increasingly used as strategic means for both reducing costs and achieving planned goals. Businesses throughout the world are increasingly using third parties to carry out activities that the businesses themselves would normally have undertaken. These outsourcing arrangements are also becoming increasingly complex.

➤ **Key Risk:**

- Quality of Outsourced Vendor / service provider.
- Vendor failure to deliver or constant delays.
- Privacy & Security.

➤ **Mitigant & Measures:**

- The Company conducts suitable due diligence processes while selecting third party service provider and monitors the performance on an ongoing basis.
- The Company has entered into a written agreement with each vendor / service provider covering the terms and conditions, obligations and responsibilities of both parties in detail including clauses related to confidentiality, security, right to inspection etc.
- Outsourcing Policy is in place to provide guidelines for outsourcing any activity to third party vendor.

**L) FRAUD RISK:**

Fraud risk is the possibility of any unexpected loss, be it financial, reputational, or material, due to fraudulent activity by an internal or external factor.

➤ **Key Risk:**

- Fund misappropriation by employees, Hoax Employees, signature forgery etc.
- Data theft by Employees
- Fraudulent practices by clients including match and reversal trades, pump and dump activity, front running etc.
- Moonlighting by employees

➤ **Mitigant & Measures:**

- Whistle Blower Policy is in place to report any fraud incident anonymously.
- Implement a robust approval processes for invoices & payments, including dual authorization, segregation of duties etc.
- Physical Access controls, password protection policy, Data loss prevention (DLP) process etc.
- Surveillance and Anti-money laundering (AML) team monitors the trading activity of clients to check fraudulent activities if any. Monitoring of Voice Recordings is done on random basis.
- Regular bank reconciliations & independent audits by external independent firms.
- Regular awareness training and sensitizing on the subject to employees.
- HR perform validation of moonlighting from the Employees' Provident Fund Organization (EPFO) of employees.

**M) CONDUCT RISK:**

Conduct risk means anything that an entity might engage in that would cause problems to consumer protection, market integrity or competition.

➤ **Key Risk:**

- Front Running.
- Unauthorized trading on behalf of the client by any employee/ AP.
- Mis-utilization of client's sensitive information by any employee.

- Mis-selling to clients.
- Inappropriate behavior towards other employees, Unfair dealing with customers etc.
- Malpractices of AP's and Dealer's.

➤ **Mitigant & Measures:**

- Restricted internet access, Mobile restriction in dealing room, recorded telephone lines, CCTV in large dealing rooms. Surveillance team analyses the alerts on probable Front Running cases. Random checking of phone calls and chats of dealer as part of surveillance measure.
- There is team under Internal Controls which monitors Voice Recordings of dealers/ AP's
- Surprise Inspections of AP's are conducted by Internal Control team.
- Code of conduct for all the employee is in place and appropriate action is taken against employees who breach the code of conduct policy. Additionally, awareness e-mails are sent to all the employees on regular basis
- Email monitoring by Internal Controls team.
- Duties are segregated between departments & data is available with the teams on need to know basis.
- Employee code of conduct, POSH policy and POSH committee is in place.
- Investor Grievances team handles any complaints regarding mis-selling by clients.
- Whistle Blower Policy is in place to report any mis-conduct by any employee.

**N) PEOPLE/ MANAGEMENT RISK:**

Company requires persons of requisite skill and experience to run its business and operations. Failure to attract and retain key personnel presents a risk to the Company and in meeting its business goals.

➤ **Key Risk:**

- Failure to attract and retain key personnel

➤ **Mitigant & Measures:**

- HR conducts various events / programs for employee recognition, rewards and employee welfare.
- Regular events are organised during festivals and employees are encouraged to participate in such events.
- Medi claim policy is in place.
- Regular benchmarking is done with respect to employee Compensations.

**O) HIGH FREQUENCY TRADING (HFT) BUSINESS RISK:**

HFT have become an integral part of the financial markets due to convergence of several factors. These include the growing role of technology in present-day markets, the increasing complexity of financial instruments and products, and the ceaseless drive towards greater efficiency in trade execution. While HFT arguably have improved the market liquidity and asset pricing consistency, their growing use also has rise to certain risk that can't be ignored.

➤ **Key Risk:**

- Risk Management System rules are bypassed by the client.
- Clearing team not accepting Trades.
- Algo Misfire - Client Algo fires incorrect order.
- RMS failure.
- Hardware / network failure.

➤ **Mitigant & Measures:**

- All exchange mandatory RMS checks are incorporated in inline RMS. Any changes done in the RMS library by client will be traced by IT Team through MD5Sum check.
- Parallel RMS monitoring of Order + Trade based Margin. Any breach in pre or post trade margin on defined % thresholds will initiate Kill switch and stop trading.
- Trade Based SPAN and Exposure check in inline RMS.
- Online give up to ensure no Exchange obligation at KIE level.



- As one more additional check, KIE Risk periodically verifies the overall Margin Utilisations with the PCM.
- Margin & MTM money lying with Kotak PCM to safeguard KIE interest.
- Collateral, Prev. Day Position & other such information sharing arrangement with Clearing Member (PCM).
- Any position unapproved by PCM beyond a certain agreed threshold with the client shall be subject to square-off by KIE.
- Limit in the system for unapproved trades to prevent the client from further trading.
- Monitoring of the risk through an In-house application (Eagle Eye) which is based on trade drop copy with manual kill functionality.
- Kotak to be preferred execution broker.
- Additionally the KIE risk team has access to the inline RMS GUI, which displays the margin utilization.
- Due diligence with the client at the time on onboarding and educating on the Exchange rule and possible implications for violations.
- Undertaking from Client for any changes in Algo.
- Client approved under DMA Category with necessary details as part of application.
- In built alert in parallel RMS / dashboards as part of risk check.
- Margin and MTM utilization alert on defined threshold.
- Exchange Limit Price Protection check (% of Avg. LTP of last 30 seconds) to protect trade at abnormal prices.
- Throttling of order per second.
- Daily monitoring of surveillance alerts generated based on regulatory as well as internal parameters.
- RMS is thoroughly tested for functionality and load by Risk and Technology Team.
- Only after above thorough testing this RMS is sent for audit and certification to firms complying with Exchange criteria for certification.
- Necessary undertakings obtained from vendors of the RMS for features and functionalities that cannot be tested.
- The RMS is piloted in production for a final period with lower limits and reduced order volumes prior to full ramp up by the client.
- Automated daily BOD checks and alerts are implemented to identify any missing inputs / chances of failure. Further, automated alerts also configured for rejection of order due to Risk and any other parameters.
- Automated periodic checks on RMS version deployed in production are performed to identify situations of accidental version mismatch compared to the approved version.
- Appropriate redundancy are created to handle situations of RMS crash.
- Required redundancies are created to take care of hardware / network failure in consultation with Business and clients.

#### P) ECONOMIC ENVIRONMENT RISK:

Your Company has a well-diversified business expansion plan to overcome business loss due to economic risk factors.

##### ➤ Key Risk:

- Economic risk centers on macroeconomic circumstances that may result in significant loss for a business. These conditions include inflation, exchange rates and other decisions that may adversely affect profits.

##### ➤ Mitigant & Measures:

- Organizations respond to economic risks by diversifying their client base so that revenue is not solely reliant on one segment or geographic region.

Caution is maintained w.r.t business expansion. Expansion is more through digital mode.

#### INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Auditors of the Company for the inefficiency or inadequacy of such controls.

#### INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL), ACT, 2013:

The Company has a policy against sexual harassment and a formal process for dealing with complaints of harassment. The said policy is in line with relevant Act passed by the parliament in 2013. The Company through the policy ensures that all such complaints are resolved within defined timelines.

During the year, 2 (two) cases were reported to the Committee.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

### (A) EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS):

- i. Travelling ₹ 0.10 Crore (Previous Year ₹ 0.07 Crore)
- ii. Membership and Subscription ₹ 2.47 Crore (Previous Year ₹ 2.11 Crore)
- iii. Business Promotion ₹ 0.30 Crore (Previous Year ₹ 0.26 Crore)
- iv. Common Establishment Expenses - Reimbursement ₹ 12.37 Crore (Previous Year ₹ 10.87 Crore)
- v. Communication ₹ 0.01 Crore (Previous Year ₹ 0.02 Crore)
- vi. Data Processing Charges ₹ 0.52 Crore (Previous Year ₹ 0.31 Crore)
- vii. Professional Fees ₹ 7.15 Crore (Previous Year ₹ 5.42 Crore)
- viii. Sub-brokerage / Referral Fees ₹ 20.99 Crore (Previous Year ₹ 25.78 Crore)
- ix. Connectivity Expenses ₹ 7.01 Crore (Previous year ₹ 6.85 Crore)
- x. Software Expenses ₹ 7.33 Crore (Previous year : ₹ 9.57 Crore)
- xi. Other Expenses ₹ 0.06 Crore (Previous year ₹ 0.01 Crore)
- xii. Staff welfare ₹ Nil Crore (Previous year ₹ 0.22 Crore)

### (B) EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS): -

- i. Advisory Fees ₹ 31.92 Crore (Previous Year ₹ 38.52 Crore)

## DEPOSITS

Your Company has not invited, accepted or renewed any deposits within the meaning of Section 73 of the Companies Act, 2013. Accordingly, the requirement to furnish details relating to deposits covered under Chapter V of the Companies Act, 2013 does not arise.

## RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There were no materially significant Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of foreseen and repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all Related Party Transactions are placed before the Audit Committee.

Pursuant to Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013, in form AOC-2.

All Related Party Transactions as required under Accounting Standards AS18 are reported in Notes to Accounts under clause no. 37.

## COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

## PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not given any loans, guarantees pursuant to Section 186 of the Companies Act, 2013 other than Margin Funding to its own customers for equity cash market purchases in the ordinary course of business. The particulars of investments made by the Company under Section 186 of the Companies Act, 2013 as at the financial year are reflected in Notes to the Financial Statements. (Refer Financial Statements).

## PARTICULARS OF EMPLOYEES AS REQUIRED UNDER COMPANIES ACT, 2013 AND COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:-

The statement containing the particulars of employees as required under Section 197 (12) of the Act, read with Rule 5 (2) of the Companies (Appointment and Remuneration) Rules, 2014 is set out in an Annexure and forms part of this report. In terms of Section 136 (1) of the Act, the report and the accounts are being sent to the members excluding the aforesaid Annexure. Any member interested in obtaining a copy of the Annexure may send an e-mail to the Company Secretary at [vikas.tarekar@kotak.com](mailto:vikas.tarekar@kotak.com)

## POLICY ON CORPORATE SOCIAL RESPONSIBILITY

As part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken projects in the areas of health care including preventive health, education and livelihood enhancement. These projects are largely in accordance with Schedule VII of the Companies Act, 2013.



In terms of the provisions of the Act read with amended Companies (Corporate Social Responsibility Policy) Rules, 2014, the 'Annual Report on CSR activities' in the format prescribed under the said Rules is enclosed as **Annexure B**.

## WORK FROM HOME POLICY

Due to disruption created by COVID-19 global pandemic and keeping in mind interest of employees, your Company had successfully implemented Work From Home policy. The Company had put in place necessary checks and controls.

## ANNUAL RETURN

Pursuant to Section 134(3)(a) Annual Return as provided under sub-section (3) of Section 92 is available on the web-site of the Company at <http://www.kotaksecurities.com/ksweb/Important-Policies>. The said annual return shall be updated as soon as possible but not later than 60 days from date on AGM.

## WHISTLE BLOWER POLICY & VIGIL MECHANISM

Our Company has also put in place the Whistle Blower Policy to raise concerns internally and to disclose information, which the individual believes shows malpractice, serious irregularities, fraud, unethical business conduct, abuse or wrong doing or violation of any Indian law.

The Whistle Blower Policy is also put up on the Company's website viz. URL [https://www.kotaksecurities.com/uploads/KSL\\_Whistleblower\\_Policy\\_6354d817a3.pdf](https://www.kotaksecurities.com/uploads/KSL_Whistleblower_Policy_6354d817a3.pdf) and regular communication is made for sustained awareness.

During the year under review 4 (Four) cases had been reported to the Whistle Blower Committee. The same have been reported to the Chairman of the Audit Committee.

## PROCEEDINGS UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) AND ADDITIONAL DISCLOSURE

The Company has made no application or no proceedings are pending under the Insolvency and Bankruptcy Code, 2016 during the year.

There were no settlement made by the Company with Banks and Financial Institutions requiring disclosure under clause (x) of sub-rule 5 of Rule 8 of the Companies (Accounts) Rules 2014.

According to the provisions mentioned under the Companies CSR (Policy) Amendment Rule 2021, person responsible for finance management has certified that funds of CSR have been utilised for the purpose and manner as approved by the Board and CSR Committee.

## COMMERCIAL PAPAERS

The short-term liquidity requirement of the Company is met primarily through Commercial Paper ('CP') being commercially most optimal. The Company also continues to list its CPs on BSE Limited ('BSE') on an on-going basis.

## REMUNERATION POLICY

The Nomination and Remuneration Committee of the Board of Directors of the Company has formulated criteria for appointment of Directors, Key Managerial Personnel and Senior Management Personnel. Based on the criteria set, it recommends to the Board the appointment of Directors, Key Managerial Personnel and Senior Management personnel. The Committee considers the qualifications, experience fit & proper status, positive attributes as per the suitability of the role and independent status and various regulatory/statutory requirements as may be required of the candidate before such appointment.

Remuneration to the KMPs is as per the terms of their employment.

The website link for Policy is as below:

<http://www.kotaksecurities.com/ksweb/Important-Policies>

## DIRECTORS, KEY MANAGERIAL PERSONNEL AND COMPLIANCE OFFICER

### I. DIRECTORS

The composition of the Board is in accordance with Section 149 of the Companies Act, 2013 ("the Act") with an appropriate combination of Executive, Non-executive and Independent Directors. The Board of the Company comprises of two Independent Directors (including one Women Director), two Non-Executive Director, Managing Director and a Whole Time Director as on 31<sup>st</sup> March , 2024 who bring in a wide range of skills and experience to the Board wherein the Managing Director of the Company resigned w.e.f. 31<sup>st</sup> March, 2024 (end of the day). The Board of Directors of the Company as on 31<sup>st</sup> March, 2024 were:

DIN	Name of the Director	Designation
00007404	Mr. Narayan Subramaniam Ayypankav	Director
00003633	Ms. Falguni Sanjay Nayar	Independent Director
00493177	Mr. Noshir Rustom Dastur	Independent Director
00031794	Mr. Krishnan Venkat Subramanian	Director
02262794	Mr. Pratik Gupta	Whole Time Director

\* Mr. Jaideep Hansraj resigned as Managing Director w.e.f. 31<sup>st</sup> March, 2024 (end of the day).

➤ **Change in Director**

DIN	Name of the Director	Designation	Status	Date
02262794	Mr. Pratik Gupta	Whole Time Director	Appointment	12 <sup>th</sup> May, 2023
02234625	Mr. Jaideep Hansraj	Managing Director	Resignation	31 <sup>st</sup> March, 2024

\* Mr. Shripal Shah appointed as a Managing Director and Chief Executive Office ("CEO") of the Company w.e.f 1<sup>st</sup> April, 2024 and was approved by the Shareholders in its meeting dated 24<sup>th</sup> May, 2024.

\* Mr. Jaideep Hansraj appointed as an Additional Director of the Company, w.e.f 1<sup>st</sup> April, 2024 and regularized as a Director by the Shareholders in its meeting dated 24<sup>th</sup> May, 2024.

\* Mr. Krishnan Venkat Subramanian resigned as the Director with effect from 30<sup>th</sup> April, 2024 (end of business hours).

➤ **Retirement by Rotation**

In compliance with the provisions of the Act, Mr. Pratik Gupta will retire by rotation at the ensuing AGM and be eligible to offer himself for re-appointment.

## II. KEY MANAGERIAL PERSONNEL ("KMP")

The key managerial personnel of the Company in terms of Section 2 (51) of the Act as on 31<sup>st</sup> March, 2024:-

Sr. No.	Name of the KMP	Designation
1.	Mr. Pratik Gupta	Whole Time Director
2.	Mr. Sanjeev Prasad	Co-Head, KIE
3.	Mr. Shripal Shah	Chief Operating Officer
4.	Mr. Vikas Tarekar	Company Secretary
5.	Mr. Girish Dixit	Chief Information Security Officer

➤ **Change in KMP**

During the year under review, following are the KMP appointed or resigned from the Company:-

Sr. No.	Name of the Director	Designation	Status	Date of Change
1.	Mr. Pratik Gupta	Whole Time Director	Appointment	12 <sup>th</sup> May, 2023
2.	Mr. Sanjeev Prasad	Co-Head, KIE	Appointment	30 <sup>th</sup> June, 2023
3.	Mr. Shripal Shah	Chief Operating Officer	Appointment	30 <sup>th</sup> June, 2023
4.	Mr. Anil Nair	Chief Information Security Officer	Appointment & Resignation	30 <sup>th</sup> June, 2023 & 14 <sup>th</sup> September, 2023
5.	Mr. Girish Dixit	Chief Information Security Officer	Appointment	15 <sup>th</sup> September, 2023
6.	Mr. Jaideep Hansraj	Managing Director	Resignation	31 <sup>st</sup> March, 2024

\* Mr. Shripal Shah appointed as the Managing Director & CEO ("KMP") with effect from 01<sup>st</sup> April, 2024.

\* Mr. Sandeep Chordia appointed as the Chief Operating Officer ("KMP") with effect from 30<sup>th</sup> April, 2024.

## III. CHANGE IN COMPLIANCE OFFICER

During the year under review, following are the Compliance Officer appointed or resigned from the Company:-

Sr. No.	Name of the Director	Designation	Status	Date of Change
1.	Mr. Sandeep Gupta	Interim Chief Compliance Officer	Appointment	30 <sup>th</sup> June, 2023
2.	Mr. Sandeep Gupta	Interim Chief Compliance Officer and Compliance officer	Resignation	07 <sup>th</sup> December, 2023
3.	Mr. Hiren Thakkar	Chief Compliance Officer and Compliance officer	Appointment	08 <sup>th</sup> December, 2023

## IV. DECLARATION FROM INDEPENDENT DIRECTORS

The Board has received declarations from the Independent Directors as per the requirement of Section 149(7) of the Companies Act, 2013 and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned in Section 149(6) of the Companies Act, 2013.



**V. MEETINGS OF BOARD**

As at the end of financial year 2023-24, the Board of Directors (hereinafter called as the "BOARD") met for 14 (Fourteen) times viz. 25<sup>th</sup> April, 2023, 03<sup>rd</sup> May, 2023, 24<sup>th</sup> May, 2023, 29<sup>th</sup> May, 2023, 26<sup>th</sup> June, 2023, 18<sup>th</sup> July, 2023, 15<sup>th</sup> September, 2023, 18<sup>th</sup> October, 2023, 22<sup>nd</sup> November, 2023, 28<sup>th</sup> November, 2023, 11<sup>th</sup> January, 2024, 18<sup>th</sup> January, 2024, 11<sup>th</sup> March, 2024 and 26<sup>th</sup> March, 2024:

The details of the attendance of the Board are as follows:

Sr. No.	Name of the Director	Number of Board Meetings Entitled to Attend	Number of Meetings Attended
1.	Mr. Narayan S.A.	14	12
2.	Ms. Falguni Sanjay Nayar	14	9
3.	Mr. Noshir Rustom Dastur	14	13
4.	Mr. Krishnan Venkat Subramanian	14	13
5.	Mr. Pratik Gupta	12	12
6.	Mr. Jaideep Hansraj	14	14

**COMMITTEES OF THE BOARD**

With a view to have more focused attention on business and for better governance and accountability, the Board has constituted the following various committees of the Board as on 31<sup>st</sup> March, 2024 pursuant to the provisions of the Companies Act, 2013 viz. Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee & Risk Management Committee. Other internal committees as on 31<sup>st</sup> March, 2024 viz. Routine and Administrative Functions (RAF) Committee, First Tier Audit Committee (FTAC), and Conflict of Interest Committee.

- AUDIT COMMITTEE**

As at the end of financial year 2023-24, the Audit Committee consists of Mr. Noshir Dastur as Chairman, Ms. Falguni Nayar and Mr. Narayan S.A, as its members.

During the year under review, the Committee met 7 (Seven) times. The meetings of the Committee were held on 25<sup>th</sup> April, 2023, 24<sup>th</sup> May, 2023, 13<sup>th</sup> July, 2023, 18<sup>th</sup> July, 2023, 18<sup>th</sup> October, 2023, 18<sup>th</sup> January, 2024, and 11<sup>th</sup> March, 2024.

The details of the attendance of the Audit Committee member are as follows:

Sr. No.	Name of the Director	Number of Board Meetings Entitled to Attend	Number of Meetings Attended
1.	Mr. Noshir Rustom Dastur	7	7
2.	Ms. Falguni Sanjay Nayar	7	5
3.	Mr. Narayan S.A.	7	5

- NOMINATION AND REMUNERATION COMMITTEE ("NRC")**

As at the end of financial year 2023-24, the Nomination Committee consists of Ms. Falguni Nayar as Chairperson, Mr. Noshir Dastur and Mr. Narayan S.A. as its members.

During the year the Committee met 6 (Six) times. The meetings of the Committee were held on 01<sup>st</sup> May, 2023, 26<sup>th</sup> June, 2023, 12<sup>th</sup> September, 2023, 26<sup>th</sup> October, 2023, 28<sup>th</sup> November, 2023, and 11<sup>th</sup> March, 2024.

The details of the attendance of the NRC Committee member are as follows:

Sr. No.	Name of the Director	Number of Board Meetings Entitled to Attend	Number of Meetings Attended
1.	Ms. Falguni Sanjay Nayar	6	5
2.	Mr. Noshir Rustom Dastur	6	6
3.	Mr. Narayan S.A.	6	6

- CORPORATE SOCIAL RESPONSIBILITY COMMITTEE ("CSR")**

As at the end of financial year 2023-24, the Committee consists of Mr. Narayan S.A. as Chairman, Mr. Noshir Dastur and Mr. Jaideep Hansraj as its members.

During the year the Committee met 5 (five) times. The meetings of the Committee were held on 25<sup>th</sup> April, 2023, 22<sup>nd</sup> May, 2023, 06<sup>th</sup> July, 2023, 01<sup>st</sup> December, 2023 and 26<sup>th</sup> February, 2024.

The details of the attendance of the CSR Committee member are as follows:

Sr. No.	Name of the Director	Number of Board Meetings Entitled to Attend	Number of Meetings Attended
1.	Mr. Narayan S.A.	5	5
2.	Mr. Noshir Rustom Dastur	5	5
3.	Mr. Jaideep Hansraj	5	5

#### • RISK MANAGEMENT COMMITTEE

The Committee consists of Mr. Narayan S.A. as Chairman, Mr. Jaideep Hansraj as members.

During the year the Committee met 3 (three) times. The meetings of the Committee were held on 08<sup>th</sup> June, 2023, 08<sup>th</sup> November, 2023 and 28<sup>th</sup> February, 2024.

Sr. No.	Name of the Director	Number of Board Meetings Entitled to Attend	Number of Meetings Entitled to Attend
1.	Mr. Narayan S.A.	3	3
2.	Mr. Jaideep Hansraj	3	3

#### • ROUTINE AND ADMINISTRATIVE FUNCTIONS (RAF) COMMITTEE

As at the end of financial year 2023-24, the Committee consists of Mr. Narayan S.A. as Chairman, Mr. K.V.S. Manian, Mr. Jaideep Hansraj and Mr. Pratik Gupta as its members.

During the year all the decisions of the Committee were taken through Circular Resolutions.

#### • FIRST TIER AUDIT COMMITTEE (FTAC)

As at the end of financial year 2023-24, the Committee consists of Mr. Narayan S.A. as Chairman, Mr. K.V.S. Manian, Mr. Jaideep Hansraj, Mr. Pratik Gupta and Mr. Jaimin Bhatt as its members.

During the year the Committee met 3 (three) times. The meetings of the Committee were held on 08<sup>th</sup> June, 2023, 14<sup>th</sup> December, 2023 and 22<sup>nd</sup> March, 2024.

Sr. No.	Name of the Director	Number of Board Meetings Entitled to Attend	Number of Meetings Entitled to Attend
1.	Mr. Narayan S.A.	3	3
2.	Mr. K.V.S. Manian	3	3
3.	Mr. Jaideep Hansraj	3	3
4.	Mr. Pratik Gupta	3	1
5.	Mr. Jaimin Bhatt	3	1

#### • CONFLICT OF INTEREST COMMITTEE

The Committee consists of Mr. Narayan S.A. as Chairman, Mr. Jaideep Hansraj as member. No meetings were held during the year.

### PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Company has in place an evaluation framework for evaluation of the Board, Directors and Chairman. The Board also carries out an evaluation of the working of the Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee. The evaluation of the Committees is based on the assessment of the compliance with the terms of reference of the Committees.

The evaluations for the Directors and the Board were done through circulation of questionnaires for evaluation of the performance of the Board, the Committees of the Board and the individual members of the Board, which assessed the performance of the Board on selected parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing the quality, quantity and timeliness of flow of information between the Company management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

The evaluation criteria for the Directors (including Independent Directors) was based on their participation, contribution and offering guidance to and understanding of the areas that were relevant to them in their capacity as members of the Board.



## INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on 29<sup>th</sup> March, 2024 separately through Audio Visual Means to transact the business as mentioned in the Schedule IV of the Companies Act, 2013 without the attendance of Non-Independent Directors and Members of Management. Independent Directors exchanged their views before conducting performance evaluation of the Board, Committees and Executive Director.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year under review, there were no significant or material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of your Company and its future operation.

## AUDITORS

### • STATUTORY AUDITORS:

M/s. Deloitte Haskins & Sell LLP, Chartered Accountants (Firm Regn. No: 117366W/W-100018), were appointed as the Statutory Auditors of the Company for a period of 5 years at the 28<sup>th</sup> Annual General Meeting of the Company held on 27<sup>th</sup> June, 2022 on a remuneration as may be fixed by the Board of Directors. Accordingly, M/s. Deloitte Haskins & Sell LLP will continue as the Statutory Auditors till the conclusion 33<sup>rd</sup> Annual General Meeting.

### • SECRETARIAL AUDITOR:

The Board had appointed M/s. Rupal D. Jhaveri Company Secretaries, to carry out Secretarial Audit for financial year 2023-24 under the provisions of the Section 204 of the Companies Act, 2013. The report of the Secretarial is enclosed in Form MR-3 to this Report as **Annexure C**.

## EXPLANATIONS/ COMMENTS BY THE BOARD ON QUALIFICATION, RESERVATION OR ADVERSE REMARK IN THE REPORTS:

### AUDITORS REPORT

The Auditors Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended 31<sup>st</sup> March, 2024. The Notes on the financial statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments. Further, there was no fraud reported by the auditors under sub-section (12) of Section 143 of the Act, therefore no comment by the Board thereon is required.

### SECRETARIAL AUDIT REPORT

There were no qualifications, reservations or adverse comments made by the Secretarial Auditor of the Company in their audit report for the FY 2023-24.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 of the Companies Act, 2013, the Directors of the Company confirm that:

- (i) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2024, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31<sup>st</sup> March, 2024 and of the profit of your Company for the financial year ended 31<sup>st</sup> March, 2024;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.
- (vi) they had laid down internal financial control to be followed by the Company and that such internal financial control are adequate and are operating effectively.

## PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

As the Company does not carry out any manufacturing activities and its operations are not energy intensive and hence information in terms of Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is not provided in this Board's Report.

The Company actively engages itself towards technology advancements to serve its customers better and to create a technology-friendly environment for its employees who in turn help them to manage the processes efficiently and economically.

## ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank the Company's Customers and Bankers, for their continued support and faith reposed in the Company and for all the co-operation and support received from the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Multi Commodity Exchange of India Limited, National Securities Depository Limited, Central Depository Services (India) Limited and other government and regulatory agencies during the year under review.

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

**Narayan SA**

Chairman

(DIN No. 00007404)

Place: Mumbai

Date: 28<sup>th</sup> May, 2024



## ANNEXURE A

## Form No. AOC-1

Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures  
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### PART "A": SUBSIDIARIES

(Information in respect of each subsidiary to be presented with amounts in ₹)

1. Sl. No.	I
2. Name of the subsidiary	<b>Kotak Mahindra Financial Services Limited</b>
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	<b>USD &amp; Exchange rate – ₹ 83.4050</b>
5. Share capital	<b>84,455,743</b>
6. Reserves & surplus	<b>(54,094,742)</b>
7. Total assets	<b>59,180,641</b>
8. Total Liabilities	<b>28,819,640</b>
9. Investments	<b>NIL</b>
10. Turnover	<b>51,090,483</b>
11. Profit before taxation	<b>(5,853,735)</b>
12. Provision for taxation	<b>NIL</b>
13. Profit after taxation	<b>(5,853,735)</b>
14. Proposed Dividend	<b>NA</b>
15. % of shareholding	<b>73.36%</b>

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations: NIL
- Names of subsidiaries which have been liquidated or sold during the year: NIL

### PART "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in crore)

Name of Associates/Joint Ventures	Kotak Mahindra Prime Ltd	Kotak Infrastructure Debt Fund Ltd
<b>1. Latest audited Balance Sheet Date</b>	23 <sup>rd</sup> May, 2024	30 <sup>th</sup> April, 2024
<b>2. Shares of Associate/Joint Ventures held by the company on the year end</b>		
No.	1,712,600	93,000,000
Amount of Investment in Associates/Joint Venture	2,70.81	93.00
Extend of Holding %	49%	30%
<b>3. Description of how there is significant influence</b>	Existing Holding of more than 20%	Existing Holding of more than 20%
<b>4. Reason why the associate/joint venture is not consolidated</b>	Only have significant influence	Only have significant influence
<b>5. Networth attributable to Shareholding as per latest audited Balance Sheet</b>	5,792.85	1,52.34
<b>6. Profit / Loss for the year</b>		
i. Considered in Consolidation	783.82	10.13
ii. Not Considered in Consolidation		

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year.

**Note:** This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For and on behalf of the Board of Directors

**Narayan SA**

Chairman

(DIN No. 00007404)

Place: Mumbai

Date: 28<sup>th</sup> May, 2024

Kotak Securities Limited

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arms length basis—**

There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2024 which were not at arms length basis.

**2. Details of material contracts or arrangement or transactions at arms length basis—**

There were no material contracts or arrangements or transactions for the year ended 31<sup>st</sup> March, 2024. Thus this disclosure is not applicable.

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

Place: Mumbai  
Date: 28<sup>th</sup> May, 2024

**Narayan SA**  
Chairman  
(DIN No. 00007404)



# Annual Report on CSR Activities for Financial Year 2023 - 24

## 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

Kotak Securities Limited (KSL) recognises the immense opportunity it has to bring about a positive change in the lives of the communities through its business operations and corporate social responsibility (CSR) initiatives.

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

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

## 2. COMPOSITION OF CSR COMMITTEE:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Narayan S. A.	Chairman	5	5
2	Mr. Noshir Dastur	Member	5	5
3	Mr. Jaideep Hansraj	Member	5	5

## 3. WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY:

<https://www.kotaksecurities.com/corporate-social-responsibilities-csr/>

## 4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:

The Impact assessment for the following Corporate Social Responsibility Projects initiated by the Company across FY 2021-22 Projects for which Impact assessment was conducted and completed is given below in the table. The entire set of Impact assessment reports are uploaded on KSL's website at the following link: <https://www.kotaksecurities.com/corporate-social-responsibilities-csr/>

Sr. No	Implementing organisation	CSR Project Unique ID	Executive Summary of the Impact Assessment reports
1.	Pratham Education Foundation:	KSL202122011	<p>Second Chance Program: Pratham Education Foundation, a prominent non-governmental organization in India, initiated the Second Chance (SC) program in 2011. This program specifically targets women and girls aged 16 and above who had previously dropped out of school before completing their Class 10<sup>th</sup>. The primary objective of the SC program is to provide a pathway for these learners to re-enter education and obtain their Secondary School Examination certificate.</p> <p>97% of the surveyed attendees reported appearing for the board exams as part of their engagement with the Second Chance project.</p> <p>Over 93% of the respondents reported attending the Second Chance classes regularly</p> <p>More than 97% appeared for the Secondary School Examination, up from 90% last year. Of these, 86% passed in the first attempt, while 4% had gotten compartments in a subject and were planning to reappear for the same.</p> <p>53% scoring over between 50%-70%, 22% scoring between 70%-80% and 3% scoring over 80% as well</p> <p>Elementary Education Program: The Hamara Gaon (HG) project, launched by Pratham Education Foundation in 2018, aims to address the gap in foundational learning levels among school students in the country. It operates in communities across India, with a focus on encouraging village communities to take ownership of their children's engagement with school education.</p> <p>Over 81% of the children could read stories effectively while more than 89% of the students achieved or surpassed subtraction level proficiency in arithmetic.</p>

Sr. No	Implementing organisation	CSR Project Unique ID	Executive Summary of the Impact Assessment reports
			<p>The students enjoyed going to school and have further become more involved in classrooms through asking questions and taking part in activities.</p> <p>The HG project has led to a remarkable improvement in students' learning levels. When comparing the initial national ASER test results with the outcomes achieved by children who participated in the program, we see significant improvements</p> <p>The Hamara Gaon project not only impacts students but also uplifts and empowers the mothers involved.</p>
2	NISM	KSL202122001	<p>Kona Kona Shiksha: Kona Kona Shiksha is a skill development program launched by Kotak Securities Limited as part of its CSR initiatives in the year 2021-2022 in collaboration with the National Institute of Securities Market (NISM).</p> <p>NISM has been implementing this program on behalf of Kotak Securities in various educational institutions spread across the country. Through this program, Kotak wants to empower students with basic financial skills, which will help them in making informed decisions.</p> <p>77% of respondents were satisfied with the time duration of the training and the resources provided</p> <p>55% of the respondents felt that they have been completely educated about the employment opportunities available to them.</p> <p>87% of the overall respondents agreed that the course had helped them secure a job either partially or completely 55% of respondents had awareness of investments prior to joining the program.</p> <p>54% of the respondents affirmed that they were able to take better financial decisions</p>

5. (a) Average net profit of the company as per section 135(5): ₹ **118,818.56 Lakh**;
- (b) Two percent of average net profit of the company as per section 135(5): ₹ **237,640,000/-**
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **NIL**
- (d) Amount required to be set off for the financial year, if any: ₹ **1,393,652/-**
- (e) Total CSR obligation for the financial year (b+c-d) : ₹ **236,246,348/-**
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ **113,596,485/-**
- (b) Amount spent in Administrative Overheads: ₹ **4,093,363/-**
- (c) Amount spent on Impact Assessment, if applicable: ₹ **1,316,538/-**
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ **119,006,386/-**
- (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
119,006,386	117,847,515	23-Apr-24	NA	NIL	NA

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

Sr. No.	Particular	Amount (₹ lakh)
(i)	Two percent of average net profit of the company as per section 135(5) of the Act	2,376
(ii)	Total amount spent for the Financial Year *	2,382
(iii)	Excess amount spent for the financial year [(ii)-(i)]	6
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years ** [(iii)-(iv)]	6

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

\* Including set off amount of previous financial years (FY22 & FY23)

\* Includes CSR Overheads admin expenditure also

\* Includes set off amount of previous financial years




**7. Details of Unspent CSR amount for the preceding three financial years:**

Preceding Financial Year	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹ lakh)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹ lakh)	Amount spent in the reporting Financial Year (in ₹ lakh) *	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹) *
				Name of the Fund	Amount (in ₹)	Date of Transfer	
FY2022 - 23	1247.47	106	1141.47	NA	NA	NA	10,600,000
FY2021 - 22	83.32	0	83.32	NA	NA	NA	0
FY2020 - 21	423.62	0	423.62	NA	NA	NA	0.00
<b>TOTAL</b>							<b>10,600,000</b>

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

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

21

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

- A. Capital assets created or acquired through Corporate Social Responsibility Projects of FY 2023-24: **Yes**
- B. Capital assets created/ acquired from Unspent Corporate Social responsibility spent of financial year 2022-23: **No**
- C. Capital assets created/ acquired from Unspent Corporate Social responsibility spent of financial year 2021-22: **No**
- D. Capital assets created/ acquired from Unspent Corporate Social responsibility spent of financial year 2020-21: **Yes**

S. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ in lakh)	Details of entity/ Authority/beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered Address
1	Saw System Equipment	400012	19 <sup>th</sup> Mar 24	0.82	CSR00001287	Tata Memorial Centre	Tata Memorial Hospital, Dr. Ernest Borges road, Parel, Mumbai, 400012
2	Mammogram Machine	600036	18 <sup>th</sup> Mar 24	95.00	CSR00007235	Cancer Institute (WIA)	Cancer Institute (WIA), 38 Sardar Patel Road, Guindy, Chennai, 600036
3	Optical Biometer - Lenstar LS900	825406	29 <sup>th</sup> Mar 24	26.75	CSR00001693	Nav Bhart Jagriti Kendra	Nav Bharat Jagriti Kendra, At Amrit Nagar, Post Rolla, Hazaribag, 825303
4	Laptop (1 no.)	400088	26 <sup>th</sup> Mar 23	0.18	CSR00001785	Kotak Education Foundation	Kotak Education Foundation 1 <sup>st</sup> Floor, North Side, Ujagar Compund, Sunder Baug, Opp. Deonar Bus Depot Off Sion Trombay Road Deonar, Mumbai - 400088
5	Laptop (3 nos.)	400088	19 <sup>th</sup> July 23	0.44	CSR00001785	Kotak Education Foundation	Kotak Education Foundation 1 <sup>st</sup> Floor, North Side, Ujagar Compund, Sunder Baug, Opp. Deonar Bus Depot Off Sion Trombay Road Deonar, Mumbai - 400088
6	Laptop (3 nos.)	400088	12 <sup>th</sup> Dec 23	0.40	CSR00001785	Kotak Education Foundation	Kotak Education Foundation 1 <sup>st</sup> Floor, North Side, Ujagar Compund, Sunder Baug, Opp. Deonar Bus Depot Off Sion Trombay Road Deonar, Mumbai - 400088
7	Laptop (3 nos.)	400088	12 <sup>th</sup> Dec 23	0.40	CSR00001785	Kotak Education Foundation	Kotak Education Foundation 1 <sup>st</sup> Floor, North Side, Ujagar Compund, Sunder Baug, Opp. Deonar Bus Depot Off Sion Trombay Road Deonar, Mumbai - 400088
8	Laptop (3 nos.)	400088	11 <sup>th</sup> Jan 24	0.42	CSR00001785	Kotak Education Foundation	Kotak Education Foundation 1 <sup>st</sup> Floor, North Side, Ujagar Compund, Sunder Baug, Opp. Deonar Bus Depot Off Sion Trombay Road Deonar, Mumbai - 400088
9	Laptop (1 no.)	400088	16 <sup>th</sup> Feb 24	0.12	CSR00001785	Kotak Education Foundation	Kotak Education Foundation 1 <sup>st</sup> Floor, North Side, Ujagar Compund, Sunder Baug, Opp. Deonar Bus Depot Off Sion Trombay Road Deonar, Mumbai - 400088
10	Laptop (4 nos.)	400088	28 <sup>th</sup> Mar 24	0.54	CSR00001785	Kotak Education Foundation	Kotak Education Foundation 1 <sup>st</sup> Floor, North Side, Ujagar Compund, Sunder Baug, Opp. Deonar Bus Depot Off Sion Trombay Road Deonar, Mumbai - 400088
<b>Total</b>				<b>125.07</b>			

\* The ownership of these assets lies with the Implementing Agencies.

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

**Mr. Hiren Vora**

Executive Vice President-Accounts

**Mr. Shripal Shah**

Managing Director

**Mr. Narayan SA**

Chairman, CSR Committee

Date: 28<sup>th</sup> May, 2024

## Form No. MR-3 - Secretarial Audit Report

For the Financial Year Ended 31<sup>st</sup> March 2024 [Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Kotak Securities Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kotak Securities Limited** (hereinafter called the "**Company**").

Secretarial Audit was conducted in a manner that provided a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the **Kotak Securities Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended 31<sup>st</sup> March, 2024 ("**Audit period**") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended 31<sup>st</sup> March, 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the "**Act**") and the rules made thereunder;
- (ii) Foreign Exchange Management Act, 1999 ("**FEMA**") and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. (**Not applicable to the Company during the audit period**);
- (iii) The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye - Laws framed thereunder;
- (v) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; to the extent applicable to the Company.
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 were not applicable to the Company during the Audit Period as the Company is not a listed entity:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) SEBI (Foreign Portfolio Investors) Regulations, 2019 (Not Applicable);
  - (c) SEBI (Mutual Funds) Regulations, 1996 (Not Applicable);
  - (d) SEBI (Investor Protection and Education Fund) Regulations, 2009 (Not Applicable);
  - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not Applicable);
  - (f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not Applicable);
  - (g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not Applicable);
  - (h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable);
- (iv) Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:
  - (i) SEBI (Stock Brokers) Regulations, 1992;
  - (j) SEBI (Depositories and Participants) Regulations, 2018;
  - (k) Depositories (Appeal to the Central Government) Rules, 1998;
  - (l) SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007;
  - (m) SEBI (Intermediaries) Regulations, 2008;
  - (n) SEBI [KYC (Know Your Client) Registration Agency] Regulations, 2011;
  - (o) SEBI (Portfolio Managers Regulations), 1993;



- (p) SEBI (Research Analysts) Regulations, 2014;
- (q) SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003;
- (r) SEBI'S master circular on AML/CFT and AML rules and regulation and Bye-Law and Circulars issued by said regulators from time to time;
- (s) SEBI'S (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable pursuant to listing of commercial papers;
- (v) Other laws to the extent applicable to the Company as per the representations made by the Company;

I have also examined compliances with the applicable clauses of the following:

- (i) Secretarial Standards pursuant to section 118(10) of the Act, issued by The Institute of Company Secretaries of India as notified from time to time;
- (ii) The Listing Agreements entered into by the Company with BSE Limited.

During the period under review, the Company has complied with the above-mentioned Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above.

#### **I further report that**

During the year, Securities and Exchange Board of India (SEBI), National Commodity & Derivatives Exchange Limited (NCDEX), The Multi Commodity Exchange of India Limited (MCX) had issued advise/warning/deficiency letters or levied penalty or imposed charges on the Company for discrepancies / deviations observed in inspections. As per information and replies received from the Company, the advice / warning / deficiency letters /charges / penalty imposed as Broker / Depository Participant are not material in nature and does not affect the financial position and day to day operations of the Company.

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

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

Majority decision is carried through while the dissenting members' views, if any, were captured and recorded as part of the minutes.

**I further report that** there were adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the Audit period:

1. The Members at the Twenty-Ninth Annual General Meeting dated 27<sup>th</sup> June, 2023 had approved payment of commission to the Independent/ Non-Executive Directors of the Company.
2. The Members at the Twenty-Ninth Annual General Meeting dated 27<sup>th</sup> June, 2023 had approved appointment of Mr. Pratik Gupta (DIN: 02262794) as a Whole-time Director of the Company.

**Place:** Mumbai

**Date:** 21<sup>st</sup> May, 2024

**Rupal D. Jhaveri**  
**Certificate of Practice.:** 4225  
**ICSI UDIN:** F005441F000417292  
**Peer Review Number:** PR1139/2021

*This report is to be read with my letter of even date which is annexed as **Annexure A** and forms an integral part of this report*

To,  
The Members,  
**Kotak Securities Limited**

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

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

**Place:** Mumbai  
**Date:** 21<sup>st</sup> May, 2024

**Rupal D. Jhaveri**  
**Certificate of Practice.:** 4225  
**ICSI UDIN:** F005441F000417292  
**Peer Review Number.** PR1139/2021



# Independent Auditor's Report

To The Members of Kotak Securities Limited

## REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS OPINION

We have audited the accompanying standalone financial statements of Kotak Securities Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone 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 standalone financial statements under the provisions of the Act and the Rules made 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Key Information Technology (IT) systems used in financial reporting process The Company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily.</p> <p>The Company uses Oracle system as the General Ledger for overall financial reporting which is interfaced with other systems that process transactions, which impacts significant account balances.</p> <p>The Company relies on automated processes and controls for recording of its transactions and accordingly, our audit was focused on key IT systems and controls due to the pervasive impact on the financial statements.</p>	<p>Principal audit procedures performed included the following:</p> <p>We involved our IT specialists to obtain an understanding of the entity's IT related control environment. Furthermore, we conducted a risk assessment and identified IT applications, databases and operating systems that are relevant to our audit.</p> <p>For the key IT systems relevant to financial reporting, our areas of audit focus included Access Security (including controls over privileged access), Program Change controls and Network Operations. In particular:</p> <ul style="list-style-type: none"> <li>We obtained an understanding of the entity's IT environment and key changes if any during the audit period that may be relevant to the audit;</li> <li>We tested the design, implementation, and operating effectiveness of the General IT controls over the key IT systems that are critical to financial reporting. This included evaluation of entity's controls to ensure segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being re-certified during the period of audit. Further, controls related to program change were evaluated to verify whether the changes were approved, tested in an environment that was segregated from production and moved to production by appropriate users;</li> <li>We tested key automated business cycle controls, related interfaces and logics for system generated reports relevant to the audit for evaluating completeness and accuracy;</li> <li>We also tested the controls over network segmentation, restriction of remote access to the entity's network, controls over firewall configurations and mechanisms implemented by the entity to prevent, detect and respond to network security incidents; and we tested compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the standalone Financial Statements.</li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
2.	<p>Identification of and provisioning for expected credit loss (ECL) on trade receivables and loans under margin trading facility in accordance with the Company's policy (Refer Note 5 and 6 to the standalone financial statements)</p> <p>The Company as part of its Broking business has trade receivables and loans under margin trading facility offered to customers for trading purposes carried at amortised cost amounting to Rs. 1,069,762.78 lakh net of ECL provision of Rs. 6,790.49 lakh as at March 31, 2024.</p> <p>Identification of and provisioning for ECL on trade receivables and loans under margin trading facility in accordance with the Company's policy is a key audit matter due to the current processes at the Company which requires manual interventions, management estimates and judgement and other stakeholders focus. The most significant judgements are:</p> <ul style="list-style-type: none"> <li>• Determining the probability of defaults based on internally developed model and estimation of loss given defaults based on the value of collaterals and other relevant factors;</li> <li>• Quantitative factors like days past due behaviour of the portfolio, historical losses incurred on defaults and macro-economic data points and qualitative factors like reduction in the value of security, correlation of macro-economic variables to determine expected losses;</li> </ul> <p>Given the inherent judgmental nature and the complexity of audit procedures involved, we determined this to be a key audit matter.</p>	<p>Principal audit procedures performed included the following:</p> <p>Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of identification of and provisioning for ECL on trade receivables and loans under margin trading facility in accordance with the Company's policy. In particular:</p> <ul style="list-style-type: none"> <li>• We evaluated the Company's internal control system in adherence to the Company's policy for identification of and provisioning for ECL on trade receivables and loans under margin trading facility;</li> <li>• We identified and tested the design and implementation as well as the operating effectiveness of key controls pertaining to identification and classification of trade receivables and loans under margin trading facility in appropriate buckets, key assumptions used for the purpose of determination of ECL provision, completeness and accuracy of the input data used, monitoring of overdue positions; determination of Probability of Default based on internally developed model, Loss Given Default based on value of collaterals and Exposure At Default;</li> <li>• We reviewed the appropriateness of methodology and models used by the Company and reasonableness of the assumptions used within the computation process such as quantitative factors like days past due behaviour of the portfolio, historical losses incurred on defaults and macro-economic data points; and qualitative factors like reduction in the value of security, correlation of macro-economic variables to determine expected losses. We also test-checked the completeness and accuracy of source data used;</li> <li>• We test checked trade receivables and loans under margin facility to examine the approval process, validity of the recorded amounts, documentation, examined the statement of accounts;</li> <li>• We also reviewed that the necessary disclosures as required by the Ind AS have been made in the financial statements.</li> </ul>

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report including Annexures to the Directors' Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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



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

## AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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 financial controls that we identify during our audit.

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit, we report that
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except for not complying with the requirement of audit trail as stated in (i)(vi) below.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
- f) The modification/s relating to the maintenance of accounts and other matters connected therewith, is/are as stated in paragraph (b) above.
- g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 36 to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in note 21(f) to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.





- vi. Based on our examination, which included test checks, the Company has used accounting software(s) for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s), except that audit trail was not enabled:
- (a) at the database level, for certain inhouse developed software used for certain transactions, to log any direct data changes, and
  - (b) for two other software, throughout the year.

In respect of an accounting software operated by a third-party service provider for maintaining its books of account, in the absence of a service organization controls report by an independent auditor, covering the audit trail requirement for the period 01 April 2023 to 31 March 2024, we are unable to comment whether the audit trail feature of the aforesaid software was enabled and operated throughout the year for direct data changes at database level;

Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with, in respect of accounting software for which the audit trail feature was enabled and operating. (Refer Note 49 of the standalone financial statements).

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants  
Firm's Registration No. 117366W/W-100018

**Ketan Vora**

Partner  
Membership No. 100458  
UDIN:24100459BKFAUD7422

Place: Mumbai  
Date: May 28, 2024

## Annexure "A" to the Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the Standalone Financial Statements of Kotak Securities Limited for the year ended March 31, 2024)

### **Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to standalone financial statements of **Kotak Securities Limited** ("the Company") as of March 31, 2024 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

#### **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENT**

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS**

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

**OPINION**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells LLP**Chartered Accountants  
Firm's Registration No. 117366W/W-100018**Ketan Vora**Partner  
Membership No. 100458  
UDIN:24100459BKFAUD7422Place: Mumbai  
Date: May 28, 2024

## Annexure “B” to the Independent Auditors’ Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date on the Standalone Financial Statements of Kotak Securities Limited (“the Company”) for the year ended March 31, 2024)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) In respect of Company’s property, plant and equipment, investment property, right-of-use assets and intangible assets:
  - (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, investment property and relevant details of right-of-use assets.
  - B. The Company has maintained proper records showing full particulars of intangible assets.
  - (b) Some of the property, plant and equipment and investment property were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment, investment property and right-of-use assets at reasonable intervals having regard to the size of the Company and the nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) Based on our examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company), disclosed in the financial statements included in property plant and equipment and investment property are held in the name of the Company.  
  
In respect of immovable properties that have been taken on lease and disclosed in the financial statements as right-of use asset as at the balance sheet date, lease agreements are executed in favour of the Company.
  - (d) The Company has not revalued any of its property, plant and equipment (including right-to-use assets) and intangible assets during the year.
  - (e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crore, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns including statements comprising book debt/receivables statements filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters.
- (iii) (a) The Company has granted loans or advances in the nature of loans and stood guarantee during the year and details of which are given below:

Amount (₹ In Lakh)

Particulars	Aggregate amount granted/provided during the year**	Balance outstanding as at balance sheet date**
Loans		
- Margin trading facility Loans*	1,580,697.10	775,043.57
- Loans to employees*	116.39	86.36
Guarantees	15,025.00	15,025.00
<b>Total</b>	<b>1,595,838.49</b>	<b>790,154.93</b>

\* Expected credit loss is not considered in the closing balance above.

\*\* Entire amount pertains to such loans or advances and guarantees or security to parties other than subsidiaries, joint ventures and associates.

- (b) The investments made, guarantees provided and the terms and conditions of the grant of all the above-mentioned loans and advances in the nature of loans and guarantees provided during the year are, in our opinion, prima facie, not prejudicial to the Company’s interest.
- (c) In respect of loans granted or advances in the nature of margin funding loans provided by the Company, the schedule of repayment of principal and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the repayments of principal amounts and payment of interest. (Refer reporting under clause (iii)(f) below).

In respect of loans granted or advances in the nature of loans to employees provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.



- (d) According to information and explanations given to us, in respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- (e) Loans or advances in the nature of margin funding loans granted by the Company have not fallen due during the year. Loan or advance in the nature of loans to employees granted by the Company which has fallen due during the year, has not been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) The Company has granted Loans or advances in the nature of loans which are repayable on demand or without specifying any terms or period of repayment, details of which are given below:

	Amount (₹ In Lakh)		
	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loans			
- Repayable on demand (A)	1,580,697.10	-	-
- Agreement does not specify any terms or period of repayment (B)	-	-	-
<b>Total (A+B)</b>	<b>1,580,697.10</b>	<b>-</b>	<b>-</b>
Percentage of loans/advances in nature of loans to the total loans	100%	-	-

- (iv) According to the information and explanations given to us, the Company has not granted any loans, or provided guarantees or securities that are covered under the provisions of Section 185 of the Companies Act, 2013 and hence reporting under clause (iv) of the Order is not applicable.

According to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of making investments, as applicable.

- (v) According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under Section 148(1) of the Companies Act 2013.
- (vii) In respect of statutory dues:

- (a) Undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income-tax, sales tax, service tax, value added tax, cess and any other material statutory dues applicable to the Company have been generally regularly deposited by it with the appropriate authorities in all cases during the year.

We have been informed that the operations of the Company did not give rise to any liability of Sales Tax, Service Tax and duty of Excise during the year.

- (b) There were no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, sales tax, service tax, value added tax, cess and other material statutory dues in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.

Details of statutory dues of income tax and service tax referred to in sub-clause (vii)(a) above which have not been deposited as on March 31, 2024, on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in lakh)	Amount unpaid (₹ in lakh)
The Finance Act, 1994	Service tax	The Commissioner of Service Tax	July 2012- September 2014	7,204.66	6,843.63 <sup>a</sup>
<b>Total (A)</b>	<b>Service tax</b>			<b>7,204.66</b>	<b>6,843.63</b>
The Income Tax Act, 1961	Income Tax	The Commissioner of Income Tax (Appeals)	Assessment Year 2013-2014	397.85*	-
The Income Tax Act, 1961	Income Tax	The Commissioner of Income Tax (Appeals)	Assessment Year 2014-2015	545.63*	-
The Income Tax Act, 1961	Income Tax	The Commissioner of Income Tax (Appeals)	Assessment Year 2015-2016	2,735.46	2,301.00#
The Income Tax Act, 1961	Income Tax	The Commissioner of Income Tax (Appeals)	Assessment Year 2016-2017	273.51	273.51

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in lakh)	Amount unpaid (₹ in lakh)
The Income Tax Act, 1961	Income Tax	The Commissioner of Income Tax (Appeals)	Assessment Year 2016-2017 <sup>@</sup>	132.74	132.74
The Income Tax Act, 1961	Income Tax	The Commissioner of Income Tax (Appeals)	Assessment Year 2017-2018	87.61	87.61
The Income Tax Act, 1961	Income Tax	The Commissioner of Income Tax (Appeals)	Assessment Year 2018-2019	23.21	23.21
<b>Total (B)</b>	<b>Income Tax</b>			<b>4,196.01</b>	<b>2,818.07</b>
<b>Total</b>				<b>11,400.67</b>	<b>9,661.70</b>

\* Paid under protest

<sup>^</sup> Net of Rs.361.03 lakh paid under protest

<sup>#</sup> Refund of earlier year paid under protest of Rs. 434.46 lakh

<sup>@</sup> Appeal filed for order u/s 201 (1) and 201 (1A)

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates. The Company did not have any joint venture during the year.
- (f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year and upto the date of this report and provided to us, when performing our audit.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 2024.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence the provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.



- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi) (a), (b) and (c) of the Order is not applicable.
- (b) During the year, the Company has not conducted any Non-Banking Financial activities any Housing Finance activities and is not required to obtain Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934.
- (c) The Company is an exempted Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and it continues to fulfil the exemption criteria during the year.
- (d) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, (Asset Liability Maturity (ALM) pattern) other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In According to the information and explanation given to us, in respect of other than ongoing projects there are no unspent Corporate Social Responsibility (CSR) amount as at the end of the financial year requiring a transfer to a Fund specified in Schedule VII to the Companies Act, 2013 within a period of six months of the expiry of the said financial year in compliance with second proviso to subsection (5) of section 135 of the said Act. Accordingly, reporting under clause 3 (xx) of the order is not applicable for the year.
- (b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount, to a special account before the date of this report and within a period of 30 days from the end of the financial year in compliance with the provision of section 135 (6) of the Act.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants  
Firm's Registration No. 117366W/W-100018

**Ketan Vora**

Partner

Membership No. 100458  
UDIN:24100459BKFAUD7422

Place: Mumbai  
Date: May 28, 2024

# Standalone Balance Sheet

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

(₹ in Lakh)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>ASSETS</b>			
<b>(1) Financial assets</b>			
(a) Cash and cash equivalents	2	16,627.71	10,209.55
(b) Bank Balance other than (Note 2) above	3	1,027,018.26	711,754.96
(c) Derivative financial instruments	4	20.72	2,254.00
(d) Receivables	5		
(i) Trade receivables		298,233.34	246,431.75
(ii) Other receivables		907.76	2,056.93
		<b>299,141.10</b>	<b>248,488.68</b>
(e) Loans	6	771,615.23	374,729.88
(f) Investments	7	310,263.97	248,487.06
(g) Other Financial assets	8	13,271.89	1,600.57
<b>Total Financial assets</b>		<b>2,437,958.88</b>	<b>1,597,524.70</b>
<b>(2) Non-financial assets</b>			
(a) Current Tax assets (Net)	9A	2,340.19	2,423.90
(b) Deferred Tax assets (Net)	10	408.65	895.04
(c) Investment Property	11	1,961.42	2,006.71
(d) Property, Plant and Equipment	12	13,252.83	12,380.75
(e) Other intangible assets	13	3,698.94	5,178.18
(f) Other Non-Financial assets	14	5,040.26	4,238.77
<b>Total Non-financial assets</b>		<b>26,702.29</b>	<b>27,123.35</b>
<b>Total Assets</b>		<b>2,464,661.17</b>	<b>1,624,648.05</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>(1) Financial liabilities</b>			
(a) Derivative financial instruments	4	18.23	181.09
(b) Payables	15		
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		921,414.50	537,491.33
		<b>921,414.50</b>	<b>537,491.33</b>
(c) Debt securities	16	658,719.81	330,827.14
(d) Borrowings (Other than Debt Securities)	17	-	-
(e) Lease Liabilities		6,114.80	6,365.08
(f) Deposits		2,119.10	3,432.51
(g) Other Financial liabilities	18	12,937.45	16,533.41
<b>Total Financial liabilities</b>		<b>1,601,323.89</b>	<b>894,830.56</b>
<b>(2) Non-Financial liabilities</b>			
(a) Current tax liabilities (Net)	9B	2,170.93	1,471.86
(b) Provisions	19	15,342.68	10,449.02
(c) Deferred tax liabilities (Net)	10	-	-
(d) Other non-financial liabilities	20	3,855.63	2,229.31
<b>Total Non-financial liabilities</b>		<b>21,369.24</b>	<b>14,150.19</b>
<b>Total Liabilities (A)</b>		<b>1,622,693.13</b>	<b>908,980.75</b>
<b>(3) EQUITY</b>			
(a) Equity Share Capital	21	160.00	160.00
(b) Other equity	22	841,808.04	715,507.30
<b>Total Equity (B)</b>		<b>841,968.04</b>	<b>715,667.30</b>
<b>Total Liabilities and Equity (A+B)</b>		<b>2,464,661.17</b>	<b>1,624,648.05</b>
See accompanying notes to the standalone financial statements	1-51		

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Ketan Vora  
Partner

Place : Mumbai  
Date : 28<sup>th</sup> May, 2024

For and on behalf of the Board of Directors  
Kotak Securities Limited

Shripal Shah  
Managing Director & CEO  
DIN: 03055553

Sandeep Chordia  
Chief Operating Officer

Place : Mumbai  
Date : 28<sup>th</sup> May, 2024

Pratik Gupta  
Whole-Time Director  
DIN: 02262794

Vikas Tarekar  
Company Secretary  
Membership No: A31670





# Standalone Statement of Profit and Loss

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

(₹ in Lakh)

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
<b>REVENUE FROM OPERATIONS</b>			
(i) Interest income	23	141,036.07	104,884.49
(ii) Dividend income	24	2,058.80	1,728.40
(iii) Fees and commission income	25	213,223.39	158,938.18
(iv) Net gain on fair value changes	26	33,677.48	16,151.09
<b>(I) Total revenue from operations</b>		<b>389,995.74</b>	<b>281,702.16</b>
<b>(II) Other income</b>	27	<b>1,850.07</b>	<b>2,275.97</b>
<b>(III) Total income ( I + II )</b>		<b>391,845.81</b>	<b>283,978.13</b>
<b>EXPENSES</b>			
(i) Finance costs	28	36,277.49	26,946.41
(ii) Fees and commission expense	29	54,313.91	41,811.16
(iii) Impairment on financial instruments	30	2,795.67	(1,086.91)
(iv) Employee Benefits expenses	31	66,028.86	53,936.18
(v) Depreciation, amortisation and impairment	32	7,621.53	6,274.06
(vi) Other expenses	33	50,987.44	44,554.33
<b>(IV) Total expenses</b>		<b>218,024.90</b>	<b>172,435.23</b>
<b>(V) Profit before tax (III-IV)</b>		<b>173,820.91</b>	<b>111,542.90</b>
<b>(VI) Tax expense</b>	35		
(1) Current tax		42,144.85	28,717.11
(2) Deferred tax charge/(credit)		509.62	(1,108.09)
<b>Total tax expense (1+2)</b>		<b>42,654.47</b>	<b>27,609.02</b>
<b>(VII) Profit for the year from continuing operations(V-VI)</b>		131,166.44	83,933.88
<b>(VIII) Other comprehensive income</b>			
(A) Items that will not be reclassified to profit or loss			
(i) Remeasurements of the defined employee benefit plans	39	293.66	(267.52)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(73.91)	67.33
<b>Total (A)</b>		<b>219.75</b>	<b>(200.19)</b>
(B) Items that will be reclassified to profit or loss			
(i) Debt Instruments fair valued through Other Comprehensive Income		(424.51)	(2,648.88)
(ii) Income tax relating to items that will be reclassified to profit or loss		97.13	606.06
<b>Total (B)</b>		<b>(327.38)</b>	<b>(2,042.82)</b>
<b>Other Comprehensive Income / (Loss) (A+B)</b>		<b>(107.63)</b>	<b>(2,243.01)</b>
<b>(IX) Total Comprehensive Income for the year (VII+VIII)</b>		<b>131,058.81</b>	<b>81,690.87</b>
<b>(X) Earnings per equity share of face value of ₹ 10 each</b>	34		
Basic (₹)		8,197.90	5,245.87
Diluted (₹)		8,197.90	5,245.87
See accompanying notes to the standalone financial statements	1-51		

## In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Ketan Vora  
Partner

Place : Mumbai  
Date : 28<sup>th</sup> May, 2024

For and on behalf of the Board of Directors  
Kotak Securities Limited

Shripal Shah  
Managing Director & CEO  
DIN: 03055553

Sandeep Chordia  
Chief Operating Officer

Place : Mumbai  
Date : 28<sup>th</sup> May, 2024

Pratik Gupta  
Whole-Time Director  
DIN: 02262794

Vikas Tarekar  
Company Secretary  
Membership No: A31670

# Standalone Statement of Cash Flows

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

(₹ in Lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
<b>(A) Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>173,820.91</b>	<b>111,542.90</b>
Add / (Less) adjustment from / (used in):		
Depreciation, amortisation and impairment	7,621.53	6,274.06
Finance Costs	35,450.48	25,735.96
Interest income on Investment	(13,151.88)	(9,789.35)
Dividend income	(2,058.80)	(1,728.40)
Rental Income from Investment Property	(1,123.24)	(1,005.01)
Liabilities Written back as no longer required	(212.43)	(408.22)
Net Gain on derecognition of Property, Plant and Equipment	(74.56)	(16.84)
Profit on sale of investments (net)	(4,145.55)	(5,088.11)
Unrealised Fair value changes	(9,661.62)	(2,222.31)
Net Unrealised exchange (Gain) / Loss (net)	51.15	129.06
Fair value of ESOP and SARS	41.86	295.36
Impairment on financial instruments	2,795.67	(1,086.91)
Gain on derecognition of Lease Liability	(62.29)	-
<b>Operating profit before working capital changes</b>	<b>189,291.23</b>	<b>122,632.19</b>
<b>Changes in working capital adjustments</b>		
<b>Adjustment for</b>		
Increase / (Decrease) in trade payables	384,084.45	(252,346.24)
Increase / (Decrease) in provisions	5,187.39	(1,791.80)
(Decrease) / Increase in other financial liabilities	(1,581.53)	1,191.46
Increase / (Decrease) in other non-financial liabilities	1,626.32	(1,413.10)
(Increase) / Decrease in trade receivables and other receivables	(51,816.06)	337,288.87
(Increase) / Decrease in loans and advances	(398,314.79)	113,235.66
(Increase) / Decrease in investments (held for trading) (net)	(83,017.26)	41,337.20
(Increase) in other non financial assets	(1,520.23)	(499.84)
(Increase) in other financial assets	(11,640.48)	(64.82)
(Increase) in Bank balance other than Cash and Cash equivalents	(315,463.77)	(161,122.97)
Decrease / (Increase) in derivative financial position	2,070.42	(2,071.02)
	<b>(281,094.31)</b>	<b>196,375.59</b>
Income tax paid (Net of refund)	(41,362.08)	(29,477.94)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>(322,456.39)</b>	<b>166,897.65</b>
<b>(B) Cash flow from investing activities:</b>		
Purchase of Property plant and equipments and Other intangible assets	(5,090.98)	(5,807.68)
Proceeds from sale of Property plant and equipments	162.47	200.09
Sale of Investments	31,750.80	1,122.78
Interest received	13,120.91	9,789.35
Dividend on investments	2,058.80	1,728.40
Rental Income from Investment Property	1,123.24	1,005.01
<b>Net cash generated from investing activities (B)</b>	<b>43,125.24</b>	<b>8,037.95</b>



# Standalone Statement of Cash Flows

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

(₹ in Lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
<b>(C) Cash flow from financing activities:</b>		
Proceeds from Commercial Paper (debt securities)	2,016,021.12	1,745,273.38
Repayments of Commercial Paper (debt securities)	(1,722,500.00)	(1,910,000.00)
Finance Costs	(597.80)	(698.95)
Dividend paid	(4,800.00)	(4,800.00)
Repayment of Lease Liabilities	(2,370.03)	(2,074.45)
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>285,753.29</b>	<b>(172,300.02)</b>
<b>Net Increase in Cash and cash equivalents (A)+(B)+(C)</b>	<b>6,422.14</b>	<b>2,635.58</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10,216.88</b>	<b>7,581.30</b>
<b>Cash and cash equivalents at the end of the year*</b>	<b>16,639.02</b>	<b>10,216.88</b>

\* Cash and cash equivalents shown in Balance Sheet is net of ECL provision of ₹ 11.31 lakh as at March 31, 2024 (₹ 7.33 lakh as at March 31, 2023)

**Notes:**

- Changes in liabilities arising from financing activities

(₹ in Lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
Opening balance	330,827.14	470,910.52
Borrowing taken during the year	2,016,021.12	1,745,273.38
Amortisation of interest and other charges on borrowings	34,371.55	24,643.24
Repayments during the year	(1,722,500.00)	(1,910,000.00)
<b>Closing balance</b>	<b>658,719.81</b>	<b>330,827.14</b>

- The above Standalone Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Ind AS -7 "Statement of Cash flows".
- Non- cash financing activity -

Employee stock option plan from parent (Kotak Mahindra Bank Limited) of ₹ 41.93 lakh for the year ended 31<sup>st</sup> March, 2024 (Previous year - ₹ 294.56 lakh)**In terms of our report attached****For Deloitte Haskins & Sells LLP**  
Chartered Accountants**Ketan Vora**  
PartnerPlace : Mumbai  
Date : 28<sup>th</sup> May, 2024**For and on behalf of the Board of Directors**  
Kotak Securities Limited**Shripal Shah**  
Managing Director & CEO  
DIN: 03055553**Sandeep Chordia**  
Chief Operating OfficerPlace : Mumbai  
Date : 28<sup>th</sup> May, 2024**Pratik Gupta**  
Whole-Time Director  
DIN: 02262794**Vikas Tarekar**  
Company Secretary  
Membership No: A31670

# Standalone Statement of Changes in Equity

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

## A. EQUITY SHARE CAPITAL

(₹ in Lakh)

Particulars	Amount
<b>Balance as at 1<sup>st</sup> April, 2022</b>	160.00
Changes in equity share capital during the year	-
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>160.00</b>
<b>Balance as at 1<sup>st</sup> April, 2023</b>	160.00
Changes in equity share capital during the year	-
<b>Balance as at 31<sup>st</sup> March, 2024</b>	<b>160.00</b>

## B. OTHER EQUITY

(₹ in Lakh)

Particulars	Reserves and surplus			Capital contribution from holding company	Debt instruments through Other comprehensive income	Total
	General Reserve	Securities premium	Retained earnings			
<b>Opening Balance as at 1<sup>st</sup> April, 2022</b>	<b>17,281.94</b>	<b>2,350.35</b>	<b>608,827.47</b>	<b>6,731.62</b>	<b>3,130.49</b>	<b>638,321.87</b>
Profit for the year	-	-	83,933.88	-	-	83,933.88
Other comprehensive income for the year	-	-	(200.19)	-	(2,042.82)	(2,243.01)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>692,561.16</b>	<b>-</b>	<b>(2,042.82)</b>	<b>720,012.74</b>
Employee stock option	-	-	-	294.56	-	294.56
Dividend paid	-	-	(4,800.00)	-	-	(4,800.00)
<b>Balance as on 31<sup>st</sup> March, 2023</b>	<b>17,281.94</b>	<b>2,350.35</b>	<b>687,761.16</b>	<b>7,026.18</b>	<b>1,087.67</b>	<b>715,507.30</b>
<b>Opening Balance as at 1<sup>st</sup> April, 2023</b>	<b>17,281.94</b>	<b>2,350.35</b>	<b>687,761.16</b>	<b>7,026.18</b>	<b>1,087.67</b>	<b>715,507.30</b>
Profit for the year	-	-	131,166.44	-	-	131,166.44
Other comprehensive income for the year	-	-	219.75	-	(327.38)	(107.63)
<b>Total comprehensive income</b>	<b>17,281.94</b>	<b>2,350.35</b>	<b>819,147.35</b>	<b>7,026.18</b>	<b>760.29</b>	<b>846,566.11</b>
Employee stock option	-	-	-	41.93	-	41.93
Dividend paid	-	-	(4,800.00)	-	-	(4,800.00)
<b>Balance as at 31<sup>st</sup> March, 2024</b>	<b>17,281.94</b>	<b>2,350.35</b>	<b>814,347.35</b>	<b>7,068.11</b>	<b>760.29</b>	<b>841,808.04</b>

See accompanying notes to the standalone financial statements

1-51

### In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Ketan Vora**  
Partner

Place : Mumbai  
Date : 28<sup>th</sup> May, 2024

**For and on behalf of the Board of Directors**  
**Kotak Securities Limited**

**Shripal Shah**  
Managing Director & CEO  
DIN: 03055553

**Sandeep Chordia**  
Chief Operating Officer

Place : Mumbai  
Date : 28<sup>th</sup> May, 2024

**Pratik Gupta**  
Whole-Time Director  
DIN: 02262794

**Vikas Tarekar**  
Company Secretary  
Membership No: A31670



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## 1.1 CORPORATE INFORMATION

Kotak Securities Limited ("The Company"), a subsidiary of Kotak Mahindra Bank Limited (KMBL), was incorporated on 20<sup>th</sup> July, 1994. It provides securities broking in cash equities segment, equity, commodity and currency derivatives segment, depository services, primary and secondary market distribution services. The Company is a member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), National Commodity & Derivatives Exchange Limited (NCDEX), Multi Commodity Exchange of India Ltd (MCX) and Metropolitan Stock Exchange of India Limited (MSEI). The Company is also a depository participant of National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and is also registered as a portfolio manager with Securities and Exchange Board of India (SEBI). The Company is registered as a Mutual Fund Advisor with Association of Mutual Funds in India (AMFI) and also acts as a corporate agent of Kotak Mahindra Life Insurance Company Limited.

## 1.2 BASIS OF PREPARATION AND PRESENTATION

### A. STATEMENT OF COMPLIANCE

The standalone financial statements of the company have been prepared in accordance with the Indian Accounting Standards (herein after referred as 'Ind AS') notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016] and other relevant provisions of the Act.

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

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments);
- Net defined benefit (assets) / liability – Plan assets are measured at fair value less present value of defined benefit obligation and
- Share-based payments - measured at fair value.

The standalone financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the financial years presented in the financial statements. These standalone financial statements were authorized for issue by the Company's Board of Director on 28<sup>th</sup> May, 2024.

### B. FUNCTIONAL AND PRESENTATION CURRENCY

The standalone financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakh with two decimals, except when otherwise indicated.

### C. USE OF ESTIMATES AND JUDGEMENTS

The preparation of standalone financial statements in conformity with the Ind AS requires the Management to make estimates and assumptions considered in the reported balances of assets and liabilities (including contingent liabilities) as on the date of the standalone financial statements and the reported income and expenses during the reported period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

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

##### I. Revenue

Recognition of revenue over time or at a point in time:

The Company recognises revenue from brokerage income at a point in time because performance obligation is completed once the service is provided by the Company.

The Company recognises revenue from fees over time because the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

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

Useful lives of property, plant and equipment are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support. Refer Note 12 for details.

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

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

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation includes discount rate, trends in salary escalation, demographics and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Further details are disclosed in note 39.

### IV. Recognition of deferred tax assets

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and depreciation carry-forwards could be utilized.

### V. Recognition and measurement of provisions and contingencies

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

### VI. Determination of lease term

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

### VII. Discount rate for lease liability

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated.

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

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

### IX. Fair value of share-based payments

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

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 40.

### X. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value please see Note 41.



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## XI. Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI (Solely Payments of Principal and Interest) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the standalone statement of profit and loss in the period in which they arise.

## XII. Effective Interest Rate (EIR) method

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

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

## XIII. Impairment of financial assets

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

## XIV. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The 'value in use' calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

## XV. Lease classification: Company as a lessor

The Company has given office premises under lease. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

## 1.3 SIGNIFICANT ACCOUNTING POLICIES

### A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash on hand and demand deposits with banks. It also comprises of short-term deposits with an original maturity of three months or less.

### B. PROPERTY, PLANT AND EQUIPMENT

#### i. Recognition and measurement

Items of property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

- a. Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

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- b. Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in standalone statement of profit and loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in standalone statement of profit and loss.

## ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to standalone statement of profit and loss during the reporting period in which they are incurred.

## iii. Investment Property

Investment Property are property held to earn rentals and for capital appreciation. Investment Property are measured initially at cost including transaction costs. Subsequently Investment Properties comprises are buildings are carried out at cost less accumulated depreciation and accumulated impairment losses, if any. An Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de recognition of the property (calculated as the difference between the disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which property is derecognised.

## iv. Depreciation

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

Lease hold improvements	Over the period of lease subject to a maximum of 6 years
Building	58 years
Furniture and Fixtures	6 years
Computers	3 years
Office Equipments	5 years
Motor Vehicles	4 years

Assets costing less than 5,000 are fully depreciated in the year of purchase.

## v. Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognized:

- (a) on disposal; or
- (b) when no future economic benefits are expected from its use or disposal.

## C. INTANGIBLE ASSETS

### i. Recognition and measurement

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment losses, if any. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

### ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.





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### iii. Amortization

The intangible assets are amortized over the estimated useful lives as given below:

Software 3 to 5 years

### D. IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying values of assets (including Right of Use Assets) /cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount.

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

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

### E. REVENUE RECOGNITION

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) towards satisfaction of performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Revenue from contracts with customers is recognised when services are rendered to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

i. Brokerage Income (net of indirect taxes) recognized:

- a) On primary market subscription / mobilisation is accounted on allotment after intimation is received by the Company.
- b) On secondary market - income is recognised upon completion of brokerage services to its customers

Brokerage income is recognized at a point in time based on above timing

ii. Placement and other fee based income are accounted for on the basis of the progress of the assignment

iii. Fee income mainly includes depository fees and other charges recovered towards value added services provided to the clients. These are recognized on accrual basis as per the terms and conditions agreed with the client. Other charges recovered from secondary broking customers are recognized upon completion of services.

iv. Company also distributes Life Insurance products and Mutual fund schemes for which it receives commission income. In case the client discontinues the policy or redeems the mutual funds units within the stipulated time, Company is liable to repay the commission.

# Notes

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- v. Portfolio management fees are recognized on accrual basis as follows:
- In case of fixed percentage of the corpus/ fixed amount, income is accrued over the period of the agreement.
  - In case of fee based on the returns of the portfolio, income is accounted on each anniversary date specified in the portfolio agreement.
  - In case of upfront non-refundable fees, income is accounted over a period of time.

## Interest income

Interest income on financial assets is recognized on an accrual basis using effective interest rate (EIR). Interest revenue is continued to be recognized at the original effective interest rate.

## Dividend income

Dividend income is recognised in standalone statement of profit and loss when the right to receive the dividend is established.

## F. LEASES :

### As Lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the standalone statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.



# Notes

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## As Lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Lease income is recognised in the standalone statement of profit and loss on a straight-line basis over the lease term.

## G. SECURITIES LENDING AND BORROWING

- (a) Initial margin and /or additional margin paid over and above the initial margin, for entering into contracts for equity stock which are released on final settlement / squaring – up of the underlying contracts, are disclosed under Trade Payables
- (b) On final settlement or squaring up of contracts for equity stocks, the realised profit or loss after adjusting the unrealized loss already accounted, if any, is recognised in the standalone statement of profit and loss.
- (c) The Lending and Borrowing fees are recognised on Pro- rata basis over the tenure of the contract.

## H. EMPLOYEE BENEFITS

### Defined Contribution Plan –

- i) Provident fund - Contribution as required by the Statute made to the Government Provident Fund is debited to the standalone statement of profit and loss.
- ii) Superannuation fund - The Company contributes a sum equivalent to 15% of eligible employees' salary subject to a maximum of ₹ 1.00 lakh per eligible employee per annum, to the Superannuation Funds administered by trustees and managed by a Life Insurance Company. The Company recognises such contributions as an expense in the year when an employee renders the related service.

### Defined Benefit Plan

#### Gratuity

Gratuity - The Company has a defined benefit plan for post-employment benefits in the form of gratuity. The Company has formed a Trust "Kotak Securities Employees Gratuity Trust" which has taken group gratuity policies with an insurance company which is funded. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date. Remeasurement of all defined benefit plans, which comprise actuarial gains and losses are recognised immediately in other comprehensive income in the year they are incurred. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in standalone statement of profit and loss.

### Other Long-term Employee Benefits

#### Compensated Absences

The company accrues the liability for compensated absences based on the actuarial valuation as at the balance sheet date conducted by an independent actuary, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the company's obligation is determined based on the projected unit credit method as at the Balance Sheet date. Actuarial gains or losses are recognised in the standalone statement of profit and loss in the year in which they arise.

### Other Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentives.

## I. Share based payments

### i. Employees Stock Options Plans ("ESOPs") - Equity settled

Kotak Mahindra Bank Limited ("the Bank") grants employee stock options to the eligible employees of the Company. The schemes provide for grant of options to employees of the Group to acquire the equity shares of the Bank that vest in cliff vesting or in a graded manner and that are to be exercised within a specified period. In accordance with, SEBI (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on "Accounting for Employee Share-based payments" issued by The Institute of Chartered Accountants of India the Bank has started charging share-linked instruments on fair value method instead of intrinsic value for all instruments granted after the accounting period ending 31<sup>st</sup> March, 2021. The fair value of the stock-based compensation is estimated on the date of grant

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using Black-Scholes model and is charged to the company over the vesting period. The share of the company's capital contribution reimbursed to the Bank is recorded as an expense in the Statement of Profit and Loss under Share based payments to employees in Employee benefits expenses.

**ii. Stock Appreciation Rights (SAR's) -Cash-settled transactions:**

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period the employees unconditionally become entitled to payment. The liability is measured at the end of each reporting date up to and including settlement date, with changes in the fair value recognised as salaries, wages and bonus in standalone statement of profit or loss.

## J. INCOME TAXES

Income tax expense comprises current and deferred tax. It is recognised in standalone statement of profit and loss except to the extent that it relates to items recognised directly in equity or in OCI.

### Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred Tax

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent period.

Deferred tax assets arising mainly on account of carry forward losses and unabsorbed depreciation under tax laws are recognised only if there is reasonable certainty of its realisation, supported by convincing evidence.

Deferred tax assets on account of other temporary 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.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the standalone statement of profit and loss in the period of the change. The carrying amount of deferred tax assets are reviewed at each Balance Sheet date.

Deferred tax assets and deferred tax liabilities are off set when there is a legally enforceable right to set-off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

## K. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

## L. FINANCIAL INSTRUMENTS

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



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## Financial assets

### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction fees or costs that are directly attributable and incremental to the origination/acquisition of the financial asset unless otherwise specifically mentioned in the accounting policies. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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

Regular way purchase or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

### Classification

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

### Business model assessment

The Company determines business model in which an asset is held consistent with the way in which business is managed and information provided to management. The information considered in conjunction with objectives of business model include:

- The objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.
- The risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed

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

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

### Subsequent Measurement

#### Financial assets at amortised cost

A financial asset is measured at amortised cost using the EIR method only if both of the following conditions are met:

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

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR and reported as part of interest income in the standalone statement of profit and loss account. The losses if any, arising from impairment are recognised in the standalone statement of profit and loss account.

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

##### a) Debt Instruments

Financial asset with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI. The impairment losses, if any, are recognized through profit and loss account. The loss allowance is recognized in other comprehensive income and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to the standalone statement of profit and loss

# Notes

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## **b) Investment in equity instruments**

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income. This election is made on an investment-by-investment basis.

After initial measurement, such financial assets are subsequently measured at fair value through OCI. Dividends are recognised as income in standalone statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment.

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

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

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss account.

All equity investments except for investments in subsidiary/associate/joint ventures are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL.

## **Financial liabilities and Equity instruments**

### **Classification as debt or equity -**

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

### **Equity instruments -**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised as the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost except when designated to be measured at FVTPL.

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in standalone statement of profit and loss.

## **M. IMPAIRMENT OF FINANCIAL ASSETS**

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

The financial instruments covered within the scope of ECL include financial assets measured at amortised cost and FVOCI, such as investment in debentures and bonds, trade receivables, employee loans, margin funding loans, security deposits given, balances with banks and other financial assets. ECL has not been determined on financial assets measured at FVTPL.

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

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

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

### **Financial assets that are credit impaired at the reporting date:**

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

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

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



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## Stage 1: 12 month ECL

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

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

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

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

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

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

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

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

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

## N. WRITE-OFFS

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the standalone statement of profit and loss. However, financial assets that are written off may be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

## O. DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### Financial assets

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset
- The Company has transferred substantially all the risks and rewards of the asset, but has transferred control of the asset

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

### Financial liabilities

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

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## Modifications of financial assets and financial liabilities

### Financial assets

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

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit and loss account.

### Financial liabilities

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

## P. OFFSETTING

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

## Q. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. The resulting gain or loss is recognised in standalone statement of profit and loss immediately.

## R. BORROWING COST

Expenses related to borrowing cost are accounted using effective interest rate. Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## S. MEASUREMENT OF FAIR VALUES

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments such as investment in unquoted equity instruments, debentures, preference shares etc.

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## T. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.





# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## U. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## V. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of the transaction. Exchange differences arising on settlement of revenue transactions are recognised in the standalone statement of profit and loss. Monetary assets and liabilities contracted in foreign currencies are restated at the rate of exchange ruling at the Balance Sheet date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

## W. TRADE RECEIVABLE

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional right of receipt.

The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 2 : CASH AND CASH EQUIVALENTS :

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
(a) Cash on hand	-	0.15
(b) Balances with banks - in Current Accounts*	16,639.02	10,216.73
<b>Sub total</b>	<b>16,639.02</b>	<b>10,216.88</b>
Less: Impairment loss allowance	(11.31)	(7.33)
<b>Total</b>	<b>16,627.71</b>	<b>10,209.55</b>

\* includes balance of ₹ 106.00 lakh (previous year ₹ 504.17 lakh) earmarked for corporate social responsibility expenses

## NOTE 3 : BANK BALANCE OTHER THAN (NOTE 2) ABOVE

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
In Fixed deposits with banks having maturity less than 12 months	1,027,172.97	705,030.83
In Fixed deposits with banks having original maturity of more than 12 months	491.95	7,170.31
<b>Sub total</b>	<b>1,027,664.92</b>	<b>712,201.14</b>
Less: Impairment loss allowance	(646.66)	(446.18)
<b>Total</b>	<b>1,027,018.26</b>	<b>711,754.96</b>
<b>Notes:</b>		
<b>Fixed Deposits with banks includes deposits under the lien with :-</b>		
NSE Clearing Limited	829,452.02	514,614.08
Indian Clearing Corporation Limited	24,964.73	26,645.09
National Stock Exchange Limited	271.96	226.33
Bombay Stock Exchange Limited	-	14.48
National Commodity Exchange Limited	14,723.27	9,419.61
Multi Commodity Exchange of India Limited	71,489.12	60,199.81
Kotak Mahindra Bank for Fund Based Facilities	76,649.56	-
Banks for guarantees issued	7,910.06	37,305.70
The Unique Identification Authority of India	25.01	25.00
	<b>1,025,485.73</b>	<b>648,450.10</b>



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 4 : DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024			As at 31 <sup>st</sup> March, 2023		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Part I						
Equity linked derivatives	21,154.95	20.72	18.23	65,720.35	2,254.00	181.09
<b>Total Derivative financial instruments</b>	<b>21,154.95</b>	<b>20.72</b>	<b>18.23</b>	<b>65,720.35</b>	<b>2,254.00</b>	<b>181.09</b>
Part II						
Undesignated derivatives	21,154.95	20.72	18.23	65,720.35	2,254.00	181.09
<b>Total derivative financial instruments</b>	<b>21,154.95</b>	<b>20.72</b>	<b>18.23</b>	<b>65,720.35</b>	<b>2,254.00</b>	<b>181.09</b>

Refer note 41 for financial risk on derivative contracts.

## NOTE : 5 RECEIVABLES

### (i) TRADE RECEIVABLES:

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024			As at 31 <sup>st</sup> March, 2023		
	Exposure	Loss Allowance	Net Amount	Exposure	Loss Allowance	Net Amount
- Considered good - Secured;	274,272.47	-	274,272.47	197,692.72	-	197,692.72
- Considered good - UnSecured;	8,609.84	(1,766.40)	6,843.44	2,650.36	(583.81)	2,066.55
- Significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	1,509.96	(1,509.96)	-	1,590.02	(1,590.02)	-
<b>Sub Total</b>	<b>284,392.27</b>	<b>(3,276.36)</b>	<b>281,115.91</b>	<b>201,933.10</b>	<b>(2,173.83)</b>	<b>199,759.27</b>
Stock exchange receivable	17,117.43	-	17,117.43	46,672.48	-	46,672.48
<b>Total Trade receivables</b>	<b>301,509.70</b>	<b>(3,276.36)</b>	<b>298,233.34</b>	<b>248,605.58</b>	<b>(2,173.83)</b>	<b>246,431.75</b>

### (ii) Other receivables

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
- Considered good - UnSecured	907.76	2,056.93
<b>Total Other receivables</b>	<b>907.76</b>	<b>2,056.93</b>
<b>Total Receivables (i+ii)</b>	<b>299,141.10</b>	<b>248,488.68</b>
<b>Out of which:</b>		
Due from Directors	-	-
Maximum amount outstanding during the year from Directors	90.08	8.17

No trade or other receivables are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Nor any trade or other receivables are due from firms including limited liability partnerships (LLPs) in which any director is a partner or a director or a member.

Refer note 41(b) for Financial Risk Management-Credit Risk and refer note 44 for disclosure on contract balances-Trade Receivables

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## AGEING - TRADE RECEIVABLES

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

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled	Not due*	Less than 6 months	6 months - 1 year	1 to 2 years	2 to 3 years	More than 3 years	
<b>Trade Receivables -Undisputed</b>								
(i) considered good	1,022.26	44,598.98	254,073.82	81.12	82.02	26.24	115.30	299,999.74
(ii) which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) credit impaired	-	-	541.14	63.18	184.14	207.14	351.81	1,347.41
<b>Trade Receivables - Disputed</b>								
(i) considered good	-	-	-	-	-	-	-	-
(ii) which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) credit impaired	-	-	79.81	15.95	22.59	6.21	37.99	162.55
<b>Total</b>	<b>1,022.26</b>	<b>44,598.98</b>	<b>254,694.77</b>	<b>160.25</b>	<b>288.74</b>	<b>239.60</b>	<b>505.10</b>	<b>301,509.70</b>

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

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled	Not due*	Less than 6 months	6 months - 1 year	1 to 2 years	2 to 3 years	More than 3 years	
<b>Trade Receivables -Undisputed</b>								
(i) considered good	1,008.12	13,812.98	231,871.66	184.85	119.83	2.29	15.83	247,015.56
(ii) which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) credit impaired	-	-	594.32	295.91	145.40	159.57	314.06	1,509.26
<b>Trade Receivables - Disputed</b>								
(i) considered good	-	-	-	-	-	-	-	-
(ii) which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) credit impaired	-	-	26.61	47.97	0.01	0.01	6.16	80.76
<b>Total</b>	<b>1,008.12</b>	<b>13,812.98</b>	<b>232,492.59</b>	<b>528.73</b>	<b>265.24</b>	<b>161.87</b>	<b>336.05</b>	<b>248,605.58</b>

\* This represents amount towards trade executed by clients having settlement date in subsequent to year end and hence not due.



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 6 : LOANS

(₹ in lakh)

Sr. No.	Particulars	As at	As at
		31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
		Amortised Cost	Amortised Cost
(A)	(i) Employee Loans	86.36	61.69
	(ii) Margin Trading facility	775,043.57	376,753.44
	<b>Total Gross (A)</b>	<b>775,129.93</b>	<b>376,815.13</b>
	Less: Impairment loss allowance	(3,514.70)	(2,085.25)
	<b>Total Net (A)</b>	<b>771,615.23</b>	<b>374,729.88</b>
(B)	(i) Secured by Securities /Shares	771,529.44	374,668.19
	(ii) Unsecured	3,600.49	2,146.94
	<b>Total Gross (B)</b>	<b>775,129.93</b>	<b>376,815.13</b>
	Less: Impairment loss allowance	(3,514.70)	(2,085.25)
	<b>Total Net (B)</b>	<b>771,615.23</b>	<b>374,729.88</b>
(C) (i)	Loans in India		
	(i) Public Sector	-	-
	(ii) Others	-	-
	(a) Employee Loan	86.36	61.69
	(b) Margin Trading Facility	775,043.57	376,753.44
	<b>Total Gross (C) (i)</b>	<b>775,129.93</b>	<b>376,815.13</b>
	Less: Impairment loss allowance	(3,514.70)	(2,085.25)
	<b>Total Net (C) (i)</b>	<b>771,615.23</b>	<b>374,729.88</b>
(C)(ii)	Loans outside India		
	Less: Impairment allowance	-	-
	<b>Total Net (C) (ii)</b>	<b>-</b>	<b>-</b>
	<b>Total (C) (i+ii)</b>	<b>771,615.23</b>	<b>374,729.88</b>

Refer Note 41-B for ageing of Employee Loans and Margin Trading facility

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 7 : INVESTMENTS

(₹ in lakh)

Sr No	Particulars	As at 31 <sup>st</sup> March, 2024					
		Amortised Cost	At Fair Value			Cost	Total
			Through Other Comprehensive Income	Through profit or loss	Sub total		
(1)	(2)	(3)	(4=2+3)	(5)	(6=1+4+5)		
(A)	Venture funds	-	-	61,309.03	61,309.03	-	61,309.03
	Debt securities	-	40,410.09	513.95	40,924.04	-	40,924.04
	Equity instruments*	-	-	169,457.06	169,457.06	-	169,457.06
	Subsidiary	-	-	-	-	585.57	585.57
	Associates	-	-	-	-	36,380.69	36,380.69
	Preference shares	-	-	1,607.58	1,607.58	-	1,607.58
	<b>Total Gross (A)</b>	-	<b>40,410.09</b>	<b>232,887.62</b>	<b>273,297.71</b>	<b>36,966.26</b>	<b>310,263.97</b>
	Less: Impairment allowance	-	-	-	-	-	-
	<b>Total Net</b>	-	<b>40,410.09</b>	<b>232,887.62</b>	<b>273,297.71</b>	<b>36,966.26</b>	<b>310,263.97</b>
(B)	(i) Investments outside India	-	-	-	-	585.57	585.57
	(ii) Investments in India	-	40,410.09	232,887.62	273,297.71	36,380.69	309,678.40
	<b>Total (B)</b>	-	<b>40,410.09</b>	<b>232,887.62</b>	<b>273,297.71</b>	<b>36,966.26</b>	<b>310,263.97</b>
	Less: Impairment allowance	-	-	-	-	-	-
	<b>Total Net</b>	-	<b>40,410.09</b>	<b>232,887.62</b>	<b>273,297.71</b>	<b>36,966.26</b>	<b>310,263.97</b>

\* Includes stock in trade of ₹ 154,232.93 Lakh

Refer Note 36(II)(b) for uncalled liability on shares and investments partly paid

(₹ in lakh)

Sr No	Particulars	As at 31 <sup>st</sup> March, 2024					
		Amortised Cost	At Fair Value			Cost	Total
			Through Other Comprehensive Income	Through profit or loss	Sub total		
(1)	(2)	(3)	(4=2+3)	(5)	(6=1+4+5)		
(A)	Venture funds	-	-	74,560.88	74,560.88	-	74,560.88
	Debt securities	-	44,963.13	15,981.93	60,945.06	-	60,945.06
	Equity instruments*	-	-	74,474.99	74,474.99	-	74,474.99
	Subsidiary	-	-	-	-	585.57	585.57
	Associates	-	-	-	-	36,380.69	36,380.69
	Preference shares	-	-	1,539.87	1,539.87	-	1,539.87
	<b>Total Gross (A)</b>	-	<b>44,963.13</b>	<b>166,557.67</b>	<b>211,520.80</b>	<b>36,966.26</b>	<b>248,487.06</b>
	Less: Impairment allowance	-	-	-	-	-	-
	<b>Total Net</b>	-	<b>44,963.13</b>	<b>166,557.67</b>	<b>211,520.80</b>	<b>36,966.26</b>	<b>248,487.06</b>
(B)	(i) Investments outside India	-	-	-	-	585.57	585.57
	(ii) Investments in India	-	44,963.13	166,557.67	211,520.80	36,380.69	247,901.49
	<b>Total (B)</b>	-	<b>44,963.13</b>	<b>166,557.67</b>	<b>211,520.80</b>	<b>36,966.26</b>	<b>248,487.06</b>
	Less: Impairment allowance	-	-	-	-	-	-
	<b>Total Net</b>	-	<b>44,963.13</b>	<b>166,557.67</b>	<b>211,520.80</b>	<b>36,966.26</b>	<b>248,487.06</b>

\* Includes stock in trade of ₹ 71,215.67 Lakh

Refer Note 36(II)(b) for uncalled liability on shares and investments partly paid



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## (A) BIFURCATION OF INVESTMENT

(₹ in lakh)

Particulars	As at	
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Quoted	202,290.12	137,038.24
unquoted	107,973.85	111,448.82
<b>Total</b>	<b>310,263.97</b>	<b>248,487.06</b>

## (B) MARKET VALUE OF PLEDGED SECURITIES

(₹ in lakh)

Particulars	As at	
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Equity Shares	55,960.70	65,704.51
Debt securities	-	15,054.00
<b>Total</b>	<b>55,960.70</b>	<b>80,758.51</b>

## (C) INVESTMENTS IN SUBSIDIARY AND ASSOCIATES:

(₹ in lakh)

Particulars	Face Value ₹	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2024	
		Number of shares	% Holding	Number of shares	% Holding
<b>(i) Investment in Equity Instruments</b>					
<b>(a) Investment in Subsidiary (Unquoted, fully paid-up) (measured at cost)</b>					
Kotak Mahindra Financial Services Limited {registered in Abu Dhabi, U.A.E.}	USD 1	1,239,000	585.57	1,239,000	585.57
<b>(b) Investment in Associates (Unquoted, fully paid-up)</b>					
Kotak Infrastructure Debt Fund Limited	10	93,000,000	9,300.00	93,000,000	9,300.00
Kotak Mahindra Prime Limited	10	1,712,600	27,080.69	1,712,600	27,080.69
<b>(ii) Investment in Debentures</b>					
<b>Investment in Associate (Quoted, fully paid-up) (FVTOCI)</b>					
<b>Kotak Mahindra Prime Limited:</b>					
10.50% Unsecured Non Convertible Debentures (Date of Redemption on 22 <sup>nd</sup> June, 2023)	1,000,000	-	-	400	4,136.55
8.25% Unsecured Non Convertible Debentures (Date of Redemption on 7 <sup>th</sup> December, 2027)	1,000,000	1,000	9,975.96	1,000	10,136.73

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

(D) As per the requirement of sec 186(4) of the Companies Act 2013, refer note 37 for the details of Investment in group companies.

## NOTE 8 : OTHER FINANCIAL ASSETS

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Other financial assets (at amortised cost):		
Deposits	13,277.97	1,606.53
<b>Sub total</b>	<b>13,277.97</b>	<b>1,606.53</b>
Less: Impairment loss allowance	(6.08)	(5.96)
<b>Total</b>	<b>13,271.89</b>	<b>1,600.57</b>

## NOTE 9A : CURRENT TAX ASSETS (NET)

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Advance Income Tax {Net of Provision ₹ 117,694.34 Lakh (Previous Year ₹ 109,548.30 Lakh)}	2,340.19	2,423.90

## NOTE 9B : CURRENT TAX LIABILITIES (NET)

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Income tax payable {Net of Advance Tax ₹ 143,078.04 Lakh (Previous Year ₹ 109,778.31 Lakh)}	2,170.93	1,471.86

## NOTE 10 : DEFERRED TAX ASSETS / LIABILITIES (NET)

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Deferred tax assets	3,675.27	2,809.09
Deferred tax liabilities	(3,266.62)	(1,914.05)
<b>Net deferred Tax Assets / (liabilities)</b>	<b>408.65</b>	<b>895.04</b>

Refer note no.35 for details of deferred tax assets / liabilities.

## NOTE 11 : INVESTMENT PROPERTY

(₹ in lakh)

Particulars	Amount
<b>Gross carrying amount</b>	
As at 1 <sup>st</sup> April, 2022	2,278.45
Additions during the year	-
Deletions/ disposals	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>2,278.45</b>





# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

(₹ in lakh)

Particulars	Amount
Additions during the year	-
Deletions/ disposals	-
<b>As at 31<sup>st</sup> March, 2024</b>	<b>2,278.45</b>
Accumulated depreciation	
As at 1 <sup>st</sup> April, 2022	226.45
Charge for the year	45.29
Deletions/ disposals	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>271.74</b>
Charge for the year	45.29
Deletions/ disposals	-
<b>As at 31<sup>st</sup> March, 2024</b>	<b>317.03</b>
<b>Carrying amounts</b>	
As at 31 <sup>st</sup> March, 2023	2,006.71
As at 31 <sup>st</sup> March, 2024	1,961.42
<b>Fair value</b>	
As at 31 <sup>st</sup> March, 2023	8,461.80
As at 31 <sup>st</sup> March, 2024	8,461.80

A. Note - The asset relating to Floor no. 7, Building 21 located at Infinity Park, Mumbai have been classified as investment property as per Ind AS 40, Investment Property. The Building 21 is jointly held with parent wherein Floor no. 7, title is held in the name of the Company.

## B. Measurement of fair values

### i. Fair value hierarchy

The fair value measurement for the above investment property is assessed once every 3 years by an external independent valuer registered under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017. The last valuation was determined in the FY 2021-22. The Company has no restrictions on the realisability of its investment property.

### ii. Valuation technique

For the purpose of valuation, the primary valuation methodology used is Income Capitalisation Approach. Income capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate market-based yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

## C. Amounts recognised in profit or loss for investment property:

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Rental income derived from investment property	1,123.24	1,005.01
Direct operating expenses of investment property	(35.81)	(35.81)
Income arising from investment properties before depreciation	1,087.43	969.20
Depreciation	(45.29)	(45.29)
Income arising from investment property (Net)	<b>1,042.14</b>	<b>923.91</b>

1. There are no Indirect operating expenses incurred by the company with respect to Investment property.

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## D. Investment property given on operating lease:

The Company has given investment property on operating lease. The lease arrangement is for a period of 12 months and is a cancellable lease. The lease is renewable for further periods on mutually agreeable terms.

## NOTE 12 : PROPERTY, PLANT AND EQUIPMENT

(₹ in lakh)

Particulars	Furniture and fixtures	Vehicles	Office equipment	Computers	Improvements To Leasehold Premises	Right-of-use assets (Premises) (b)	Total
<b>Balance as at 1<sup>st</sup> April, 2022</b>	<b>190.21</b>	<b>2,296.09</b>	<b>1,067.28</b>	<b>8,204.22</b>	<b>1,170.31</b>	<b>8,507.93</b>	<b>23,717.28</b>
Additions during the year	36.33	824.18	238.94	2,239.06	197.93	3,132.99	6,669.43
Disposals during the year	(8.39)	(398.94)	(119.73)	(434.10)	(0.35)	(1,039.22)	(2,000.73)
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>218.15</b>	<b>2,721.33</b>	<b>1,186.49</b>	<b>10,009.18</b>	<b>1,367.89</b>	<b>10,601.70</b>	<b>28,385.98</b>
<b>Accumulated depreciation, amortization and impairment as on 1<sup>st</sup> April, 2022</b>	<b>167.78</b>	<b>1,561.69</b>	<b>891.25</b>	<b>5,696.93</b>	<b>807.98</b>	<b>4,338.07</b>	<b>13,690.38</b>
Depreciation for the year	42.76	391.44	125.42	1,655.10	172.05	1,663.86	4,095.95
Disposals during the year	(8.20)	(257.61)	(101.64)	(410.86)	-	(1,002.79)	(1,781.10)
<b>Accumulated depreciation, amortization and impairment as on 31<sup>st</sup> March, 2023</b>	<b>202.34</b>	<b>1,695.52</b>	<b>915.03</b>	<b>6,941.17</b>	<b>980.03</b>	<b>4,999.14</b>	<b>16,005.23</b>
<b>Net carrying amount as on 31<sup>st</sup> March, 2023</b>	<b>15.81</b>	<b>1,025.81</b>	<b>271.46</b>	<b>3,068.01</b>	<b>387.86</b>	<b>5,602.56</b>	<b>12,380.75</b>
Balance as at 1 <sup>st</sup> April, 2023	218.15	2,721.33	1,186.49	10,009.18	1,367.89	10,601.70	28,385.98
Additions during the year	25.80	707.44	105.41	3,124.20	146.47	2,510.07	6,619.39
Disposals during the year	(6.80)	(459.01)	(39.08)	(213.55)	(73.49)	(2,839.78)	(3,631.71)
<b>Balance as at 31<sup>st</sup> March, 2024</b>	<b>237.15</b>	<b>2,969.76</b>	<b>1,252.82</b>	<b>12,919.83</b>	<b>1,440.87</b>	<b>10,271.99</b>	<b>31,373.66</b>
<b>Accumulated depreciation, amortization and impairment as on 1<sup>st</sup> April, 2023</b>	<b>202.34</b>	<b>1,695.52</b>	<b>915.03</b>	<b>6,941.17</b>	<b>980.03</b>	<b>4,999.14</b>	<b>16,005.23</b>
Depreciation for the year	23.89	434.85	97.28	2,116.81	164.02	1,968.02	4,850.23
Disposals during the year	(6.71)	(401.19)	(47.33)	(213.52)	(35.27)	(2,030.62)	(2,734.63)
<b>Accumulated depreciation, amortization and impairment as on 31<sup>st</sup> March, 2024</b>	<b>219.53</b>	<b>1,729.18</b>	<b>964.97</b>	<b>8,844.47</b>	<b>1,108.78</b>	<b>4,936.54</b>	<b>18,120.83</b>
<b>Net carrying amount as on 31<sup>st</sup> March, 2024</b>	<b>17.62</b>	<b>1,240.58</b>	<b>287.85</b>	<b>4,075.36</b>	<b>332.09</b>	<b>5,335.45</b>	<b>13,252.83</b>

- The Building 21 located at Infinity Park, Mumbai is jointly held with parent wherein Floor no. 8, title is held in the name of the Company. Further, it also includes part of the floor no.8 given on operating Lease aggregating to ₹ 928.63 Lakh (Previous Year ₹ 928.63 Lakh) and the written down value of the assets as on 31<sup>st</sup> March, 2024 is ₹ 799.42 Lakh (Previous year ₹ 817.89 Lakh). It also includes value of shares in a co-operative society, aggregating to ₹ 4 Lakh registered and title is held in the name of the Company.
- Refer note no. 38 for Right-of-use assets.
- The Company had not revalued its property, plant and equipment including right-of-use assets during the year ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023 respectively.
- Refer to note 36(II)(a) (Other commitments) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Impairment loss and reversal of impairment loss is Nil.



## Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

### NOTE 13 : OTHER INTANGIBLE ASSETS

(₹ in lakh)

Particulars	Software	Customer Database	Total
<b>Gross carrying amount as at 1<sup>st</sup> April, 2022</b>	<b>6,466.48</b>	-	<b>6,466.48</b>
Additions during the year	1,965.19	596.40	2,561.59
Disposals during the year	(4.00)	-	(4.00)
<b>Gross carrying amount as at 31<sup>st</sup> March, 2023</b>	<b>8,427.67</b>	<b>596.40</b>	<b>9,024.07</b>
<b>Accumulated amortization and impairment as on 1<sup>st</sup> April, 2022</b>	<b>1,717.07</b>	-	<b>1,717.07</b>
Amortization for the year	2,071.28	61.54	2,132.82
Disposals during the year	(4.00)	-	(4.00)
<b>Accumulated amortization and impairment as on 31<sup>st</sup> March, 2023</b>	<b>3,784.35</b>	<b>61.54</b>	<b>3,845.89</b>
<b>Net carrying amount as on 31<sup>st</sup> March, 2023</b>	<b>4,643.32</b>	<b>534.86</b>	<b>5,178.18</b>
<b>Gross carrying amount as at 1<sup>st</sup> April, 2023</b>	<b>8,427.67</b>	<b>596.40</b>	<b>9,024.07</b>
Additions during the year (Refer note e)	1,246.76	-	1,246.76
Disposals during the year	(378.52)	-	(378.52)
<b>Gross carrying amount as at 31<sup>st</sup> March, 2024</b>	<b>9,295.92</b>	<b>596.40</b>	<b>9,892.32</b>
<b>Accumulated amortization and impairment as on 1<sup>st</sup> April, 2023</b>	<b>3,784.35</b>	<b>61.54</b>	<b>3,845.89</b>
Amortization for the year	2,527.23	198.78	2,726.01
Disposals during the year	(378.52)	-	(378.52)
<b>Accumulated amortization and impairment as on 31<sup>st</sup> March, 2024</b>	<b>5,933.06</b>	<b>260.32</b>	<b>6,193.38</b>
<b>Net carrying amount as on 31<sup>st</sup> March, 2024</b>	<b>3,362.86</b>	<b>336.08</b>	<b>3,698.94</b>

#### Notes:

- Intangible assets are amortised on straight line basis over their estimated useful lives, which is generally between 3 to 5 years.
- Impairment loss and reversal of impairment loss is Nil.
- The Company had not revalued its Other Intangible assets during the year ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023 respectively.
- Refer to note 36(II)(a) (Other commitments) for disclosure of contractual commitments for the acquisition of Other Intangible Assets.
- During the previous year the Company has acquired certain assets from Fund Expert Fintech Private Limited vide asset acquisition agreement dated 02<sup>nd</sup> September, 2022 amounting to ₹ 1,523.32 Lakh. The same has been capitalised as Intangible asset i.e software and Customer database in the financial statement. The Company has paid an amount of ₹ 773.32 Lakh and balance amount is shown as payable which is to be paid in future years based on terms and conditions stipulated in the agreement.

### NOTE 14 : OTHER NON FINANCIAL ASSETS :

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Capital advances	32.32	751.06
Advance Receivable in cash or kind	834.44	521.95
Advance to suppliers	-	0.04
Employee Advance	9.18	15.92
Prepaid expenses	3,914.14	2,949.80
Gratuity Receivable	250.18	-
<b>Total</b>	<b>5,040.26</b>	<b>4,238.77</b>

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 15 : PAYABLES :

### TRADE PAYABLES

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
(i) total outstanding dues of micro enterprises and small enterprises (refer note: 50 for details of dues to micro and small enterprises)	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	921,414.50	537,491.33
<b>Total</b>	<b>921,414.50</b>	<b>537,491.33</b>

### AGEING- TRADE PAYABLES

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

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due*	Less than 1 year	- 1 to 2 years	- 2 to 3 years	- More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	99,258.33	11,608.57	809,666.90	364.54	94.07	422.09	921,414.50
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>99,258.33</b>	<b>11,608.57</b>	<b>809,666.90</b>	<b>364.54</b>	<b>94.07</b>	<b>422.09</b>	<b>921,414.50</b>

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

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due*	Less than 1 year	- 1 to 2 years	- 2 to 3 years	- More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	9,133.47	42,988.46	484,541.65	294.79	109.02	423.94	537,491.33
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>9,133.47</b>	<b>42,988.46</b>	<b>484,541.65</b>	<b>294.79</b>	<b>109.02</b>	<b>423.94</b>	<b>537,491.33</b>

\* This represents amount towards trade executed by clients having settlement date in subsequent to year end and hence not due.



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 16 : DEBT SECURITIES

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
	At Amortised Cost	At Amortised Cost
Commercial Paper	658,719.81	330,827.14
<b>Total (A)</b>	<b>658,719.81</b>	<b>330,827.14</b>
Debt securities in India	658,719.81	330,827.14
Debt securities outside India	-	-
<b>Total (B)</b>	<b>658,719.81</b>	<b>330,827.14</b>

### Note:

#### As at 31<sup>st</sup> March, 2024

(₹ in lakh)

Particulars	Amount Outstanding	Tenure	Rate of Interest	Maximum Outstanding	Repayment Schedule
Commercial Paper (unsecured)	658,719.81	36 days to 364 days	6.98% to 8.84%	Face value of ₹ 705,000 Lakh	At Maturity

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

(₹ in lakh)

Particulars	Amount Outstanding	Tenure	Rate of Interest	Maximum Outstanding	Repayment Schedule
Commercial Paper (unsecured)	330,827.14	28 days to 182 days	4.14% to 8.04%	Face value of ₹ 545,000 Lakh	At Maturity

## NOTE 17 : BORROWINGS (OTHER THAN DEBT SECURITIES):

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Secured (at amortised cost)	-	-
Overdraft from Banks- repayable on demand	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 18 : OTHER FINANCIAL LIABILITIES :

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Advance received for sale of Investments	7,866.74	10,740.94
Employee Benefits Payable	3,059.23	2,468.08
Payable for Capital expenditure	706.20	1,159.84
Unspent amount towards Corporate Social Responsibility (Refer note 45)	1,305.28	1,753.80
Gratuity payable	-	410.75
<b>Total</b>	<b>12,937.45</b>	<b>16,533.41</b>

## NOTE 19 : PROVISIONS

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Provision for Compensated Absences	419.38	365.13
Provision for Long Service Awards	109.07	103.18
Provision for Stock Appreciation Rights (Refer Note: 40)	3,294.70	2,827.21
Provision for Short Term Incentives	11,519.53	7,153.50
<b>Total</b>	<b>15,342.68</b>	<b>10,449.02</b>

## MOVEMENT IN PROVISIONS

Particulars	Carrying amount at the beginning of the year	Additional provision made in the year	Amounts used / reversed / transfer in / transfer-out during the year	Carrying amount at the end of the year
Provision for Compensated Absences	365.13	52.09	2.16	419.38
Provision for Long Service Awards	103.18	30.39	(24.50)	109.07
Provision for Stock Appreciation Rights (Refer Note: 40)	2,827.21	2,458.02	(1,990.53)	3,294.70
Provision for Short Term Incentives	7,153.50	14,164.51	(9,798.48)	11,519.53
<b>Total</b>	<b>10,449.02</b>	<b>16,705.01</b>	<b>(11,811.35)</b>	<b>15,342.68</b>

## NOTE 20 : OTHER NON-FINANCIAL LIABILITIES :

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Revenue received in advance (Refer note 44- Disclosure on Revenue from Contracts with Customers - Advance from customers)	825.12	637.89
Statutory Dues Payable (including PF, Stamp duty, TDS)	3,030.51	1,591.42
<b>Total</b>	<b>3,855.63</b>	<b>2,229.31</b>



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 21 : EQUITY SHARE CAPITAL

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	No of Shares	Amount	No of Shares	Amount
<b>a) Authorised</b>				
Equity Shares of ₹ 10 each	6,000,000	600	6,000,000	600
Preference Shares of ₹ 100 each	1,000,000	1,000	1,000,000	1,000
		<b>1,600</b>		<b>1,600</b>
<b>b) Issued, Subscribed and Paid Up</b>				
Equity Shares of ₹ 10 each fully paid up	1,600,000	160	1,600,000	160

### c) Reconciliation of number of shares outstanding at the beginning and end of the year :

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	No of Shares	Amount	No of Shares	Amount
Equity Shares outstanding at the beginning of the year	1,600,000	160.00	1,600,000	160.00
Equity Shares outstanding at the end of the year	1,600,000	160.00	1,600,000	160.00

### d) Rights, preferences and restrictions attached to equity shares :

- (i) Right to receive dividend as may be approved by the Board / Annual General Meeting.
- (ii) The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act.
- (iii) Every member of the company holding equity shares has a right to attend the General Meeting of the company and has a right to speak and on a show of hands, has one vote if he is present in person and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the company

### e) Equity shares held by the holding company and its subsidiaries

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	No of Shares	Amount	No of Shares	Amount
Kotak Mahindra Bank Limited (Jointly with nominees), Holding Company	1,199,990	120.00	1,199,990	120.00
Kotak Mahindra Capital Company Limited, subsidiary of Holding Company	400,010	40.00	400,010	40.00
<b>Total</b>	<b>1,600,000</b>	<b>160.00</b>	<b>1,600,000</b>	<b>160.00</b>

## Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

**f) Details of shares held by each shareholder holding more than 5% shares in the company**

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	No of Shares	Amount	No of Shares	Amount
Kotak Mahindra Bank Limited and its nominees	1,199,990	75.00%	1,199,990	75.00%
Kotak Mahindra Capital Company Limited	400,010	25.00%	400,010	25.00%
<b>Total</b>	<b>1,600,000</b>	<b>100%</b>	<b>1,600,000</b>	<b>100%</b>

The company has enough surplus which is sufficient for its business. Considering that it has sufficient surplus funds, the Board of Directors of the Company at their meeting held on 28<sup>th</sup> May, 2024, have recommended dividend for the year ended 31<sup>st</sup> March, 2024 at the rate of ₹ 300 per share (@ 3,000% on face value of ₹ 10/-) on the amount paid up on the equity capital of the company subject to the approval of the shareholders. If approved at the Annual General Meeting, this would result in a cash outflow of approximately ₹ 4,800 lakh.

**g) Matters relating to the company's objective, policies and processes for managing capital are disclosed under note No. 42**

**h) Details of Promoters' shareholding as below**

Shares held by the promoters as at 31 <sup>st</sup> March, 2024			
Promoter name	No. of shares	% of total shares	% Change during the year
Kotak Mahindra Bank Limited and its nominees	1,199,990	75.00%	0.00%
Kotak Mahindra Capital Company Limited	400,010	25.00%	0.00%
<b>Total</b>	<b>1,600,000</b>	<b>100.00%</b>	<b>-</b>

**Details of Promoters' shareholding as below**

Shares held by the promoters as at 31 <sup>st</sup> March, 2023			
Promoter name	No. of shares	% of total shares	% Change during the year
Kotak Mahindra Bank Limited and its nominees	1,199,990	75.00%	0.00%
Kotak Mahindra Capital Company Limited	400,010	25.00%	0.00%
<b>Total</b>	<b>1,600,000</b>	<b>100%</b>	<b>-</b>

**NOTE 22 : OTHER EQUITY**

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Retained earnings	814,347.35	687,761.16
Securities Premium	2,350.35	2,350.35
General Reserve	17,281.94	17,281.94
Capital Contribution from holding company	7,068.11	7,026.18
Debt instruments through Other comprehensive income	760.29	1,087.67
<b>Total</b>	<b>841,808.04</b>	<b>715,507.30</b>





# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 22.1 : OTHER EQUITY MOVEMENT

### Retained Earnings

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Balance at beginning of the year	687,761.16	608,827.47
Profit for the year	131,166.44	83,933.88
Remeasurement of Defined benefit plan (net of Tax)	219.75	(200.19)
Dividend paid	4,800.00	4,800.00
<b>Balance at end of the year</b>	<b>814,347.35</b>	<b>687,761.16</b>

### Securities Premium

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Balance at beginning of the year	2,350.35	2,350.35
Balance at end of the year	2,350.35	2,350.35

### General Reserve

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Balance at beginning of the year	17,281.94	17,281.94
Balance at end of the year	17,281.94	17,281.94

### Capital Contribution from holding company

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Balance at beginning of the year	7,026.18	6,731.62
Addition during the year	41.93	294.56
<b>Balance at end of the year</b>	<b>7,068.11</b>	<b>7,026.18</b>

### Debt instruments through Other comprehensive income

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Balance at beginning of the year	1,087.67	3,130.49
Movement during the period	(424.51)	(2,648.88)
Income tax on net fair value gain	97.13	606.06
<b>Balance at end of the year</b>	<b>760.29</b>	<b>1,087.67</b>

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 22.2 : NATURE AND PURPOSE OF RESERVE

### Retained Earnings

Surplus in statement of Profit and loss (Retained Earnings) represents surplus/accumulated profit of the company and is available for distribution to shareholders as dividend.

### Securities Premium

Securities Premium represents premium received on issue of shares of the Company. This is not available for distribution as dividend to shareholders.

### General Reserve

General reserve represents appropriation of surplus in the statement of Profit and loss and is available for distribution to shareholders as dividend.

### Capital Contribution from holding company

Capital Contribution from holding company represent the fair value of the employee stock option plan. These options are issued by parent company "Kotak Mahindra Bank Limited" to the employee of the Company. This is a capital reserve and is not available for distribution to shareholders as dividend.

### Debt instruments through Other comprehensive income

Other Comprehensive Income represents the cumulative gains and losses arising on the revaluation of instruments measured at fair value through other comprehensive income.

## NOTE 23 : INTEREST INCOME

(₹ in lakh)

Particulars	Year Ended 31 <sup>st</sup> March, 2024				Year Ended 31 <sup>st</sup> March, 2023			
	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through Other Comprehensive Income	Interest Income on Financial Assets classified at fair value through profit or loss	Total Interest Income	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through Other Comprehensive Income	Interest Income on Financial Assets classified at fair value through profit or loss	Total Interest Income
<b>Interest Income from:</b>								
-Investments	-	3,141.26	9,974.09	13,115.35	362.24	4,766.77	4,660.34	9,789.35
-Deposits with banks	58,234.65	-	-	58,234.65	28,286.06	-	-	28,286.06
-Delayed payment by customers	6,488.57	-	-	6,488.57	22,075.00	-	-	22,075.00
-Margin Trading facility	63,160.97	-	-	63,160.97	44,716.79	-	-	44,716.79
-Others	36.53	-	-	36.53	17.29	-	-	17.29
<b>Total</b>	<b>127,920.72</b>	<b>3,141.26</b>	<b>9,974.09</b>	<b>141,036.07</b>	<b>95,457.38</b>	<b>4,766.77</b>	<b>4,660.34</b>	<b>104,884.49</b>

## NOTE 24 : DIVIDEND INCOME

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
Dividend income	2,058.80	1,728.40



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 25 : FEES AND COMMISSION INCOME

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
Income from Brokerage and Commission	191,984.08	144,744.49
Fees Income	21,239.31	14,193.69
<b>Total</b>	<b>213,223.39</b>	<b>158,938.18</b>

## NOTE 26 : NET GAIN ON FAIR VALUE CHANGES

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
<b>Gain/(loss) on financial instruments at fair value through profit or loss</b>		
- Investments (including Trading portfolio)	43,955.71	8,083.64
- Derivatives	(10,278.23)	8,067.45
<b>Net gain on financial instruments measured on fair value:</b>	<b>33,677.48</b>	<b>16,151.09</b>
<b>Fair value changes:</b>		
Realised	24,015.86	13,928.78
Unrealised	9,661.62	2,222.31
<b>Total Net gain on fair value changes</b>	<b>33,677.48</b>	<b>16,151.09</b>

## NOTE 27 : OTHER INCOME :

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
Liabilities Written Back as no Longer Required	212.43	408.22
Net Gain on derecognition of Property, Plant and Equipment	74.56	16.84
Rent	1,133.29	1,022.05
Miscellaneous Income	429.79	828.86
<b>Total</b>	<b>1,850.07</b>	<b>2,275.97</b>

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 28 : FINANCE COST

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
	On financial liabilities measured at amortised cost	On financial liabilities measured at amortised cost
<b>Interest on Borrowings</b>		
- Bank Overdraft	206.09	54.56
<b>Interest on Debt Securities</b>		
- Discount on Commercial Paper	34,371.55	24,643.24
<b>Other interest expense</b>		
- Margin Money and Others	827.01	1,210.45
- Lease liability	481.13	393.77
- Bank Guarantee Commission and Other Charges	391.71	644.39
<b>Total</b>	<b>36,277.49</b>	<b>26,946.41</b>

## NOTE 29 : FEES AND COMMISSION EXPENSE

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
Exchange and Depository Charges	2,322.32	2,286.55
Referral fees and Sub brokerage Expense	51,991.59	39,524.61
<b>Total</b>	<b>54,313.91</b>	<b>41,811.16</b>

## NOTE 30 : IMPAIRMENT ON FINANCIAL INSTRUMENTS

Particulars	For the year ended 31 <sup>st</sup> March, 2024			For the year ended 31 <sup>st</sup> March, 2023		
	On financial instruments measured at amortised Cost	On financial instruments measured at fair value through other Comprehensive income	On financial instruments measured at amortised Cost	On financial instruments measured at amortised Cost	On financial instruments measured at fair value through other Comprehensive income	Total
Loans	1,429.44	-	1,429.44	(921.80)	-	(921.80)
Investments	-	(1.99)	(1.99)	-	(8.06)	(8.06)
Security Deposit	0.13	-	0.13	0.59	-	0.59
Bank Balance	3.98	-	3.98	1.96	-	1.96
Fixed Deposit	200.47	-	200.47	100.31	-	100.31
Receivables*	1,163.64	-	1,163.64	(259.91)	-	(259.91)
<b>Total</b>	<b>2,797.66</b>	<b>(1.99)</b>	<b>2,795.67</b>	<b>(1,078.85)</b>	<b>(8.06)</b>	<b>(1,086.91)</b>

\* Includes bad debts written off ₹ 61.11 lakh (Previous year written back of ₹ 92.87 lakh)

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 31 : EMPLOYEE BENEFIT EXPENSES

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
Salaries and Wages	58,261.49	47,646.36
Contribution to Provident and Other Funds (Refer Note No. 39)	2,498.65	2,233.66
Share Based Payments to employees (Refer Note No. 40)	3,428.73	3,409.55
Gratuity (Refer Note No. 39)	749.61	654.57
Compensated Absences (Refer Note No. 39)	52.09	(900.93)
Staff Welfare Expenses	1,038.29	892.97
<b>Total</b>	<b>66,028.86</b>	<b>53,936.18</b>

## NOTE 32 : DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
Depreciation of property plant and equipment	2,882.21	2,432.09
Depreciation of investment property	45.29	45.29
Amortisation of other intangible assets	2,726.01	2,132.82
Depreciation on Right of use asset	1,968.02	1,663.86
<b>Total depreciation and amortisation expenses</b>	<b>7,621.53</b>	<b>6,274.06</b>

## NOTE 33 : OTHER EXPENSES

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
Rent, taxes and energy costs	6,366.30	5,829.24
Repairs and Maintenance	14,565.62	12,538.53
Insurance	96.89	89.00
Communication Costs	3,934.39	3,135.25
Printing and Stationery	186.23	198.07
Office Expenses	4,245.18	3,645.24
Advertisement and publicity	7,582.01	4,926.63
Director's fees, allowances and commission (Refer Note below)	60.90	44.80
Auditor's Fees and expenses (Refer Note below)	134.30	134.42
Legal and Professional charges	3,945.79	5,193.83
Travelling, Conveyance and Motor Car Expense	2,010.54	1,810.19
Membership and Subscription	1,150.09	1,071.48
Donations	-	0.50
Contribution towards Corporate Social Responsibility (Refer Note No. 45)	2,368.54	2,114.42

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
Common Establishment Expenses-Reimbursement	2,098.31	1,751.90
Loss on Account of Trades Not Confirmed by Clients, Error Trades and Other Settlements Cost (net)	720.81	478.71
Service Charges	322.06	393.04
Royalty Expenses	704.26	740.59
Miscellaneous expenses	444.07	329.43
Net Loss on Foreign Exchange Transactions	51.15	129.06
<b>Total</b>	<b>50,987.44</b>	<b>44,554.33</b>
<b>Remuneration to Auditors</b>		
(a) For audit	125.00	125.00
(b) For other services	7.00	8.00
(c) For reimbursement of expenses	2.30	1.42
<b>Total</b>	<b>134.30</b>	<b>134.42</b>

Note - includes commission to Independent Directors of ₹ 30.00 Lakh (Previous year ₹ 25 Lakh) which is subject to approval of the members of the company at the ensuing Annual General Meeting of the Company

## NOTE 34 : EARNINGS PER SHARE (EPS)

Sr. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
			(₹ in lakh)
<b>A)</b>	<b>Profit attributable to Equity holders of Company</b>		
	Profit attributable to equity holders (₹ In lakh)	<b>131,166.44</b>	<b>83,933.88</b>
<b>B)</b>	<b>Weighted average number of ordinary shares</b>		
	Number of shares at the beginning of the year	1,600,000	1,600,000
	<b>Weighted average number of shares at the end of the year</b>	<b>1,600,000</b>	<b>1,600,000</b>
<b>C)</b>	<b>Face value per share</b>	10.00	10.00
<b>D)</b>	<b>Basic and Diluted earnings per share</b>	8,197.90	5,245.87

## NOTE 35 : TAX EXPENSE

### (A) AMOUNTS RECOGNISED IN PROFIT AND LOSS

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
		(₹ in lakh)
<b>Current tax expense</b>		
Current period	42,144.85	28,717.11
<b>Total current tax expense (A)</b>	<b>42,144.85</b>	<b>28,717.11</b>
Deferred tax expense/ (credit)		
Origination and reversal of temporary differences	509.62	(1,108.09)
Deferred tax expense/ (credit) (B)	<b>509.62</b>	<b>(1,108.09)</b>
<b>Tax expense for the year (A)+(B)</b>	<b>42,654.47</b>	<b>27,609.02</b>



## Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

### (B) AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024			For the year ended 31 <sup>st</sup> March, 2023		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
- Remeasurements of defined benefit liability / (asset)	293.66	(73.91)	219.75	(267.52)	67.33	(200.19)
<b>Items that will be reclassified to profit or loss</b>						
- Debt instruments through other comprehensive income	(424.51)	97.13	(327.38)	(2,648.88)	606.06	(2,042.82)
<b>Total</b>	<b>(130.85)</b>	<b>23.22</b>	<b>(107.63)</b>	<b>(2,916.40)</b>	<b>673.39</b>	<b>(2,243.01)</b>

### (C) RECONCILIATION OF EFFECTIVE TAX RATE

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2023
<b>Profit before tax</b>	173,820.91		111,542.90	
Tax using the Company's domestic tax rate (Current year % Previous Year %)	43,747.25	25.17%	28,073.12	25.17%
<b>Tax effect of:</b>				
Tax impact of income not subject to tax	(791.56)	(0.46%)	(788.32)	(0.71%)
Tax effects of amounts which are not deductible for taxable income	695.34	0.40%	659.32	0.59%
Effect of different tax rate	(996.56)	(0.57%)	(335.10)	(0.30%)
<b>Total income tax expenses</b>	<b>42,654.47</b>	<b>24.54%</b>	<b>27,609.02</b>	<b>24.75%</b>

### (D) MOVEMENT IN DEFERRED TAX BALANCES

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024					
	Opening balance 1 <sup>st</sup> April, 2023	Recognised in profit or loss	Recognised in OCI	Net balance 31 <sup>st</sup> March, 2024	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset/(liabilities)</b>						
On Depreciation, impairment and amortisation	(205.61)	119.84	-	(85.77)	-	(85.77)
Interest Accrued on Debentures/Bonds	(3.51)	-	-	(3.51)	-	(3.51)
Employee benefits	1,421.88	253.99	(73.91)	1,601.96	1,601.96	-
Fair Value (Gain)/loss on Investment*	(1,703.01)	(1,569.08)	96.67	(3,175.42)	-	(3,175.42)
Impairment on Financial Assets	1,012.82	689.32	-	1,702.14	1,702.14	-
Lease	(1.92)	-	-	(1.92)	-	(1.92)
Impact of Ind AS 116	193.20	-	-	193.20	193.20	-
Others	181.19	(3.22)	-	177.97	177.97	-
<b>Total</b>	<b>895.04</b>	<b>(509.15)</b>	<b>22.76</b>	<b>408.65</b>	<b>3,675.27</b>	<b>(3,266.62)</b>

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2023					
	Opening balance 1 <sup>st</sup> April, 2022	Recognised in profit or loss	Recognised in OCI	Net balance 31 <sup>st</sup> March, 2023	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset/(liabilities)</b>						
On Depreciation, impairment and amortisation	(162.43)	(43.18)	-	(205.61)	-	(205.61)
Interest Accrued on Debentures/Bonds	(221.42)	217.91	-	(3.51)	-	(3.51)
Employee benefits	1,139.67	214.88	67.33	1,421.88	1,421.88	-
Fair Value (Gain)/loss on Investment*	(3,260.01)	950.94	606.06	(1,703.01)	-	(1,703.01)
Impairment on Financial Assets	1,240.84	(228.02)	-	1,012.82	1,012.82	-
Lease	2.31	(4.23)	-	(1.92)	-	(1.92)
Impact of Ind AS 116	193.20	-	-	193.20	193.20	-
Others	181.41	(0.22)	-	181.19	181.19	-
<b>Total</b>	<b>(886.43)</b>	<b>1,108.08</b>	<b>673.39</b>	<b>895.04</b>	<b>2,809.09</b>	<b>(1,914.05)</b>

\* Deferred tax impact amounting to ₹ Nil Lakh (Previous Year ₹ Nil) on transfer of Other comprehensive reserve to Profit and Loss on redemption of FVTOCI investment is given directly in retained earnings.

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of future taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

Unrecognised Deferred tax Asset is not recognised on the below mentioned carry forward of long term capital loss

## Tax Loss carried Forward

(₹ in lakh)

Particulars	31 <sup>st</sup> March, 2024	Expiry date	31 <sup>st</sup> March, 2023	Expiry date
Long term Capital Loss	168.30	2026-27	168.30	2026-27
<b>Total</b>	<b>168.30</b>		<b>168.30</b>	

## NOTE 36 : CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in lakh)

Sr. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
<b>I</b>	<b>Contingent Liabilities include:</b>		
a)	Claims against the Company not acknowledged as debt	942.83	1,301.21
b)	Income tax matters	4,196.01	4,196.01
c)	Service tax matters	7,204.66	7,204.66
d)	Bank Guarantees given as collateral for margins to various stock exchanges against Fixed Deposit of ₹ 7,588.92 Lakh (including accrued interest) (Previous Year ₹ 37,003.61 Lakh) and Debentures of Face value of ₹ NIL Lakh (Previous Year ₹ 32,000 Lakh)	15,025.00	115,525.00





# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

Sr. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
e)	Bank Guarantees given to Department of Telecommunication against Fixed Deposit of ₹ 2.00 Lakh (Previous Year ₹ 2.00 Lakh)	2.00	2.00
<b>II</b>	<b>Other Commitments include:</b>		
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for;	1,628.42	1,483.50
b)	Uncalled liability on shares and investments partly paid	67,924.76	78,060.78
	<b>Total</b>	<b>96,923.68</b>	<b>207,773.16</b>

Note: In respect of items mentioned in I ((a), (b) and (c)) above till the matters are finally decided, the timing of outflows of economic benefits cannot be ascertained. The Company is confident of successfully defending the demands and does not expect any outflow on these counts. Further, the demands are disputed and the Company has preferred an appeal against the said demands.

## Note 37 Related Party Disclosure

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

### A. NAMES OF RELATED PARTIES

Sr. No.	Particulars
(a)	<b>Holding company/Parent Company:</b> Kotak Mahindra Bank Limited (Holds 74.99% of the equity share capital) (Mr. Uday S. Kotak, along with relatives and companies controlled by him, holds 25.90 % (Previous Year 25.95%) of the equity share capital and 17.26 % of the paid-up share capital of KMBL)
(b)	<b>Subsidiary</b> Kotak Mahindra Financial Services Limited
(c)	<b>Fellow subsidiaries with whom transactions have taken place during the year:</b> Kotak Mahindra Capital Company Limited Kotak Mahindra Asset Management Company Limited Kotak Mahindra General Insurance Company Limited Kotak Mahindra Investments Limited Kotak Alternate Asset Managers Limited (Formerly known as Kotak Investment Advisors Limited) Kotak Mahindra Life Insurance Company Limited Kotak Mahindra Inc. Kotak Mahindra (UK) Limited Kotak Mahindra International Limited BSS Microfinance Limited
(d)	<b>Entity over which holding company has significant influence</b> Infina Finance Private Limited RN Associates ECA Trading Services Limited Phoenix ARC Private Limited
(e)	<b>Associate Companies:</b> Kotak Mahindra Prime Limited Kotak Infrastructure Debt Fund Limited
(f)	<b>Entities over which director/key management personnel/relatives of key management personnel has significant influence</b> Aero Agencies Limited

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

Sr. No.	Particulars
	<p>Kotak Commodity Services Private Limited            Business Standard Private Limited            Komaf Financial Services Private Limited            FSN E-Commerce Ventures Limited</p>
<b>(g)</b>	<p><b>Key Management Personnel</b>            Mr. Narayan S. A (Chairman)            Mr. K.V.S. Manian (Non Executive Director) (Till 30<sup>th</sup> April, 2024)            Mr. Jaideep Hansraj, Managing Director (Till 31<sup>st</sup> March, 2024)            Mr. Pratik Gupta (With effect from 12<sup>th</sup> May, 2023)            Mr. Noshir Dastur (Independent Director)            Mrs. Falguni Nayar (Independent Director)            Mr. Vikas Tarekar (Company Secretary)            Mr. Shripal Shah, Managing Director (With effect from 1<sup>st</sup> April, 2024)</p>
<b>(h)</b>	<p><b>Key Management Personnel of Holding Company</b>            Mr. Uday Kotak Managing Director &amp; CEO (upto 31<sup>st</sup> August, 2023) Non-Executive Director (wef 1<sup>st</sup> Sep 2023)            Mr. Dipak Gupta (Managing Director &amp; CEO) (upto 31<sup>st</sup> Dec 2023)            Mr. K.V.S. Manian (Director)            Mr. Gaurang Shah (Director)            Mr. C. Jayaram (Director)            Mr. Jaimin Bhatt (Group CFO)            Mrs. Avaan Doomasia (Company Secretary)            Ms. Shanti Ekambaram (Director)            Mr. Amit Krishnakant Desai (Director)            Mr. Ashok Vaswani (Managing Director &amp; CEO) (from 1<sup>st</sup> Jan 2024)            Mr. Uday Khanna (Director)            Mr. Uday Shankar (Director)            Mr. Prakash Apte (Director)</p>
<b>(i)</b>	<p><b>Relatives of Key Management Personnel/Persons having significant influence</b>            Mr. Suresh Kotak (father of Mr. Uday Kotak)            Mr. Jay Kotak (son of Mr. Uday Kotak)            Mrs. Aarti Neal Chandaria (sister of Mr. Uday Kotak)            M/s. Suresh Kotak (HUF)            Mrs. Indira Suresh Kotak (mother of Mr. Uday Kotak )            Mr. Dhawal Kotak (son of Mr. Uday Kotak)            Mrs. Rekha Narayan (wife of Mr. Narayan S.A.)            Mr. A.K.S Mani (father of Mr. Narayan S A)            Mr. Siddharth Narayan (son of Mr. Narayan S.A.)            Mr. Ramprasad Subramaniam (brother of Mr. Narayan S A)            Narayan SA – HUF            Mrs. Archana Jaideep Hansraj (wife of Mr. Jaideep Hansraj)            Mr. Sanjeev Hansraj (brother of Mr. Jaideep Hansraj)            Mr. Rahul Jaideep Hansraj (son of Mr. Jaideep Hansraj)            Ms. Sanjana Hansraj (Daughter of Mr. Jaideep Hansraj)            Mrs. Lalitha Mohan (sister of KVS Manian)            Mrs. Vanathi Gopalakrishnan (Wife of KVS Manian)            Mr. Sanjay Nayar (husband of Mrs. Falguni Nayar )            Mr. Anchit Nayar (Son of Mrs. Falguni Nayar)            Ms. Anya Gupta (Daughter of Pratik Gupta)            Ms. Aria Gupta (Daughter of Pratik Gupta)</p>



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

Sr. No.	Particulars
	Mrs. Neetu Gupta (Wife of Pratik Gupta)
	Mrs. Veena Sheth (Sister of Shripal Shah)
	Ms. Vishwa Shah (Daughter of Shripal Shah)
	Mrs. Pramila Shah (Wife of Shripal Shah)
	Shripal Parasmal Shah HUF (HUF of Shripal Shah)
	Mrs. Neetha Jain (Sister of Shripal Shah)
	Mr K Madhavan Kutty (father of Mr. C Jayaram)
	Mr Vivek Jayaram Menon (son of Mr. C Jayaram)
	Ms. Nayantara Menon (Daughter of Mr. C Jayaram)
	Mrs. Priyanka Pande (Mr. C Jayaram son's wife)
	Mrs Pragna Jaimin Bhatt (wife of Mr. Jaimin Bhatt)
	Mrs Indira Mukundchandra Bhatt (mother of Mr. Jaimin Bhatt)
	Ms. Ishita Bhatt (Sister of Mr. Jaimin Bhatt)
	Mrs Divya Shah (wife of Mr. Gaurang Shah)
	Ms. Mahima Shah (Daughter of Mr. Gaurang Shah)
	Mrs. Urmila Gupta (Mother of Mr. Dipak Gupta)
	Mr. Prabhat Gupta (Brother of Mr. Dipak Gupta)
	Mrs. Bayjool Desai (Wife of Mr. Amit Desai)
	Mr. Ritish Desai (Son of Mr. Amit Desai)
	Mr. Kayomars Faramarz Doomasia (Husband of Mrs. Avaan Doomasia)
	Mrs. G Saraswathi (Mother of Shanti Ekambaram)
	Mrs. Shobha Srivastava (Sister of Shanti Ekambaram)
	Mr. Aditya Apte (Son of Prakash Apte)
	Mr. Cherian Matthai (Daughter's Husband of Prakash Apte)
	Mr. Phalgun Kompalli (Daughter's Husband of Uday Shankar)

## (j) Post Employment Benefits Plan

Kotak Securities Limited Employees Gratuity Fund

## TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

### (A) KEY MANAGEMENT PERSONNEL COMPENSATION

(₹ in lakh)

Sr. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
	<b>Managing Director</b>		
i.	Short-term employee benefits	586.23	605.90
ii.	Post-employment defined benefit #	15.36	13.92
iii.	Shared based payments	66.76	54.36
	<b>Total</b>	<b>668.35</b>	<b>674.18</b>

(₹ in lakh)

Sr. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
	<b>Director</b>		
i.	Short-term employee benefits	762.58	-
ii.	Post-employment defined benefit #	12.83	-
iii.	Shared based payments	10.44	-
	<b>Total</b>	<b>785.85</b>	<b>-</b>

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

(₹ in lakh)

Sr. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
	<b>Company Secretary *</b>		
i.	Short-term employee benefits	25.73	17.59
ii.	Post-employment defined benefit #	1.21	0.76
	<b>Total</b>	<b>26.95</b>	<b>18.35</b>

\* Company Secretary has been identified as Key Management Personal vide board resolution dated 05<sup>th</sup> September 2022.

# As the liabilities for Gratuity and Leave Compensation are provided on Actuarial Basis on the Company as a whole, the amounts pertaining to Key Management Personal are not included in Post employment defined benefit

## (B) TRANSACTIONS WITH RELATED PARTIES

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

A. During the year following transaction were entered into with related parties in the ordinary course of business:

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
<b>I. Holding Company</b>		
-Kotak Mahindra Bank Limited (KMBL)		
Transactions during the year :		
Purchase of Bonds/Debentures	5,430.64	2,487.67
Fixed Deposits Placed	386,605.91	3,882.89
Fixed Deposits Repaid	310,746.12	2,576.88
Interest Received on Fixed Deposits	2,446.21	78.59
Deemed Capital Contribution (Refer note no. 22.1)	41.93	294.56
Brokerage Earned	83.20	20.97
Expense reimbursements paid	2,167.14	2,253.60
Expense reimbursements received	65.98	201.62
Rent expense	2,779.84	2,459.35
Referral Fee Expense	18,122.94	13,391.53
Royalty Expense	704.26	740.59
Other Expenses	419.27	86.77
Rent income	1,123.24	1,005.01
Fixed Asset Purchased	-	10.47
Bank Guarantee	2.00	2.00
Dividend Paid on Equity shares	3,599.97	3,599.97
<b>II. Subsidiary</b>		
Kotak Mahindra Financial Services Limited		
Transactions during the year :	-	-
<b>III. Fellow Subsidiaries</b>		
Transactions during the year :		
<b>Purchase of Bonds/Debentures</b>		
-Kotak Mahindra Investments Limited	-	30,128.28
<b>Interest on Non Convertible Debentures</b>		
-Kotak Mahindra Investments Limited	1,556.92	1,555.50
<b>Fee Income</b>		
-Kotak Mahindra Asset Management Company Limited	48.77	58.26
-Kotak Mahindra Capital Company Limited	5,373.48	4,963.10
-Kotak Mahindra Investments Limited	0.26	0.24



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
-Kotak Alternate Asset Managers Ltd ( formerly Kotak Investment Advisors Ltd)	112.28	83.25
-BSS Microfinance Limited	0.02	0.01
<b>Expense reimbursement to other company</b>		
-Kotak Alternate Asset Managers Ltd ( formerly Kotak Investment Advisors Ltd)	0.20	5.79
-Kotak Mahindra Capital Company Limited	354.78	448.69
-Kotak Mahindra Inc	2,073.62	2,532.55
-Kotak Mahindra (UK) Limited	1,948.08	1,570.84
<b>Expense reimbursement from other company</b>		
-Kotak Alternate Asset Managers Ltd ( formerly Kotak Investment Advisors Ltd)	10.76	30.97
-Kotak Mahindra Asset Management Company Limited	6.00	15.85
-Kotak Mahindra Capital Company Limited	159.27	169.05
-Kotak Mahindra Investments Limited	6.26	3.86
-Kotak Mahindra Life Insurance Company Limited	12.00	28.40
-Kotak Mahindra General Insurance Company Limited	-	0.46
<b>Other Expenses</b>		
-Kotak Mahindra Capital Company Limited	9,889.24	7,229.80
-Kotak Mahindra Life Insurance Company Limited	198.19	241.26
-Kotak Mahindra General Insurance Company Limited	47.55	47.01
<b>Other Income</b>		
-Kotak Mahindra Life Insurance Company Limited	1,276.62	538.58
-Kotak Mahindra General Insurance Company Limited	36.01	24.27
<b>Rent expense</b>		
-Kotak Mahindra Capital Company Limited	11.41	25.32
<b>Rent Income</b>		
-Kotak Mahindra Capital Company Limited	10.05	13.11
-Kotak Mahindra Investments Limited	-	3.93
<b>Brokerage Earned</b>		
-Kotak Mahindra Investments Limited	20.94	22.75
-Kotak Mahindra Life Insurance Company Limited	109.98	130.11
<b>Dividend Paid on Equity shares</b>		
-Kotak Mahindra Capital Company Limited	1,200.03	1,200.03
<b>Property Plant and Equipment Sold</b>		
-Kotak Mahindra Life Insurance Company Limited	15.66	-
<b>IV. Entities over which holding company has significant influence</b>		
Transactions during the year :		
<b>Interest On Debentures</b>		
-Phoenix ARC Private Limited	-	362.24
<b>Investment Redeemed</b>		
-Phoenix ARC Private Limited	-	5,000.00
<b>Brokerage Earned</b>		
-Infina Finance Private Limited	37.46	42.86
-RN Associates	0.07	0.13
-Phoenix ARC Private Limited	-	0.63
<b>Fee Income</b>		
-Infina Finance Private Limited	0.11	0.01
-Phoenix ARC Private Limited	-	2.14
-RN Associates	0.24	0.02

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
<b>V. Associate Company</b>		
Transactions during the year :		
<b>Dividend on Equity shares</b>		
-Kotak Mahindra Prime Limited	856.30	856.30
<b>Interest On Debentures</b>		
-Kotak Mahindra Prime Limited	920.90	1,369.66
<b>Debentures Redemeed</b>		
-Kotak Mahindra Prime Limited	4,000.00	2,500.00
<b>Brokerage Earned</b>		
-Kotak Mahindra Prime Limited	6.62	3.00
<b>Fee Income</b>		
-Kotak Mahindra Prime Limited	5.04	3.43
<b>Expense reimbursement by other company</b>		
-Kotak Mahindra Prime Limited	-	0.80
<b>VI. Key Management Personnel (KMP)</b>		
Transactions during the year :		
<b>Brokerage Earned</b>		
-Narayan S A	0.89	0.28
-K V S Manian	0.89	1.31
-Jaideep Hansraj	0.84	1.28
<b>Fee Income</b>		
-Jaideep Hansraj	0.03	-
-Narayan S A	0.02	0.04
<b>Purchase of Bonds/Debentures</b>		
-Narayan S A	203.96	252.34
<b>Sale of Bonds/Debentures</b>		
-Narayan S A	227.95	-
<b>Director's sitting fees and commission</b>		
-Mr Noshir Dastur *	33.75	23.90
-Mrs. Falguni Nayar *	27.15	20.90
<b>Sale of Unlisted Securities</b>		
-Narayan S A	-	98.85
<b>VII. KMP of holding company</b>		
Transactions during the year :		
<b>Brokerage Earned</b>		
-Mr. Uday S. Kotak	-	1.62
-C Jayaram	1.33	1.75
-Dipak Gupta	1.29	1.40
-Jaimin Bhatt	2.93	1.89
-Gaurang Shah	-	1.70
-Amit Krishnakant Desai	8.50	0.67
-Shanti Ekambaram	0.92	0.48
-Uday Khanna	0.11	-
-Uday Shankar	0.67	-
-Prakash Apte	0.02	-
<b>Fee Income</b>		
-Jaimin Bhatt	0.02	0.02
-Amit Krishnakant Desai	0.81	0.08



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
-C Jayaram	0.00	-
-Dipak Gupta	0.00	-
-Shanti Ekambaram	0.00	-
-Uday Shankar	0.00	-
-Prakash Apte	0.00	-
<b>Rent expense</b>		
-Mr. Uday S. Kotak	8.24	8.24
<b>Sale of Bonds/Debentures</b>		
-Mr. Uday S. Kotak	-	2,835.11
<b>VIII. Relatives of Key Management Personnel/Persons having significant influence</b>		
Transactions during the year :		
<b>Brokerage Earned</b>		
-Rekha Narayan	0.15	0.07
-Siddharth Narayan	0.01	0.02
-Pragna Jaimin Bhatt	0.32	0.02
-Narayan SA - HUF	0.09	0.04
-Lalitha Mohan	-	0.01
-Sanjeev Hansraj	2.86	2.18
-Indira Mukundchandra Bhatt	0.01	0.01
-Nayantara Menon	-	0.03
-Ishita Bhatt	0.01	0.01
-Urmila Gupta	-	0.49
-Prabhat Gupta	-	1.15
-Mahima Shah	-	0.08
-Bayjool Desai	0.03	0.07
-Ritish Desai	0.54	-
-Rahul Jaideep Hansraj	0.01	-
-Sanjana Hansraj	0.02	-
-Anya Gupta	0.03	-
-Aria Gupta	0.08	-
-Neetu Gupta	0.10	-
-Veena Sheth	0.46	-
-Vishwa Shah	0.01	-
-Pramila Shah	0.00	-
-Neetha Jain	1.30	-
-Cherian Matthai	0.05	-
<b>Fee Income</b>		
-Aarti Neal Chandaria	0.01	0.02
-Archana Jaideep Hansraj	0.01	0.01
-Narayan SA - HUF	0.10	0.11
-Sanjeev Hansraj	0.32	0.19
-K. Madhavan Kutty	-	0.02
-Vivek Jayaram Menon	0.01	0.01
-Dhawal Kotak	0.01	-*
-Rekha Narayan	0.01	0.02
-Indira Mukundchandra Bhatt	0.05	0.01
-Siddharth Narayan	0.01	0.01
-Suresh Kotak	0.01	-
-Suresh Kotak (HUF)	0.01	0.01

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
-Ramprasad Subramaniam	-	0.01
-Mr. Anchit Nayar	0.01	0.01
-Priyanka Pande	0.01	0.01
-Ishita Bhatt	0.02	0.01
-Prabhat Gupta	0.00	-
-Kayomars Faramarz Doomasia	-	0.01
-Mahima Shah	-	0.06
-Bayjool Desai	0.03	0.02
-Ritish Desai	0.06	0.01
-Sanjana Hansraj	0.01	-
-Vanathi Gopalakrishnan	2.09	-
-Anya Gupta	0.00	-
-Aria Gupta	0.00	-
-Neetu Gupta	0.00	-
-Veena Sheth	0.18	-
-Vishwa Shah	0.00	-
-Neetha Jain	0.22	-
-Aditya Apte	0.01	-
-Cherian Matthai	0.00	-
-Phalgun Kompalli	0.01	-
<b>Sale of Bonds/Debentures</b>		
-Dhawal Kotak	563.87	-
<b>IX. Entities over which relative of director has significant influence</b>		
Transactions during the year :		
<b>Brokerage Earned</b>		
-Kotak Commodity Services Private Limited	16.24	34.01
<b>Fee Income</b>		
-Kotak Commodity Services Private Limited	29.37	52.50

\* Amount less than ₹ 500

\*Note - Commission to Independent Directors is subject to approval of the members of the company at the ensuing Annual General Meeting of the Company

## (C) BALANCES WITH RELATED PARTIES

(₹ in lakh)

Sr. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
<b>I.</b>	<b>Holding Company</b>		
	-Kotak Mahindra Bank Limited (KMBL)		
	Bank Balance	15,441.85	8,876.15
	Fixed Deposits Placed	78,610.60	2,750.81
	Interest accrued on Fixed Deposits placed	819.71	7.55
	Payable-Secondary	27.50	-
	Payable (Others)	1,144.24	1,059.77
	Receivable-Secondary	-	0.17
	Deemed Capital Contribution - Employee ESOP	7,068.11	7,026.18
<b>II.</b>	<b>Subsidiary</b>		
	Kotak Mahindra Financial Services Limited		
	Investments in Shares	585.57	585.57





# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

(₹ in lakh)

Sr. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
<b>III.</b>	<b>Fellow Subsidiaries</b>		
	<b>Non Convertible Debentures Subscribed</b>		
	-Kotak Mahindra Investments Limited	18,104.27	18,050.73
	<b>Interest Accrued on Non Convertible Debentures</b>		
	-Kotak Mahindra Investments Limited	201.12	198.47
	<b>Receivable-Secondary</b>		
	-BSS Microfinance Limited	0.01	0.05
	-Kotak Alternate Asset Managers Ltd ( formerly Kotak Investment Advisors Ltd)	-	0.40
	-Kotak Mahindra Investments Limited	-	0.34
	<b>Payable-Secondary</b>		
	<b>Receivable (Others)</b>		
	-Kotak Mahindra Asset Management Company Limited	14.32	14.41
	-Kotak Mahindra Capital Company Limited	1,177.05	326.68
	-Kotak Mahindra Investments Limited	0.21	0.02
	-Kotak Mahindra Life Insurance Company Limited	653.05	243.76
	-Kotak Alternate Asset Managers Ltd ( formerly Kotak Investment Advisors Ltd)	65.65	109.82
	-Kotak Mahindra General Insurance Company Limited	6.34	3.07
	<b>Payable (Others)</b>		
	-Kotak Mahindra Inc	227.31	157.67
	-Kotak Mahindra (UK) Limited	170.80	139.51
<b>IV.</b>	<b>Entities over which holding company has significant influence</b>		
	<b>Non Convertible Debentures Subscribed</b>		
	<b>Payable-Secondary</b>		
	-Infina Finance Private Limited	347.83	90.32
	-RN Associates	-	1.22
	<b>Receivable -Secondary</b>		
	-RN Associates	1.44	
<b>V.</b>	<b>Associate Company</b>		
	<b>Investment in Equity share</b>		
	-Kotak Infrastructure Debt fund Limited	9,300.00	9,300.00
	<b>Non Convertible Debentures Subscribed</b>		
	-Kotak Mahindra Prime Limited	9,975.96	14,273.28
	<b>Interest Accrued On Debenture</b>		
	-Kotak Mahindra Prime Limited	261.48	376.15
	<b>Investments in Shares</b>		
	-Kotak Mahindra Prime Limited	27,080.69	27,080.69
	<b>Receivable-Secondary</b>		
	-Kotak Mahindra Prime Limited	0.01	0.42
	<b>Payable (Others)</b>		
	-Kotak Mahindra Prime Limited	1.95	0.02
<b>VI.</b>	<b>Key Management Personnel (KMP)</b>		
	<b>Receivable-Secondary</b>		
	-Uday Shankar	0.00	-
	-Prakash Apte	0.00	-
	<b>Payable-Secondary</b>		
	-Narayan S A	58.15	0.40
	-Jaimin Bhatt	0.00	0.01
	-Jaideep Hansraj	4.19	-

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

(₹ in lakh)

Sr. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2024	For the year ended 31 <sup>st</sup> March, 2023
	-Mrs. Falguni Nayar Payable (Others)	0.08	-
	-Mr Noshir Dastur	0.75	12.50
	-Mrs. Falguni Nayar	0.75	12.50
<b>VII.</b>	<b>Relatives of Key Management Personnel/Persons having significant influence</b>		
	<b>Receivable-Secondary</b>		
	-Archana Jaideep Hansraj	0.01	0.04
	-Suresh Kotak (HUF)	0.01	0.01
	-K. Madhavan Kutty	-	0.12
	-Dhawal Kotak	0.03	0.02
	-Narayan SA - HUF	4.30	0.01
	-Ramprasad Subramaniam	0.01	0.01
	-G. Saraswathi	-	0.02
	-Shobha Srivastava	0.95	0.03
	-Ishita Bhatt	0.00	-
	-Sanjana Hansraj	0.00	-
	-Shripal Parasmal Shah HUF	0.00	-
	-Prabhat Gupta	0.00	-
	-Jyoti Banga	0.00	-
	-Aditya Apte	0.00	-
	-Phalgun Kompalli	0.00	-
	-Indira Bhatt	0.00	-
	<b>Payable-Secondary</b>		
	-Ishita Bhatt	-	0.01
	-Sanjay Nayar	0.05	0.01
	-Sanjeev Hansraj	81.65	4.25
	-Rekha Narayan	-	5.38
	-Veena Sheth	0.45	-
	-Vishwa Shah	0.08	-
	-Neetha Jain	1.22	-
<b>VIII.</b>	<b>Entities over which relative of director has significant influence</b>		
	<b>Receivable-Secondary</b>		
	-Kotak Commodity Services Private Limited	-	26.71
	-FSN E-Commerce Ventures Limited	0.02	0.01
<b>IX.</b>	<b>Post Employment Benefits Plan</b>		
	Kotak Securities Limited Employees Gratuity Fund *	-	-

\* Kindly refer note 39 for details



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 38 : LEASE

### 1 LEASES

The Company leases comprises of Premises (including Car Parking and VSAT). The lease term range from 1.5 years to 10 years. The lease terms include renewal option after expiry of primary lease period. There are no restrictions imposed by lease arrangements. There are escalation clauses in the lease agreements. These lease agreements are executed in favour of the Company.

Maturity profile	Right-of-use assets (Premises)
<b>Gross Block</b>	
<b>Opening Balance as at 1<sup>st</sup> April, 2022</b>	8,507.93
Additions during the year	3,132.99
Disposals during the year	(1,039.22)
Impairment	-
<b>Closing Balance as at 31<sup>st</sup> March, 2023</b>	10,601.70
<b>Accumulated Depreciation</b>	
Opening Balance as at 1 <sup>st</sup> April, 2022	4,338.06
Depreciation for the year	1,663.86
Disposals during the year	(1,002.79)
<b>Closing Balance as at 31<sup>st</sup> March, 2023</b>	4,999.13
<b>Net carrying amount as on 31<sup>st</sup> March, 2023</b>	5,602.57
<b>Opening Balance as at 1<sup>st</sup> April, 2023</b>	10,601.70
Additions during the year	2,510.07
Disposals during the year	(2,839.78)
Impairment	-
<b>Closing Balance as at 31<sup>st</sup> March, 2024</b>	10,271.99
<b>Accumulated Depreciation</b>	
Opening Balance as at 1 <sup>st</sup> April, 2023	4,999.13
Depreciation for the year	1,968.02
Disposals during the year	(2,030.62)
<b>Closing Balance as at 31<sup>st</sup> March, 2024</b>	4,936.53
<b>Net carrying amount as on 31<sup>st</sup> March, 2024</b>	<b>5,335.46</b>

### 2 AMOUNTS RECOGNISED IN PROFIT AND LOSS

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Depreciation charged for the year	1,968.02	1,663.86
Interest expense on lease liabilities	481.13	393.77
Expense relating to short-term leases	2,905.24	2,614.93
Expense relating to leases of low value assets	32.13	39.47

### 3 Amounts recognised in statement of cash flows

The total cash outflow for leases amount to ₹ 2,370.03 Lakh (Previous Year ₹ 2,074.45 Lakh)

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## 4 Maturity analysis

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Not later than 1 year	2,114.53	1,977.14
Later than 1 year and not later than 5 years	4,537.27	4,704.81
Later than 5 years	316.76	769.02
<b>Total</b>	<b>6,968.56</b>	<b>7,450.97</b>

The company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

## 5 Short term leases and Leases of low value assets

The Company has elected not to recognise right of use assets and lease liabilities for short term leases of premises that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term. The Company has recognised expenses of ₹ 2,937.37 lakh (Previous year - ₹ 2,654.40 lakh)

## NOTE 39 : EMPLOYEE BENEFITS

### A. THE COMPANY CONTRIBUTES TO THE FOLLOWING POST-EMPLOYMENT DEFINED BENEFIT PLANS IN INDIA.

#### (i) Defined Contribution Plans:

The Company makes contributions towards provident fund, superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company recognised ₹ 2,375.96 lakh (previous year ₹ 2,128.15 lakh) for provident fund contributions in the Statement of Profit and Loss.

The Company recognised ₹ 1.00 lakh (previous year ₹ 1.00 lakh) for superannuation contribution and other retirement benefit contributions in the Statement of Profit and Loss.

#### (ii) Defined Benefit Plan:

##### Gratuity

In accordance with Payment of Gratuity Act, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company subject to maximum of ₹ 20.00 lakh. (Previous Year ₹ 20.00 lakh).

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

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

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Present value of funded defined benefit obligation (A)	4,032.23	3,757.03
Fair value of plan assets (B)	(4,282.41)	(3,346.28)
<b>Net (asset) / liability recognised in the Balance Sheet (A-B)</b>	<b>(250.18)</b>	<b>410.75</b>



## Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

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

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

(₹ in lakh)

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) / liability	
	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	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Opening balance</b>	3,757.03	3,622.52	3,346.28	3,859.62	410.75	(237.10)
Included in profit or loss						
Current service cost	741.53	690.56	-	-	741.53	690.56
Past service cost	-	-	-	-	-	-
Interest cost (income)	238.03	223.65	229.95	259.63	8.09	(35.99)
	<b>4,736.59</b>	<b>4,536.73</b>	<b>3,576.23</b>	<b>4,119.25</b>	<b>1,160.37</b>	<b>417.47</b>
<b>Included in OCI</b>						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	-	82.03	-	-	-	82.03
Financial assumptions	28.64	(109.28)	-	-	28.64	(109.28)
Experience adjustment	104.12	(1.72)	-	-	104.12	(1.72)
Actual return on plan assets less interest on plan assets		-	426.42	(296.49)	(426.42)	296.49
	<b>132.76</b>	<b>(28.97)</b>	<b>426.42</b>	<b>(296.49)</b>	<b>(293.66)</b>	<b>267.52</b>
<b>Other</b>						
Contributions paid by the employer		-	1,129.43	276.94	(1,129.43)	(276.94)
Benefits paid	(849.67)	(753.42)	(849.67)	(753.42)	-	-
Liabilities assumed / (settled)	12.55	2.70		-	12.55	2.70
Closing balance	<b>4,032.23</b>	<b>3,757.03</b>	<b>4,282.40</b>	<b>3,346.28</b>	<b>(250.18)</b>	<b>410.75</b>
<b>Represented by</b>						
Net defined benefit asset	-	-	-	-	250.18	-
Net defined benefit liability	-	-	-	-	-	410.75

### C. DEFINED BENEFIT OBLIGATIONS

#### i. Actuarial assumptions

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

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Discount rate (p.a.)	7.15%	7.30%
Salary escalation rate (p.a.)	7.00%	7.00%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## ii. Sensitivity analysis

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

(₹ in lakh)

Impact of change in assumptions	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(93.89)	98.52	(86.33)	90.61
Future salary growth (0.5% movement)	66.94	(65.80)	62.28	(61.44)

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

## iii. Risk exposure

A decrease in Government Securities yield will increase plan liabilities. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

The plan assets are majorly comprises of Equity, Government securities, Corporate Debt and Money Market Instruments which are subject to risk of Market price and interest yields

## D. EXPECTED FUTURE CASH FLOWS

### Expected contribution:

There is no compulsion on the part of the Company to pre fund the liability of the plan. The Company's philosophy is to not to externally fund these liabilities but instead create an accounting provisions in its books of accounts and pay the gratuity to its employees directly from its own resources as and when the employee leaves the Company.

The expected contribution payable to the plan in FY 24-25 is ₹ 600 Lakh.

**Expected future benefit payments :** The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

(₹ in lakh)

Maturity profile	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Expected benefits for Year 1	1,016.59	992.58
Expected benefits for Year 2	700.70	662.96
Expected benefits for Year 3	558.55	505.72
Expected benefits for Year 4	469.78	421.30
Expected benefits for Year 5	436.19	377.30
Expected benefits for Year 6	322.95	361.03
Expected benefits for Year 7	304.27	255.76
Expected benefits for Year 8	289.44	242.66
Expected benefits for Year 9	246.22	246.54
Expected benefits for Year 10 and above	1,748.32	1,651.45



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## Asset information

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Insurer managed funds	100%	100%

## Compensated Absence

The liability towards compensated absences is based on actuarial valuation carried out by using the projected unit credit method.

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Discount rate (p.a.)	7.15%	7.30%
Salary escalation rate (p.a.)	7.00%	7.00%

## NOTE 40 : SHARE-BASED PAYMENT ARRANGEMENTS

### A. DESCRIPTION OF SHARE-BASED PAYMENT ARRANGEMENTS

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

At the General Meetings of the holding company, Kotak Mahindra Bank Limited, ("the Bank"), the shareholders of the Bank had passed Special Resolutions in the General meeting dated 29<sup>th</sup> June, 2015, to grant options to the eligible employees of the Bank and its subsidiaries and associate companies. Pursuant to this resolution, the Kotak Mahindra Equity Option Scheme 2015 has been formulated and adopted.

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

#### Details of Employee Stock Option Outstanding as at 31<sup>st</sup> March, 2024

Scheme reference	Grant date	Method of settlement accounting	No. of share options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
<b>ESOP 2015-25</b>					
D	7-Aug-20	Equity settled	28,522	31-Dec-23	3.90
<b>ESOP 2015-30</b>					
C	30-May-21	Equity settled	48,764	30-Jun-24	3.59
D	30-May-21	Equity settled	48,803	30-Jun-25	4.59
<b>ESOP 2015-34</b>					
B	10-May-22	Equity settled	67,492	31-May-24	2.56
C	10-May-22	Equity settled	67,492	31-May-25	3.56
D	10-May-22	Equity settled	67,464	31-May-26	4.56
<b>ESOP 2015-39</b>					
A	18-Oct-22	Equity settled	1,105	31-Oct-23	1.54
B	18-Oct-22	Equity settled	2,210	31-Oct-24	2.54
C	18-Oct-22	Equity settled	2,210	31-Oct-25	3.54
D	18-Oct-22	Equity settled	2,210	31-Oct-26	4.54
<b>ESOP 2015-40</b>					
A	2-May-23	Equity settled	65,463	30-Jun-24	1.66
B	2-May-23	Equity settled	65,463	30-Jun-25	2.66
C	2-May-23	Equity settled	65,463	30-Jun-26	3.66
D	2-May-23	Equity settled	65,451	30-Jun-27	4.66
<b>ESOP 2015-41</b>					
A	2-May-23	Equity settled	1,180	30-Sep-24	1.92

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## Details of Employee Stock Option Outstanding as at 31<sup>st</sup> March, 2023

Scheme reference	Grant date	Method of settlement accounting	No. of share options outstanding	Vesting conditions / Dates	Contractual life of the options (Years)
<b>ESOP 2015-19</b>					
D	20-May-19	Equity settled	80,033	31-Dec-22	4.12
<b>ESOP 2015-25</b>					
B	7-Aug-20	Equity settled	38,449	30-Nov-22	2.82
C	7-Aug-20	Equity settled	46,072	30-Jun-23	3.40
D	7-Aug-20	Equity settled	46,072	31-Dec-23	3.90
<b>ESOP 2015-30</b>					
B	30-May-21	Equity settled	51,651	30-Jun-23	2.58
C	30-May-21	Equity settled	51,651	30-Jun-24	3.59
D	30-May-21	Equity settled	51,702	30-Jun-25	4.59
<b>ESOP 2015-34</b>					
A	10-May-22	Equity settled	68,272	31-May-23	1.56
B	10-May-22	Equity settled	68,272	31-May-24	2.56
C	10-May-22	Equity settled	68,272	31-May-25	3.56
D	10-May-22	Equity settled	68,244	31-May-26	4.56
<b>ESOP 2015-39</b>					
A	18-Oct-22	Equity settled	2,210	31-Oct-23	1.54
B	18-Oct-22	Equity settled	2,210	31-Oct-24	2.54
C	18-Oct-22	Equity settled	2,210	31-Oct-25	3.54
D	18-Oct-22	Equity settled	2,210	31-Oct-26	4.54

## B. MEASUREMENT OF FAIR VALUES

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

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

### As at 31<sup>st</sup> March, 2024

Scheme	Grant Date	Vesting period		Exercise period		Expected life(Years)		Exercise Price(INR)	Market price	Risk free rate		Annual Dividend yield	Volatility		Fair value per option (₹)	
		From	To	From	To	From	To			From	To		From	To		
2015 - 30	30-May-21	1.08	4.09	1.58	4.59	1.34	4.34	1,801.00	1,800.75	4.05%	5.53%	0.05%	29.80%	42.76%	390.94	609.04
2015-25	7-Aug-20	1.07	3.40	1.56	3.90	1.31	3.65	1,341.00	1,340.10	3.61%	5.06%	0.06%	29.29%	39.75%	267.12	395.03
2015 - 34	10-May-22	1.06	4.06	1.56	4.56	1.31	4.31	1,798.00	1,767.50	5.75%	7.26%	0.06%	27.72%	31.40%	268.84	654.77
2015 - 39	18-Oct-22	1.04	4.04	1.53	4.54	1.28	4.29	1,834.00	1,858.15	7.01%	7.52%	0.06%	26.77%	31.76%	315.30	721.39
2015 - 40	2-May-23	1.16	4.16	1.67	4.67	1.42	4.42	1,939.00	1,938.05	7.03%	7.14%	0.08%	23.45%	32.42%	307.85	729.28
2015 - 41	2-May-23	1.42	1.42	1.92	1.92	1.67	1.67	1,939.00	1,938.05	7.01%	7.01%	0.08%	24.56%	24.56%	350.52	350.52





# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

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

Scheme	Grant Date	Vesting period		Exercise period		Expected life(Years)		Exercise Price(INR)	Market price	Risk free rate		Annual Dividend yield	Volatility		Fair value per option (₹)	
		From	To	From	To	From	To			From	To		From	To		
2015 - 30	30-May-21	1.08	4.09	1.58	4.59	1.34	4.34	1,801.00	1,800.75	4.05%	5.53%	0.05%	29.80%	42.76%	390.94	609.04
2015-14	18-May-18	1.20	3.62	1.71	4.12	1.45	3.87	1,271.00	1,270.70	7.44%	7.99%	0.06%	18.68%	32.95%	184.60	465.70
2015-19	20-May-19	1.20	3.62	1.70	4.12	1.45	3.87	1,460.00	1,460.00	6.63%	7.03%	0.05%	21.16%	31.00%	230.35	508.28
2015-25	7-Aug-20	1.07	3.40	1.56	3.90	1.31	3.65	1,341.00	1,340.10	3.61%	5.06%	0.06%	29.29%	39.75%	267.12	395.03
2015 - 34	10-May-22	1.06	4.06	1.56	4.56	1.31	4.31	1,798.00	1,767.50	5.75%	7.26%	0.06%	27.72%	31.40%	268.84	654.77
2015 - 39	18-Oct-22	1.04	4.04	1.53	4.54	1.28	4.29	1,834.00	1,858.15	7.01%	7.52%	0.06%	26.77%	31.76%	315.30	721.39

The following table lists the average inputs to the models used for the plans for the year ended 31<sup>st</sup> March, 2024.

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

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## C. RECONCILIATION OF OUTSTANDING SHARE OPTIONS

Activity in the options outstanding under the employee's stock option Scheme as at 31<sup>st</sup> March, 2024

Scheme	Grant Date	As at 31 <sup>st</sup> March, 2024						As at 31 <sup>st</sup> March, 2023									
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/(Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year	Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/(Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
ESOP 2015 - 14	18-May-18	-	-	-	-	-	-	-	-	71,809	-	(70,723)	-	-	-	-	-
ESOP 2015 - 19	20-May-19	80,033	-	(79,623)	-	(84)	-	-	-	261,326	-	(148,470)	(1,562)	(3,395)	(27,866)	80,033	78,322
ESOP 2015 - 25	7-Aug-20	130,593	-	(99,203)	-	(428)	28,522	27,484	-	175,644	-	(36,475)	(3,136)	-	(5,440)	130,593	38,449
ESOP 2015 - 30	31-May-21	155,004	-	(37,466)	-	(11,844)	97,567	-	-	217,400	-	(34,402)	(5,108)	(13,388)	(9,498)	155,004	-
ESOP 2015 - 34	10-May-22	273,060	-	(21,837)	-	(45,655)	202,448	217	-	-	273,060	-	-	-	-	273,060	-
ESOP 2015 - 39	18-Oct-22	8840	-	(1,105)	-	-	7,735	1,105	-	-	8840	-	-	-	-	8840	-
ESOP 2015 - 40	2-May-23	-	264,320	-	-	-	261,840	-	-	-	-	-	-	-	-	-	-
ESOP 2015 - 41	2-May-23	-	1,180	-	-	-	1,180	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>647,530</b>	<b>265,500</b>	<b>(239,236)</b>	<b>-</b>	<b>(58,011)</b>	<b>599,292</b>	<b>28,806</b>	<b>-</b>	<b>726,179</b>	<b>281,900</b>	<b>(290,070)</b>	<b>(9,806)</b>	<b>(17,869)</b>	<b>(42,804)</b>	<b>647,530</b>	<b>116,771</b>

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

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1837.77 (Previous year: ₹ 1,826.24).

The details of exercise price for stock options outstanding at the end of the year are:

ESOP Scheme	Range of exercise prices (₹)	Year Ended 31 <sup>st</sup> March, 2024			Year Ended 31 <sup>st</sup> March, 2023		
		Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
ESOP 2015 - 19	1401-1500	-	-	-	80,033	0.25	1,460
ESOP 2015 - 25	1301-1400	28,522	0.25	1,341	130,593	0.78	1,341
ESOP 2015 - 30	1801-1900	97,567	1.75	1,801	155,004	1.75	1,801
ESOP 2015 - 34	1701-1800	202,448	2.67	1,798	273,060	2.17	1,798
ESOP 2015 - 39	1801-1900	7,735	3.08	1,834	8,840	2.58	1,834
ESOP 2015 - 40	1901-2000	261,840	3.75	1,939	-	-	-
ESOP 2015 - 41	1901-2000	1,180	1.00	1,939	-	-	-



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## II. STOCK APPRECIATION RIGHTS (CASH-SETTLED)

### A. Description of Stock Appreciation Rights (cash-settled) share-based payment arrangements

During the year, the management had approved SARs to be granted to eligible employees as and when deemed fit. The SARs are to be settled in cash and will vest in the manner as provided in the scheme / grant letters to employees. The Company under its various plans / series has granted 1,40,680 SARs during FY 2023- 24. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.16 years to 5.10 years.

#### Stock Appreciation Rights outstanding as at 31<sup>st</sup> March, 2024

Scheme reference	Grant date	Method of settlement accounting	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Years)
2015 - 31	7-Aug-20	Cash settled	3,221	31-Aug-24	4.07
2015 - 31	7-Aug-20	Cash settled	3,221	7-Sep-24	4.09
2015 - 31	7-Aug-20	Cash settled	3,250	14-Sep-24	4.11
2015 - 32	30-May-21	Cash settled	5,883	30-Jun-24	3.09
2015 - 32	30-May-21	Cash settled	5,883	7-Jul-24	3.11
2015 - 32	30-May-21	Cash settled	5,943	14-Jul-24	3.13
2015 - 32	30-May-21	Cash settled	5,896	30-Jun-25	4.09
2015 - 32	30-May-21	Cash settled	5,896	7-Jul-25	4.11
2015 - 32	30-May-21	Cash settled	5,957	14-Jul-25	4.13
2015 - 35	17-Jun-21	Cash settled	390	30-Jun-24	3.04
2015 - 35	17-Jun-21	Cash settled	390	7-Jul-24	3.06
2015 - 35	17-Jun-21	Cash settled	392	14-Jul-24	3.08
2015 - 35	17-Jun-21	Cash settled	391	30-Jun-25	4.04
2015 - 35	17-Jun-21	Cash settled	391	7-Jul-25	4.06
2015 - 35	17-Jun-21	Cash settled	392	14-Jul-25	4.08
2015 - 40	10-May-22	Cash settled	3,569	31-May-24	2.06
2015 - 40	10-May-22	Cash settled	3,569	7-Jun-24	2.08
2015 - 40	10-May-22	Cash settled	3,575	14-Jun-24	2.10
2015 - 40	10-May-22	Cash settled	3,569	31-May-25	3.06
2015 - 40	10-May-22	Cash settled	3,569	7-Jun-25	3.08
2015 - 40	10-May-22	Cash settled	3,575	14-Jun-25	3.10
2015 - 40	10-May-22	Cash settled	3,551	31-May-26	4.06
2015 - 40	10-May-22	Cash settled	3,551	7-Jun-26	4.08
2015 - 40	10-May-22	Cash settled	3,549	14-Jun-26	4.10
2015 - 45	10-May-22	Cash settled	10,580	31-May-24	2.06
2015 - 45	10-May-22	Cash settled	10,580	7-Jun-24	2.08
2015 - 45	10-May-22	Cash settled	10,585	14-Jun-24	2.10
2015 - 45	10-May-22	Cash settled	10,580	31-May-25	3.06
2015 - 45	10-May-22	Cash settled	10,581	7-Jun-25	3.08
2015 - 45	10-May-22	Cash settled	10,585	14-Jun-25	3.10
2015 - 45	10-May-22	Cash settled	10,558	31-May-26	4.06

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to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

Scheme reference	Grant date	Method of settlement accounting	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Years)
2015 - 45	10-May-22	Cash settled	10,557	7-Jun-26	4.08
2015 - 45	10-May-22	Cash settled	10,559	14-Jun-26	4.10
2015 - 45	10-May-22	Cash settled	1,057	31-May-27	5.06
2015 - 45	10-May-22	Cash settled	1,057	7-Jun-27	5.08
2015 - 45	10-May-22	Cash settled	1,056	14-Jun-27	5.10
2015 - 48	27-Aug-22	Cash settled	196	31-Aug-24	2.01
2015 - 48	27-Aug-22	Cash settled	196	7-Sep-24	2.03
2015 - 48	27-Aug-22	Cash settled	196	14-Sep-24	2.05
2015 - 48	27-Aug-22	Cash settled	261	31-Aug-25	3.01
2015 - 48	27-Aug-22	Cash settled	261	7-Sep-25	3.03
2015 - 48	27-Aug-22	Cash settled	262	14-Sep-25	3.05
2015 - 51	18-Oct-22	Cash settled	224	31-Oct-24	2.04
2015 - 51	18-Oct-22	Cash settled	224	7-Nov-24	2.06
2015 - 51	18-Oct-22	Cash settled	232	14-Nov-24	2.08
2015 - 51	18-Oct-22	Cash settled	224	31-Oct-25	3.04
2015 - 51	18-Oct-22	Cash settled	224	7-Nov-25	3.06
2015 - 51	18-Oct-22	Cash settled	232	14-Nov-25	3.08
2015 - 51	18-Oct-22	Cash settled	224	31-Oct-26	4.04
2015 - 51	18-Oct-22	Cash settled	224	7-Nov-26	4.06
2015 - 51	18-Oct-22	Cash settled	232	14-Nov-26	4.08
2015 - 55	2-May-23	Cash settled	11,395	30-Jun-24	1.16
2015 - 55	2-May-23	Cash settled	11,395	7-Jul-24	1.18
2015 - 55	2-May-23	Cash settled	11,410	14-Jul-24	1.20
2015 - 55	2-May-23	Cash settled	11,395	30-Jun-25	2.16
2015 - 55	2-May-23	Cash settled	11,395	7-Jul-25	2.18
2015 - 55	2-May-23	Cash settled	11,410	14-Jul-25	2.20
2015 - 55	2-May-23	Cash settled	11,395	30-Jun-26	3.16
2015 - 55	2-May-23	Cash settled	11,395	7-Jul-26	3.18
2015 - 55	2-May-23	Cash settled	11,410	14-Jul-26	3.20
2015 - 55	2-May-23	Cash settled	11,378	30-Jun-27	4.16
2015 - 55	2-May-23	Cash settled	11,378	7-Jul-27	4.18
2015 - 55	2-May-23	Cash settled	11,384	14-Jul-27	4.20
			<b>318,062</b>		



# Notes

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## Stock Appreciation Rights outstanding as at 31<sup>st</sup> March, 2023

Scheme reference	Grant date	Method of settlement accounting	No. of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Years)
2015-25	19-Jul-19	Cash settled	889	31-Jul-23	4.04
2015-25	19-Jul-19	Cash settled	889	7-Aug-23	4.05
2015-25	19-Jul-19	Cash settled	890	14-Aug-23	4.07
2015-28	7-Aug-20	Cash settled	3,996	30-Jun-23	2.90
2015-28	7-Aug-20	Cash settled	4,051	7-Jul-23	2.92
2015-28	7-Aug-20	Cash settled	4,035	14-Jul-23	2.93
2015-28	7-Aug-20	Cash settled	3,996	31-Dec-23	3.40
2015-28	7-Aug-20	Cash settled	4,051	7-Jan-24	3.42
2015-28	7-Aug-20	Cash settled	4,035	14-Jan-24	3.44
2015-31	7-Aug-20	Cash settled	5,218	31-Aug-23	3.07
2015-31	7-Aug-20	Cash settled	5,218	7-Sep-23	3.08
2015-31	7-Aug-20	Cash settled	5,218	14-Sep-23	3.10
2015-31	7-Aug-20	Cash settled	3,468	31-Aug-24	4.07
2015-31	7-Aug-20	Cash settled	3,468	7-Sep-24	4.09
2015-31	7-Aug-20	Cash settled	3,500	14-Sep-24	4.11
2015-32	30-May-21	Cash settled	6,143	30-Jun-23	2.08
2015-32	30-May-21	Cash settled	6,143	7-Jul-23	2.10
2015-32	30-May-21	Cash settled	6,207	14-Jul-23	2.12
2015-32	30-May-21	Cash settled	6,143	30-Jun-24	3.09
2015-32	30-May-21	Cash settled	6,143	7-Jul-24	3.11
2015-32	30-May-21	Cash settled	6,207	14-Jul-24	3.13
2015-32	30-May-21	Cash settled	6,157	30-Jun-25	4.09
2015-32	30-May-21	Cash settled	6,157	7-Jul-25	4.11
2015-32	30-May-21	Cash settled	6,227	14-Jul-25	4.13
2015-35	17-Jun-21	Cash settled	390	30-Jun-23	2.04
2015-35	17-Jun-21	Cash settled	390	7-Jul-23	2.05
2015-35	17-Jun-21	Cash settled	392	14-Jul-23	2.07
2015-35	17-Jun-21	Cash settled	390	30-Jun-24	3.04
2015-35	17-Jun-21	Cash settled	390	7-Jul-24	3.06
2015-35	17-Jun-21	Cash settled	392	14-Jul-24	3.08
2015-35	17-Jun-21	Cash settled	391	30-Jun-25	4.04
2015-35	17-Jun-21	Cash settled	391	7-Jul-25	4.06
2015-35	17-Jun-21	Cash settled	392	14-Jul-25	4.08
2015-40	10-May-22	Cash settled	14,431	31-May-23	1.06
2015-40	10-May-22	Cash settled	14,431	7-Jun-23	1.08
2015-40	10-May-22	Cash settled	14,436	14-Jun-23	1.10
2015-40	10-May-22	Cash settled	14,431	31-May-24	2.06
2015-40	10-May-22	Cash settled	14,431	7-Jun-24	2.08
2015-40	10-May-22	Cash settled	14,436	14-Jun-24	2.10
2015-40	10-May-22	Cash settled	14,431	31-May-25	3.06
2015-40	10-May-22	Cash settled	14,431	7-Jun-25	3.08
2015-40	10-May-22	Cash settled	14,436	14-Jun-25	3.10
2015-40	10-May-22	Cash settled	14,407	31-May-26	4.06

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

Scheme reference	Grant date	Method of settlement accounting	No. of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Years)
2015-40	10-May-22	Cash settled	14,407	7-Jun-26	4.08
2015-40	10-May-22	Cash settled	14,408	14-Jun-26	4.10
2015-45	10-May-22	Cash settled	1,057	31-May-23	1.06
2015-45	10-May-22	Cash settled	1,057	7-Jun-23	1.08
2015-45	10-May-22	Cash settled	1,056	14-Jun-23	1.10
2015-45	10-May-22	Cash settled	1,057	31-May-24	2.06
2015-45	10-May-22	Cash settled	1,057	7-Jun-24	2.08
2015-45	10-May-22	Cash settled	1,056	14-Jun-24	2.10
2015-45	10-May-22	Cash settled	1,057	31-May-25	3.06
2015-45	10-May-22	Cash settled	1,057	7-Jun-25	3.08
2015-45	10-May-22	Cash settled	1,056	14-Jun-25	3.10
2015-45	10-May-22	Cash settled	1,057	31-May-26	4.06
2015-45	10-May-22	Cash settled	1,057	7-Jun-26	4.08
2015-45	10-May-22	Cash settled	1,056	14-Jun-26	4.10
2015-45	10-May-22	Cash settled	1,057	31-May-27	5.06
2015-45	10-May-22	Cash settled	1,057	7-Jun-27	5.08
2015-45	10-May-22	Cash settled	1,056	14-Jun-27	5.10
2015-48	27-Aug-22	Cash settled	196	31-Aug-23	1.01
2015-48	27-Aug-22	Cash settled	196	7-Sep-23	1.03
2015-48	27-Aug-22	Cash settled	196	14-Sep-23	1.05
2015-48	27-Aug-22	Cash settled	196	31-Aug-24	2.01
2015-48	27-Aug-22	Cash settled	196	7-Sep-24	2.03
2015-48	27-Aug-22	Cash settled	196	14-Sep-24	2.05
2015-48	27-Aug-22	Cash settled	261	31-Aug-25	3.01
2015-48	27-Aug-22	Cash settled	261	7-Sep-25	3.03
2015-48	27-Aug-22	Cash settled	262	14-Sep-25	3.05
2015-51	18-Oct-22	Cash settled	224	31-Oct-23	1.04
2015-51	18-Oct-22	Cash settled	224	7-Nov-23	1.05
2015-51	18-Oct-22	Cash settled	232	14-Nov-23	1.07
2015-51	18-Oct-22	Cash settled	224	31-Oct-24	2.04
2015-51	18-Oct-22	Cash settled	224	7-Nov-24	2.06
2015-51	18-Oct-22	Cash settled	232	14-Nov-24	2.08
2015-51	18-Oct-22	Cash settled	224	31-Oct-25	3.04
2015-51	18-Oct-22	Cash settled	224	7-Nov-25	3.06
2015-51	18-Oct-22	Cash settled	232	14-Nov-25	3.08
2015-51	18-Oct-22	Cash settled	224	31-Oct-26	4.04
2015-51	18-Oct-22	Cash settled	224	7-Nov-26	4.06
2015-51	18-Oct-22	Cash settled	232	14-Nov-26	4.08
			305,607		

## Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

### B. MEASUREMENT OF FAIR VALUES OF SAR

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

#### As at 31<sup>st</sup> March, 2024

Scheme	Grant Date	Vesting period		Expected life (Years)		Exercise Price (₹)	Weighted average share price	Risk free rate		Annual Dividend yield	Volatility		Fair value per SARs (₹)
		From	To	From	To			From	To		From	To	
2015 Series - 31	7-Aug-20	0.42	0.46	0.42	0.46	-	1,785.50	7.11%	7.14%	0.08%	17.44%	17.64%	1720.59-1719.44
2015 Series - 32	30-May-21	0.25	1.29	0.25	1.29	-	1,785.50	7.02%	7.07%	0.08%	17.28%	19.24%	1,783.57-1785.13
2015 Series - 35	17-Jun-21	0.25	1.29	0.25	1.29	-	1,785.50	7.02%	7.07%	0.08%	17.28%	19.24%	1,783.57-1785.13
2015 Series - 40	10-May-22	0.17	2.22	0.17	2.22	-	1,785.50	6.97%	7.14%	0.08%	18.90%	20.91%	1,782.19-1785.25
2015 Series - 45	10-May-22	0.17	3.21	0.17	3.21	-	1,785.50	6.97%	7.18%	0.08%	18.90%	23.05%	1,780.70-1785.25
2015 Series - 48	27-Aug-22	0.42	1.46	0.42	1.46	-	1,785.50	7.08%	7.11%	0.08%	17.10%	17.44%	1,783.31-1784.87
2015 Series - 51	18-Oct-22	0.59	2.62	0.59	2.62	-	1,785.50	7.14%	7.17%	0.08%	16.94%	22.21%	1,781.57-1784.62
2015 Series - 55	2-May-23	0.25	3.29	0.25	3.29	-	1,785.50	7.02%	7.18%	0.08%	19.24%	22.92%	1,780.57-1785.13

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

Scheme	Grant Date	Vesting period		Expected life (Years)		Exercise Price (₹)	Weighted average share price	Risk free rate		Annual Dividend yield	Volatility		Fair value per SARs (₹)
		From	To	From	To			From	To		From	To	
2015 Series - 25	19-Jul-19	0.33	0.37	0.33	0.37	-	1,721.05	7.08%	7.11%	0.06%	14.99%	15.32%	1720.68-1720.64
2015 Series - 28	7-Aug-20	0.25	0.79	0.25	0.79	-	1,721.05	7.00%	7.31%	0.06%	16.01%	19.61%	1720.77-1720.18
2015 Series - 31	7-Aug-20	0.42	1.46	0.42	1.46	-	1,721.05	7.16%	7.20%	0.06%	15.02%	24.71%	1720.59-1719.44
2015 Series - 32	30-May-21	0.25	2.29	0.25	3.29	-	1,721.05	7.00%	7.27%	0.06%	16.01%	24.84%	1720.77-1718.53
2015 Series - 35	17-Jun-21	0.25	2.29	0.25	3.29	-	1,721.05	7.00%	7.27%	0.06%	16.01%	24.84%	1720.77-1718.53
2015 Series - 40	10-May-22	0.17	3.21	0.17	3.21	-	1,721.05	6.92%	7.29%	0.06%	17.07%	33.10%	1720.87-1717.52
2015 Series - 45	10-May-22	0.17	4.21	0.17	4.21	-	1,721.05	6.92%	7.31%	0.06%	17.07%	30.80%	1720.87-1716.43
2015 Series - 48	27-Aug-22	0.42	2.46	0.42	2.46	-	1,721.05	7.16%	7.30%	0.06%	15.02%	26.24%	1720.59-1718.34
2015 Series - 51	18-Oct-22	0.59	3.63	0.59	3.63	-	1,721.05	7.26%	7.31%	0.06%	17.38%	32.12%	1720.40-1717.06

The following table lists the average inputs to the models used for the plans for the year ended 31<sup>st</sup> March, 2024

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

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## C. RECONCILIATION OF STOCK APPRECIATION RIGHTS (CASH-SETTLED)

Scheme	Grant Date	As at 31 <sup>st</sup> March, 2024						As at 31 <sup>st</sup> March, 2023							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year
2015-22	20-May-19	-	-	-	-	-	-	32,372	-	(31,222)	(826)	(324)	-	-	-
2015-25	22-Jul-19	2,668	-	(2,668)	-	-	-	4,669	-	(2,001)	-	-	-	2,668	
2015-28	7-Aug-20	24,164	-	(23,486)	-	(678)	-	46,067	-	(18,574)	(2,485)	(844)	-	24,164	
2015-31	7-Aug-20	26,090	-	(14,538)	-	(1,860)	9,692	26,090	-	-	-	-	-	26,090	
2015 - 32	30-May-21	55,527	-	(17,818)	-	(2,249)	35,460	77,900	-	(19,521)	(1,643)	(1,209)	-	55,527	
2015 - 35	17-Jun-21	3,518	-	(1,172)	-	-	2,346	4,690	-	(1,172)	-	-	-	3,518	
2015 - 40	10-May-22	173,110	-	(11,547)	-	(10,016)	151,547	-	183,270	-	(3,780)	(6,380)	-	173,110	
2015 - 45	10-May-22	15,850	-	(33,555)	-	(3,430)	(21,135)	-	15,850	-	-	-	-	15,850	
2015 - 48	27-Aug-22	1,960	-	(588)	-	-	1,372	-	1,960	-	-	-	-	1,960	
2015 - 51	18-Oct-22	2,720	-	(680)	-	-	2,040	-	2,720	-	-	-	-	2,720	
2015 - 55	2-May-23	-	140,630	-	-	(3,890)	136,740	-	-	-	-	-	-	-	
<b>Total</b>		<b>305,607</b>	<b>140,630</b>	<b>(106,052)</b>	<b>-</b>	<b>(22,123)</b>	<b>318,062</b>	<b>191,788</b>	<b>203,800</b>	<b>(72,490)</b>	<b>(8,734)</b>	<b>(8,757)</b>	<b>-</b>	<b>305,607</b>	

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

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

	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Total Employee compensation cost pertaining to share-based payment plans	3,428.73	3,409.55
Compensation cost pertaining to equity-settled employee share-based payment plan included above	41.93	294.56
Closing balance of liability for cash-settled options*	3,294.70	2,827.21

\* Total intrinsic value of liability for cash-settled options ₹ 3,294.70 Lakh (previous year ₹ 2,827.21 Lakh)





# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 41 : FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

### A. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified as Fair value through Profit and Loss (FVTPL), Fair value through other comprehensive Income (FVTOCI) and Amortised Cost.

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024					As at 31 <sup>st</sup> March, 2023				
	FVTPL	FVTOCI	Amortised cost	Cost	Total	FVTPL	FVTOCI	Amortised cost	Cost	Total
<b>Financial assets</b>										
Cash and cash equivalents	-	-	16,627.71	-	16,627.71	-	-	10,209.55	-	10,209.55
Bank Balance other than cash and cash equivalent	-	-	1,027,018.26	-	1,027,018.26	-	-	711,754.96	-	711,754.96
Derivative financial instruments	20.72	-	-	-	20.72	2,254.00	-	-	-	2,254.00
Receivables:										
-Trade receivables	-	-	298,233.34	-	298,233.34	-	-	246,431.75	-	246,431.75
-Other receivables	-	-	907.76	-	907.76	-	-	2,056.93	-	2,056.93
Loans										
-Receivable from clients- Margin Trading facility	-	-	771,529.43	-	771,529.43	-	-	374,668.59	-	374,668.59
-Loans given to Employees	-	-	85.80	-	85.80	-	-	61.29	-	61.29
Investments	232,887.62	40,410.09	-	36,966.26	310,263.97	166,557.67	44,963.13	-	36,966.26	248,487.06
Other financial assets	-	-	13,271.89	-	13,271.89	-	-	1,600.57	-	1,600.57
<b>Total financial assets</b>	<b>232,908.34</b>	<b>40,410.09</b>	<b>2,127,674.19</b>	<b>36,966.26</b>	<b>2,437,958.88</b>	<b>168,811.67</b>	<b>44,963.13</b>	<b>1,346,783.64</b>	<b>36,966.26</b>	<b>1,597,524.70</b>
<b>Financial liabilities</b>										
Derivative financial instruments	18.23	-	-	-	18.23	181.09	-	-	-	181.09
Payables										
-Trade Payables	-	-	921,414.50	-	921,414.50	-	-	537,491.33	-	537,491.33
Debt securities	-	-	658,719.81	-	658,719.81	-	-	330,827.14	-	330,827.14
Lease liabilities	-	-	6,114.80	-	6,114.80	-	-	6,365.08	-	6,365.08
Deposits	-	-	2,119.10	-	2,119.10	-	-	3,432.51	-	3,432.51
Other Financial liabilities	-	-	12,937.45	-	12,937.45	-	-	16,533.41	-	16,533.41
<b>Total financial liabilities</b>	<b>18.23</b>	<b>-</b>	<b>1,601,305.66</b>	<b>-</b>	<b>1,601,323.89</b>	<b>181.09</b>	<b>-</b>	<b>894,649.47</b>	<b>-</b>	<b>894,830.56</b>

### B. FAIR VALUE HIERARCHY:

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

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024				As at 31 <sup>st</sup> March, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments at FVTPL								
- Preference shares	-	-	1,607.58	1,607.58	-	-	1,539.87	1,539.87
- Equity instruments	161,880.05	7,406.00	171.01	169,457.06	72,525.56	1,708.77	240.67	74,474.99
(a) NSE LIMITED	-	7,406.00	-	7,406.00	-	1,708.77	-	1,708.77
(b) Kredent Infoedge Private Limited	-	-	0.21	0.21	-	-	0.20	0.20
(c) Indus Biotech Limited	-	-	170.77	170.77	-	-	240.44	240.44
(d) Multipl Fintech Solutions Private Limited	-	-	0.03	0.03	-	-	0.02	0.02
(e) Listed	161,880.05	-	-	161,880.05	72,525.56	-	-	72,525.56
- Venture Funds	-	61,309.03	-	61,309.03	-	74,560.88	-	74,560.88
- Derivatives	20.72	-	-	20.72	2,254.00	-	-	2,254.00
- Debentures	-	-	513.95	513.95	-	-	500.00	500.00
- Government Securities	(0.00)	-	-	(0.00)	15,481.93	-	-	15,481.93
Investments at FVOCI								
- Debentures	11,867.26	28,542.83	-	40,410.09	12,064.50	32,898.63	-	44,963.13
<b>Total financial assets</b>	<b>173,768.03</b>	<b>97,257.86</b>	<b>2,292.54</b>	<b>273,318.43</b>	<b>102,325.99</b>	<b>109,168.28</b>	<b>2,280.54</b>	<b>213,774.80</b>
<b>Financial liabilities</b>								
Derivative financial instruments	18.23	-	-	18.23	181.09	-	-	181.09
<b>Total financial liabilities</b>	<b>18.23</b>	<b>-</b>	<b>-</b>	<b>18.23</b>	<b>181.09</b>	<b>-</b>	<b>-</b>	<b>181.09</b>

## Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

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

Particulars	As at 31 <sup>st</sup> March, 2024				As at 31 <sup>st</sup> March, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Loans								
- Receivable from clients- Margin Trading facility	-	-	771,529.43	771,529.43	-	-	374,668.59	374,668.59
- Loans given to Employees	-	-	91.91	91.91	-	-	64.43	64.43
Other financial assets								
- Other financial assets	-	-	13,271.89	13,271.89	-	-	1,600.57	1,600.57
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>784,893.23</b>	<b>784,893.23</b>	<b>-</b>	<b>-</b>	<b>376,333.60</b>	<b>376,333.60</b>

Fair value of financial assets and liabilities measured at amortised cost

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans				
- Loans given to Employee	85.80	91.91	61.29	64.43
Other financial assets				
- Security deposit	13,277.97	13,271.89	1,606.53	1,600.57
	<b>13,363.77</b>	<b>13,363.80</b>	<b>1,667.82</b>	<b>1,665.00</b>

The carrying amounts of Cash and cash equivalents, Bank Balance other than cash and cash equivalent, trade receivables, Margin Trading facility, other deposits, trade payable, debt securities and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

### Reconciliation of Level 3 fair value measurement

(₹ in lakh)

Particulars	As at 1 <sup>st</sup> April, 2023	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/ (out)	As at 31 <sup>st</sup> March, 2024
Investments in Preference Shares	1,539.87	67.71	-	-	-	1,607.58
Investment in Equity Shares	240.67	(69.66)	-	-	-	171.01
Investment in Debentures	500.00	13.95	-	-	-	<b>513.95</b>

(₹ in lakh)

Particulars	As at 1 <sup>st</sup> April, 2022	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/ (out)	As at 31 <sup>st</sup> March, 2023
Investments in Preference Shares	1,296.92	17.98	224.97	-	-	1,539.87
Investment in Equity Shares	401.17	(160.52)	0.02	-	-	240.67
Investment in Debentures	-	-	500.00	-	-	500.00



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## Sensitivity analysis of Level 3 financial instruments measured at fair value on a recurring basis

(₹ in lakh)

Particulars	Year Ended 31 <sup>st</sup> March, 2024		Year Ended 31 <sup>st</sup> March, 2023	
	Increase	Decrease	Increase	Decrease
<b>Investment in unquoted Equity shares</b>				
(a) 50 bps increase in the Long-term growth rate and 500 bps decrease in the discounting factor leads to increase in the value and Vice Versa	0.07	(0.05)	0.02	(0.02)
(b) If multiple increase by 0.25x, The Equity Value will increase by 2.6% (previous year 1.1%) and Vice Versa	4.44	(4.44)	2.65	(2.65)
(c) If EBITDA goes up by 5%, The Equity Value will increase by N.A. (previous year 1.1%) and Vice Versa	-	-	2.65	(2.65)

(₹ in lakh)

Particulars	Year Ended 31 <sup>st</sup> March, 2024		Year Ended 31 <sup>st</sup> March, 2023	
	Increase	Decrease	Increase	Decrease
<b>Investment in unquoted preference shares</b>				
50 bps increase in the Long-term growth rate and 500 bps decrease in the discounting factor leads to increase in the value and Vice Versa	472.73	(315.71)	147.00	122.00

(₹ in lakh)

Particulars	Year Ended 31 <sup>st</sup> March, 2024		Year Ended 31 <sup>st</sup> March, 2023	
	Increase	Decrease	Increase	Decrease
<b>Investment in compulsorily convertible debentures</b>				
50 bps increase in the Long-term growth rate and 500 bps decrease in the discounting factor leads to increase in the value and Vice Versa	160.71	(105.19)	-	-

### C. MEASUREMENT OF FAIR VALUES

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

The categories used are as follows:

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

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

**Level 3 :** Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## Financial instruments measured at fair value

(₹ in lakh)

Instrument type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in equity instruments (Classified as level 2)	The equity instruments have been fair valued based on prices that are quoted by counterparties while entering into agreements to buy and sell these shares.	Not Applicable	Not Applicable
Investment in mutual funds	The fair values of investments in mutual funds is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.	Not Applicable	Not Applicable
Investment in Venture funds	The fair values of investments in venture capital funds is based on the net asset value ('NAV') as stated by the issuers of these venture capital fund units	Not Applicable	Not Applicable
Investment in equity instruments (Classified as level 3)	The fair values of Investments in these equity instruments is based on income approach	Not Applicable	Not Applicable
Investment in preference shares (Classified as level 3)	The fair value is determined using generally accepted pricing models based on discounted cash flow	Interest rates to discount future cash flow, financial Projections, terminal growth rate, risk premium, Net Realisable Value of the assets/liabilities and other appropriate multiples	Significant increase/decrease in the discount factor, financial projections, growth rate, risk premium, NRV of assets/liabilities etc. would entail corresponding change in the valuation of equity shares.
Investment in debentures (Classified as level 2)	The fair values have been calculated using the discounted cash flow approach discounted at a rate which include yield curves and interest spreads available in public domain	Not Applicable	Not Applicable

## Financial instruments not measured at fair value

(₹ in lakh)

Instrument type	Valuation technique
Loans	The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. The discount rates are based on internal models and consequently for the purposes of level disclosures categorized under Level 3. The Level 3 loans would decrease (increase) in value based upon an increase (decrease) in discount rate.
Security Deposits	For security deposits, the fair values were estimated using discounted cash flow models that apply market interest rates corresponding to similar deposits and timing of maturities.



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## Transfers between Level 1 and Level 2

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during FY 2023-24.

### D. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:

- Market risk;
- Credit risk and
- Liquidity risk

### E. RISK MANAGEMENT FRAMEWORK

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

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

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

There were no significant changes in the objectives, policies and processes for managing the risks and methods used for measures the risks as compared to the previous year

### A) MARKET RISK

#### (i) Price Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the equity prices and other market changes that affect market risk sensitive instruments. The Company is exposed to equity and derivative price risk which arises from companies trading in these securities.

(₹ in lakh)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	
	Increase	Decrease
Equity (2% on the overall portfolio considering the hedge positions)	3,389.14	(3,389.14)
Venture funds (4.76%)	2,918.31	(2,918.31)
Debt securities (1%)	409.24	(409.24)
Preference shares (1%)	16.08	(16.08)
Derivative Financial Instruments (2% on the overall portfolio considering the hedge positions)	0.05	(0.05)
<b>Total</b>	<b>6,732.82</b>	<b>(6,732.82)</b>

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

(₹ in lakh)

Particulars	Year Ended 31 <sup>st</sup> March, 2023	
	Increase	Decrease
Equity (2% on the overall portfolio considering the hedge positions)	1,489.50	(1,489.50)
Venture funds (5.3%)	3,951.73	(3,951.73)
Debt securities (1%)	609.45	(609.45)
Preference shares (1%)	15.40	(15.40)
Derivative Financial Instruments (2% on the overall portfolio considering the hedge positions)	41.46	(41.46)
<b>Total</b>	<b>6,107.53</b>	<b>(6,107.53)</b>

## (ii) Interest Risk

The Company's investments are primarily in fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

## (iii) Currency Risk

The company undertakes transactions denominated in foreign currency which are subject to risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency are also subject to reinstatement risks.

### Exposure to currency risk

The carrying amounts of foreign currency denominated financial assets and liabilities are as follows: -

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024				
	USD	SGD	EURO	GBP	CAD
<b>Financial assets</b>					
Receivable	2.14	-	0.06	1.37	0.26
	<b>2.14</b>	<b>-</b>	<b>0.06</b>	<b>1.37</b>	<b>0.26</b>
<b>Financial liabilities</b>					
Payable	3.91	1.16	-	-	-
	<b>3.91</b>	<b>1.16</b>	<b>-</b>	<b>-</b>	<b>-</b>

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2023				
	USD	SGD	EURO	GBP	CAD
<b>Financial assets</b>					
Receivable	193.24	8.19	35.80	54.35	-
	<b>193.24</b>	<b>8.19</b>	<b>35.80</b>	<b>54.35</b>	<b>-</b>
<b>Financial liabilities</b>					
Payable	232.92	64.32	-	-	-
	<b>232.92</b>	<b>64.32</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below foreign currencies as at 31<sup>st</sup> March would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the functional currency of the Company (INR).

(₹ in lakh)

Effect in INR	Year Ended 31 <sup>st</sup> March, 2024			
	Profit or loss		Profit or loss, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
1% movement				
USD	(0.02)	0.02	(0.01)	0.01
SGD	(0.01)	0.01	(0.01)	0.01
EUR	-	-	-	-
GBP	0.01	(0.01)	0.01	(0.01)
CAD	-	-	-	-
<b>Total</b>	<b>(0.02)</b>	<b>0.02</b>	<b>(0.01)</b>	<b>0.01</b>

(₹ in lakh)

Effect in INR	Year Ended 31 <sup>st</sup> March, 2023			
	Profit or loss		Profit or loss, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>1% movement</b>				
USD	(0.40)	0.40	(0.30)	0.30
SGD	(0.56)	0.56	(0.42)	0.42
EUR	0.36	(0.36)	0.27	(0.27)
GBP	0.54	(0.54)	0.41	(0.41)
CAD	-	-	-	-
<b>Total</b>	<b>(0.06)</b>	<b>0.06</b>	<b>(0.04)</b>	<b>0.04</b>

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## B) CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances.

### a) The following financial assets represents the maximum credit exposure:

(₹ in lakh)

Particulars	As at	As at
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Loan to employees	86.36	61.69
Margin Trading facility	775,043.57	376,753.44
Receivables	302,417.46	250,662.51
Cash and Bank Balance	1,044,303.94	722,418.02
Investments	40,410.09	44,963.13
Other Financial Assets	13,277.97	1,606.53
<b>Total Net</b>	<b>2,175,539.40</b>	<b>1,396,465.32</b>

### Receivables and Margin Trading facility

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Accordingly, the Company makes specific provisions against such trade receivables wherever required and monitors the same at periodic intervals.

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024			As at 31 <sup>st</sup> March, 2023		
	12-month ECL	Lifetime ECL not credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Total
<b>Receivables and Margin Trading facility</b>						
Past due 1–30 days	-	659,498.85	659,498.85	-	474,445.11	474,445.11
Past due 31–60 days	-	179,975.64	179,975.64	-	54,124.15	54,124.15
Past due 61–90 days	-	61,430.60	61,430.60	-	26,515.70	26,515.70
Past due 90 days	-	120,525.17	120,525.17	-	57,509.89	57,509.89
Not due	-	55,008.52	55,008.52	-	13,812.98	13,812.98
Unbilled	-	1,022.26	1,022.26	-	1,008.12	1,008.12
Loss allowance	-	(6,790.50)	(6,790.50)	-	(4,258.68)	(4,258.68)
<b>Carrying Amount</b>	<b>-</b>	<b>1,070,670.54</b>	<b>1,070,670.54</b>	<b>-</b>	<b>623,157.28</b>	<b>623,157.28</b>





## Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024			As at 31 <sup>st</sup> March, 2023		
	12-month ECL	Lifetime ECL not credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Total
<b>Loan to Employees</b>						
Current	86.36	-	86.36	61.69	-	61.69
Past due 1-30 days	-	-	-	-	-	-
Past due 31-60 days	-	-	-	-	-	-
Past due 61-90 days	-	-	-	-	-	-
Past due 90 days	-	-	-	-	-	-
Loss allowance	(0.56)	-	(0.56)	(0.40)	-	(0.40)
<b>Carrying Amount</b>	<b>85.80</b>	<b>-</b>	<b>85.80</b>	<b>61.29</b>	<b>-</b>	<b>61.29</b>
<b>Other Financial Assets</b>						
Current	13,277.97	-	13,277.97	1,606.53	-	1,606.53
Past due 1-30 days	-	-	-	-	-	-
Past due 31-60 days	-	-	-	-	-	-
Past due 61-90 days	-	-	-	-	-	-
Past due 90 days	-	-	-	-	-	-
Loss allowance	(6.08)	-	(6.08)	(5.96)	-	(5.96)
<b>Carrying Amount</b>	<b>13,271.89</b>	<b>-</b>	<b>13,271.89</b>	<b>1,600.57</b>	<b>-</b>	<b>1,600.57</b>

### CASH AND BANK BALANCE

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024			As at 31 <sup>st</sup> March, 2023		
	12-month ECL	Lifetime ECL not credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Total
Current	1,044,303.94	-	1,044,303.94	722,418.02	-	722,418.02
Past due 1-30 days	-	-	-	-	-	-
Past due 31-60 days	-	-	-	-	-	-
Past due 61-90 days	-	-	-	-	-	-
Past due 90 days	-	-	-	-	-	-
Loss allowance	(657.97)	-	(657.97)	(453.51)	-	(453.51)
<b>Carrying Amount</b>	<b>1,043,645.97</b>	<b>-</b>	<b>1,043,645.97</b>	<b>721,964.51</b>	<b>-</b>	<b>721,964.51</b>
<b>Investment at Amortised cost</b>						
Current	-	-	-	-	-	-
Past due 1-30 days	-	-	-	-	-	-
Past due 31-60 days	-	-	-	-	-	-
Past due 61-90 days	-	-	-	-	-	-
Past due 90 days	-	-	-	-	-	-
Loss allowance	-	-	-	-	-	-
<b>Carrying Amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

**THE FOLLOWING TABLE SETS OUT THE INFORMATION ABOUT THE CREDIT QUALITY OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI).**

Particulars	As at 31 <sup>st</sup> March, 2024			As at 31 <sup>st</sup> March, 2023		
	12-month ECL	Lifetime ECL not credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Total
Current	39,430.73	-	39,430.73	43,526.38	-	43,526.38
Past due 1–30 days	-	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-	-
Past due 90 days	-	-	-	-	-	-
Loss allowance	(24.81)	-	(24.81)	(26.80)	-	(26.80)
<b>Sub Total</b>	<b>39,405.92</b>	<b>-</b>	<b>39,405.92</b>	<b>43,499.58</b>	<b>-</b>	<b>43,499.58</b>
Fair Value Adjustment	1,004.17	-	1,004.17	1,463.55	-	1,463.55
<b>Carrying Amount</b>	<b>40,410.09</b>	<b>-</b>	<b>40,410.09</b>	<b>44,963.13</b>	<b>-</b>	<b>44,963.13</b>

**INPUTS CONSIDERED IN THE ECL MODEL:**

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

In assessing the impairment of loan assets under Expected Credit Loss(ECL) Model, the loans have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial instrument.

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

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

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

**ASSESSMENT OF SIGNIFICANT INCREASE IN CREDIT RISK:**

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

**DEFINITION OF DEFAULT:**

The Company considers a financial instrument defaulted when the counterparty fails to make the contractual payments within 90 days of the due date. This definition of default is determined by considering the business environment in which the company operates and other macro-economic factors. Accordingly the financial assets shall be classified as credit impaired if on the reporting date, it has been 90 days past due.

**POLICY FOR WRITE-OFF:**

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

**ASSUMPTION CONSIDERED IN THE ECL MODEL:**

- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.



## Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

### FORWARD LOOKING INFORMATION:

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

### b. Collaterals held and concentrations of credit risk

#### Collaterals held

The company holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Instrument type	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023	
Trade Receivables and Margin Funding	99.37%	99.32%	Equity Shares

#### Concentration of credit risk

The Company, in some situations, may be exposed to concentration of credit risk, particularly from some of its larger clients or groups of connected clients. This may arise during the period from recognition of fee income in the income statement and settlement of fees by clients. Very few clients have external credit ratings.

### ii. Impairment loss allowance

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

(₹ in Lakh)

Particulars	Past due 1–30 days	Past due 31–90 days	Past due 90 days and above	Total
<b>Balance as at 1<sup>st</sup> April, 2022</b>	<b>908.25</b>	<b>2,251.78</b>	<b>2,373.26</b>	<b>5,533.29</b>
Net remeasurement of loss allowance	15.62	(167.95)	(32.56)	(184.89)
New financial assets originated during the year	441.28	290.97	1,372.30	2,104.55
Financial assets that have been derecognised during the period	(631.86)	(1,728.25)	(741.29)	(3,101.40)
Write off's/write back	-	-	(92.87)	(92.87)
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>733.30</b>	<b>646.55</b>	<b>2,878.84</b>	<b>4,258.68</b>
Net remeasurement of loss allowance	360.79	194.06	(735.06)	(180.21)
New financial assets originated during the year	2,257.65	934.13	920.06	4,111.84
Financial assets that have been derecognised during the period	(486.72)	(387.05)	(464.94)	(1,338.71)
Write off's/write back	-	-	(61.11)	(61.11)
<b>Balance as at 31<sup>st</sup> March, 2024</b>	<b>2,865.01</b>	<b>1,387.70</b>	<b>2,537.79</b>	<b>6,790.50</b>

(₹ in Lakh)

Particulars	Cash and Bank Balances	Other financial assets	Loan to Employees	Investments at FVOCI	Investments at Amortised cost
<b>Balance as at 1<sup>st</sup> April, 2022</b>	351.24	5.37	0.37	31.87	2.99
Net remeasurement of loss allowance	102.27	0.59	0.04	(5.07)	(2.99)
New financial assets originated during the year	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>453.51</b>	<b>5.96</b>	<b>0.40</b>	<b>26.80</b>	<b>-</b>
Net remeasurement of loss allowance	204.46	0.12	0.16	(1.99)	-
New financial assets originated during the year	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2024</b>	<b>657.97</b>	<b>6.08</b>	<b>0.56</b>	<b>24.81</b>	<b>-</b>

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to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## C) LIQUIDITY RISK

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that the funds are available for use as per requirements. The company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

### Maturity Profile of Financial Liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Lakh)

Sr No	Particulars	As at 31 <sup>st</sup> March, 2024						
		Carrying amount	Total	Less than 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
1	Debt securities	658,719.81	658,719.81	611,931.59	46,788.22	-	-	-
2	Trade and other Payables	921,414.50	921,414.50	921,414.50	-	-	-	-
3	Other Financial Liabilities	12,937.45	12,937.45	12,093.88	-	843.57	-	-
4	Deposits	2,119.10	2,119.10	-	-	-	-	2,119.10
5	Lease Liabilities	6,114.80	6,968.55	1,073.35	1,041.17	3,473.06	1,064.21	316.76
<b>Carrying Amount</b>		<b>1,601,305.66</b>	<b>1,602,159.41</b>	<b>1,546,513.32</b>	<b>47,829.39</b>	<b>4,316.63</b>	<b>1,064.21</b>	<b>2,435.86</b>

(₹ in Lakh)

Sr No	Particulars	As at 31 <sup>st</sup> March, 2024						
		Carrying amount	Total	Less than 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
1	Debt securities	330,827.14	330,827.14	330,827.14	-	-	-	-
2	Trade and other Payables	537,491.33	537,491.33	537,491.33	-	-	-	-
3	Other Financial Liabilities	16,533.41	16,533.41	14,973.40	-	1,560.01	-	-
4	Deposits	3,432.51	3,432.51	-	-	-	-	3,432.51
5	Lease Liabilities	6,365.08	7,450.96	1,037.84	939.30	3,124.66	1,580.16	769.02
<b>Carrying Amount</b>		<b>894,649.47</b>	<b>895,735.35</b>	<b>884,329.71</b>	<b>939.30</b>	<b>4,684.67</b>	<b>1,580.16</b>	<b>4,201.53</b>

## NOTE 42 : CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using Adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

(₹ in lakh)

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
(A)	Liabilities		
	Debt securities - Commercial Papers	658,719.81	330,827.14
	Lease Liability	6,114.80	6,365.08
	<b>Total Debt</b>	<b>664,834.61</b>	<b>337,192.22</b>
	Total Equity	<b>841,968.04</b>	<b>715,667.30</b>
	Debt to equity ratio	<b>0.79</b>	<b>0.47</b>



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 43 : SEGMENT REPORTING

- (i) The Company is organised into the following segments which has been determined based on the information reviewed by the Company's Chief Operating Decision Maker (CODM). The accounting policies consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure of individual segments.

"Broking" – comprising of brokerage income earned on secondary market transactions done on behalf of clients, services rendered as depository participant and services rendered in connection with primary market subscription/ mobilisation and distribution of life insurance product. It also includes interest on fixed deposit and interest on delayed payments, incidental and consequential to secondary market related business received from clients.

"Trading and Principal Investments" - comprising of proprietary trading in securities, interest on fixed deposits with banks and Income from investments.

Unallocated expenses comprise of general administrative expenses and taxation provided at an enterprise level.

- (ii) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Segment assets and segment liabilities represent assets and liabilities in respective segments.

(₹ in Lakh)

Sr. No.	Particulars	Broking	Trading and Principal Investments	Unallocated	Total
1)	Segment Revenue				
	Income from external customers	327,760.06	64,085.75	-	391,845.81
	Previous year	(248,391.62)	(35,586.51)	-	(283,978.13)
2)	Profit Before Tax	114,076.75	59,939.32	(195.16)	173,820.91
	Previous year	(81,661.38)	(30,054.83)	173.31	(111,542.90)
	Segment result before income tax include				
	Interest revenue	111,827.27	29,208.80	-	141,036.07
	Previous year	(86,613.66)	(18,270.83)	-	(104,884.49)
	Interest Exp	35,885.78	391.71	-	36,277.49
	Previous year	(26,302.02)	(644.39)	-	(26,946.41)
	Depreciation and amortization	7,530.88	90.65	0.00	7,621.53
	Previous year	(6,183.41)	(90.65)	-	(6,274.06)
3)	Tax Expenses	-	-	42,654.47	42,654.47
	Previous year	-	-	(27,609.02)	(27,609.02)
4)	Profit for the year	-	-	-	131,166.44
	Previous year	-	-	-	(83,933.88)
5)	Capital Employed				
i.	Segment assets	1,751,779.11	707,575.98	5,306.08	2,464,661.17
	Previous year	(1,048,884.01)	(570,971.27)	(4,792.77)	(1,624,648.05)
ii.	Segment liabilities	1,556,218.80	61,116.96	5,357.37	1,622,693.13
	Previous year	(884,804.72)	(20,190.49)	(3,985.54)	(908,980.75)

- (iii) Segment assets comprise mainly of Property, Plant and Equipment, investments, trade and other receivables, cash and bank balances, accrued income receivable and advances. Unallocated assets represent mainly deferred tax asset, loans and advances. Segment liabilities include loans, trade and other payables and sundry creditors. Unallocated liabilities mainly include deferred tax, employee benefits, outstanding expenses and statutory liabilities.
- (iv) The company does not have a secondary segment. Accordingly, disclosures required under Ind AS 108 are not applicable.

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 44 : REVENUE FROM CONYRTACTS WITH CUSTOMERS

### THE COMPANY HAS RECOGNISED FOLLOWING AMOUNTS RELATING REVENUE IN THE STATEMENT OF PROFIT AND LOSS:

The Company is engaged in the business of retail and institutional broking, distribution of financial products and Advisory. In accordance with Ind AS 115, Revenue from Contracts with Customers, the revenue is accounted in the following manner for each head:

#### BROKERAGE INCOME

The Company is providing trade execution and settlement services to the customers in retail and institutional segment. There is only one performance obligation of execution of the trade and settlement of the transaction which is satisfied at a point in time. The brokerage charged is the transaction price and is recognised as revenue on trade date basis. Related receivables are generally recovered in a period of 2 days or 1 day as per the settlement cycle. Amount not recovered and which remain overdue for a period exceeding 90 days, are provided for.

#### INCOME FROM SERVICE:

Income from service consists of income from distribution of financial products and advisory income.

#### DISTRIBUTION OF FINANCIAL PRODUCTS:

The Company distributes various financial products and other services to the customers on behalf of third party i.e. the Company acts as an intermediary for distribution of financial products and services. The Company executes contracts with the Principal, viz. AMC's, Mutual Funds, Bank, Insurance Company etc. to procure customers for its products. As a consideration, the Company earns commission income from the third parties for the distribution of their financial products. The commission is accounted net of claw back if any, due to non-fulfilment of contract by the customer with the principal. The customer obtains control of the service on the date when customer enters into a contract with principal and hence subscription or contract date is considered as the point in time when the performance obligation has been satisfied. In case of continuing services, the same are recognised over a period of time.

The Company recognizes the revenue on completion of the performance obligation either on point in time or over a period of time, as the case may be.

In case of third party financial products, transaction price is determined as per contract and mutual terms agreed between the parties. The commission is a percentage of transaction value. The distribution fee earned from the following products contributed to a major proportion of overall fee earned from distribution of financial products in Financial Year 2024.

- a. Mutual funds
- b. Life insurance policies
- c. Portfolio management products

#### ADVISORY INCOME:

The Company provides services to its customers and earns revenue in the form of advisory fees on issue management services. In case of these advisory transactions, the performance obligation and its transaction price is enumerated in contract with the customer. The right to receive the fees is based on the milestones defined in accordance with the terms of the contracts entered into between the company and the counterparty which also defines its performance obligation.

(₹ in lakh)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
Revenue from contracts with customers	213,223.39	158,938.18
Interest income	141,036.07	104,884.49
Dividend income	2,058.80	1,728.40
Net gain on fair value changes	33,677.48	16,151.09
Other income	1,850.07	2,275.97
<b>Total Revenue</b>	<b>391,845.81</b>	<b>283,978.13</b>
Impairment loss on receivables and contract assets	3,276.36	2,173.83



## Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

### DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition:

(₹ in lakh)

Particulars	Broking		Unallocated		Total	
	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
<b>Primary Geographical Market</b>						
Within India	213,223.39	158,938.18	-	-	213,223.39	158,938.18
Outside India	-	-	-	-	-	-
<b>Total</b>	<b>213,223.39</b>	<b>158,938.18</b>	<b>-</b>	<b>-</b>	<b>213,223.39</b>	<b>158,938.18</b>
<b>Major service lines</b>						
Brokerage and Commission	191,984.08	144,744.49	-	-	191,984.08	144,744.49
Fees	21,239.31	14,193.69	-	-	21,239.31	14,193.69
<b>Total</b>	<b>213,223.39</b>	<b>158,938.18</b>	<b>-</b>	<b>-</b>	<b>213,223.39</b>	<b>158,938.18</b>
<b>Timing of revenue recognition</b>						
At a point in time	199,398.15	149,060.66	-	-	199,398.15	149,060.66
Over a period of time	13,825.24	9,877.52	-	-	13,825.24	9,877.52
<b>Total</b>	<b>213,223.39</b>	<b>158,938.18</b>	<b>-</b>	<b>-</b>	<b>213,223.39</b>	<b>158,938.18</b>

The Company derives its revenue from the transfer of services at point in time from its major service line. This is consistent with revenue that is disclosed for each reportable segment under Ind AS 108.

### CONTRACT BALANCES

The following tables provides information about receivables, contract assets and contract liabilities from contracts with customers:

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Receivables	299,141.10	248,488.68

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Revenue received in advance	825.12	637.89

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 45 : CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of the Section 135 of the Companies Act, 2013 the Company is required to contribute for Corporate Social Responsibility (CSR) Activities. The Company's CSR program is associated with the CSR initiatives of Kotak Mahindra Bank Limited (KMBL), its holding Company. KMBL is building its CSR capabilities on a sustainable basis and the Company is committed to gradually increase its CSR spend in the coming years.

### DETAILS OF CSR EXPENDITURE

(₹ in lakh)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
Amount required to be spent as per Section 135 of the Act	2,376.40	2,109.56
Amount approved by the Board to be spent during the year	2,382.48	2,123.42
Amount set-off of previous year	13.94	9.00
<b>Amount spent - Ongoing project</b>		
Contribution to Kotak Education Foundation	141.02	-
Contribution to others*	1,066.13	608.95
<b>Total (A)</b>	<b>1,207.15</b>	<b>608.95</b>
<b>Amount spent - Other than ongoing project</b>		
Contribution to Pratham Education Foundation	-	241.00
Contribution to others	-	17.00
<b>Total (B)</b>	<b>-</b>	<b>258.00</b>
<b>Total Amount spent (C=(A+B))</b>	<b>1,207.15</b>	<b>866.95</b>
<b>Accrual towards unspent obligations in relation to:</b>		
Ongoing project	1,161.39	1,247.47
Other than ongoing project	-	-
<b>Total (D)</b>	<b>1,161.39</b>	<b>1,247.47</b>
<b>Total (C+D)</b>	<b>2,368.54</b>	<b>2,114.42</b>
<b>Amount of cumulative unspent at the end of the year</b>	1,161.39	1,247.47
<b>Amount spent from unspent CSR account FY 20-21</b>	423.62	249.00
<b>Amount spent from unspent CSR account FY 21-22</b>	82.69	650.37
<b>Amount spent from unspent CSR account FY 22-23</b>	1,120.67	-
<b>Amount required to be spent during the year on</b>		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	2,368.54	2,114.42

\* This Amount has been transferred to separate bank account. Further amount returned by NGOs to the tune of ₹ 17.08 Lakh (Previous Year ₹ 2.76 Lakh) has been transferred to unspent CSR Account.

### NATURE OF CSR ACTIVITIES AND REASON FOR SHORTFALL

The company has incurred ₹ 1,207.15 lakh during the year (Previous year ₹ 866.95 lakh) towards donation to Kotak Education Fund and other activities in relation to Education & Livelihood, Healthcare and Relief & Rehabilitation programme. There has been no shortfall in FY 23-24.

### DETAILS OF ONGOING CSR PROJECTS UNDER SECTION 135(6) OF THE ACT

(₹ in lakh)

Balance as at 1 <sup>st</sup> April, 2023		Amount required to be spent during the year**	Amount spent during the year		Balance as at 31 <sup>st</sup> March, 2024	
With the Company *	In Separate CSR Unspent account		From the Company's Bank account	From Separate CSR Unspent account	With Company *	In Separate CSR Unspent account
1,247.47	506.33	2,368.54	1,207.15	1,626.97	1,161.39	126.82

\* The same has been deposited in separate CSR unspent account subsequent to the Balance Sheet date on 23<sup>rd</sup> April, 2024.

\*\* includes ₹ 6.08 lakh over and above the amount specified as per Sec 135 of the Companies Act, 2013





## Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

### DETAILS OF CSR EXPENDITURE UNDER SECTION 135(5) OF THE ACT IN RESPECT OF OTHER THAN ONGOING PROJECTS

(₹ in Lakh)

Balance unspent as at 1 <sup>st</sup> April, 2023	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at 31 <sup>st</sup> March, 2024
NIL	NIL	-	-	NIL

### DETAILS OF EXCESS CSR EXPENDITURE UNDER SECTION 135(5) OF THE ACT

(₹ in Lakh)

Balance excess spent as at 1 <sup>st</sup> April, 2023	Amount required to be spent during the year	Amount spent during the year*	Balance excess spent as at 31 <sup>st</sup> March, 2024
13.94	2,376.40	2,368.54	6.08

\* includes unutilised CSR amount transferred to Kotak Mahindra Bank Unspent CSR Account for FY 2023-24

### NOTE 46 : MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in Lakh)

Sr No	Particulars	As at 31 <sup>st</sup> March, 2024			As at 31 <sup>st</sup> March, 2023		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>							
(1)	<b>Financial assets</b>						
(a)	Cash and cash equivalents	16,627.71	-	16,627.71	10,209.55	-	10,209.55
(b)	Bank Balance other than (a) above	1,026,526.62	491.64	1,027,018.26	704,589.12	7,165.84	711,754.96
(c)	Derivative financial instruments	20.72	-	20.72	2,254.00	-	2,254.00
(d)	Receivables	299,141.10	-	299,141.10	247,725.52	763.16	248,488.68
(e)	Loans	771,601.00	14.23	771,615.23	374,725.80	4.08	374,729.88
(f)	Investments	162,498.94	147,765.03	310,263.97	93,513.04	154,974.02	248,487.06
(g)	Other Financial assets	-	13,271.89	13,271.89	-	1,600.57	1,600.57
	<b>Total Financial assets</b>	<b>2,276,416.09</b>	<b>161,542.79</b>	<b>2,437,958.88</b>	<b>1,433,017.03</b>	<b>164,507.67</b>	<b>1,597,524.70</b>
(2)	<b>Non-financial assets</b>						
(a)	Current Tax assets (Net)	-	2,340.19	2,340.19	-	2,423.90	2,423.90
(b)	Deferred Tax assets (Net)	-	408.65	408.65	-	895.04	895.04
(c)	Investment Property	-	1,961.42	1,961.42	-	2,006.71	2,006.71
(d)	Property, Plant and Equipment	-	13,252.83	13,252.83	-	12,380.75	12,380.75
(e)	Other intangible assets	-	3,698.94	3,698.94	-	5,178.18	5,178.18
(f)	Other Non-Financial assets	3,833.78	1,206.48	5,040.26	2,839.09	1,399.68	4,238.77
	<b>Total Non-financial assets</b>	<b>3,833.78</b>	<b>22,868.51</b>	<b>26,702.29</b>	<b>2,839.09</b>	<b>24,284.26</b>	<b>27,123.35</b>
	<b>Total Assets</b>	<b>2,280,249.87</b>	<b>184,411.30</b>	<b>2,464,661.17</b>	<b>1,435,856.12</b>	<b>188,791.93</b>	<b>1,624,648.05</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
(1)	<b>Financial liabilities</b>						
(a)	Derivative financial instruments	18.23	-	18.23	181.09	-	181.09
(b)	Payables	921,414.50	-	921,414.50	537,491.33	-	537,491.33
(c)	Debt securities	658,719.81	-	658,719.81	330,827.14	-	330,827.14
(d)	Borrowings (Other than Debt Securities)	-	-	-	-	-	-
(e)	Lease Liabilities	2,114.53	4,000.27	6,114.80	1,977.14	4,387.94	6,365.08
(f)	Deposits	-	2,119.10	2,119.10	-	3,432.51	3,432.51
(g)	Other Financial liabilities	12,093.88	843.57	12,937.45	14,973.40	1,560.01	16,533.41
	<b>Total Financial liabilities</b>	<b>1,594,360.95</b>	<b>6,962.94</b>	<b>1,601,323.89</b>	<b>885,450.10</b>	<b>9,380.46</b>	<b>894,830.56</b>
(2)	<b>Non-Financial liabilities</b>						
(a)	Current tax liabilities (Net)	2,170.93	-	2,170.93	1,471.86	-	1,471.86

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

Sr No	Particulars	As at 31 <sup>st</sup> March, 2024			As at 31 <sup>st</sup> March, 2023		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(b)	Provisions	14,349.98	992.70	15,342.68	8,532.48	1,916.54	10,449.02
(c)	Deferred tax liabilities (Net)	-	-	-	-	-	-
(d)	Other non-financial liabilities	3,855.63	-	3,855.63	2,229.31	-	2,229.31
	<b>Total Non-financial liabilities</b>	<b>20,376.54</b>	<b>992.70</b>	<b>21,369.24</b>	<b>12,233.65</b>	<b>1,916.54</b>	<b>14,150.19</b>
	<b>Total Liabilities (A)</b>	<b>1,614,737.49</b>	<b>7,955.64</b>	<b>1,622,693.13</b>	<b>897,683.75</b>	<b>11,297.00</b>	<b>908,980.75</b>
	<b>NET Asset</b>	<b>665,512.38</b>	<b>176,455.66</b>	<b>841,968.04</b>	<b>538,172.37</b>	<b>177,494.93</b>	<b>715,667.30</b>

## NOTE 47 : ADDITIONAL REGULATORY INFORMATION AS PER SCHEDULE III OF COMPANIES ACT, 2013

- (i) No loans or advances in the nature of loans are granted to Promoters, Directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.
- (ii) The company does not hold any benami property and no proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (iii) The quarterly returns filed by the Company for fund based facilities availed from banks on the basis of security of receivables are in agreement with the books of accounts.
- (iv) The Company is not declared a wilful defaulter by any bank or financial institution or other lender (as defined under the Companies Act 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.
- (v) The Company has no transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956
- (vi) There are no charges or satisfaction yet to be registered with Registrar of companies (ROC).
- (vii) The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (viii) There are no Scheme of Arrangements placed before the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 for approval.
- (ix) Utilisation of Borrowed funds and share premium
  - (a) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in party identified in manner by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The Company has not received any fund (which are material either individually or in the aggregate) from any party(s) (Funding Party(ies)) with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (x) The Company has not traded or invested in Crypto currency or Virtual currency during the year ended 31<sup>st</sup> March, 2024
- (xi) The Company did not have any transactions which had not been recorded in the books of accounts that had been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).



# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 47 A: KEY FINANCIAL INFORMATION

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
Debt Equity Ratio <sup>1</sup>	0.79	0.47
Debt Service Coverage Ratio <sup>2</sup>	0.26	0.32
Interest Service Coverage Ratio <sup>3</sup>	4.62	4.11
Outstanding redeemable preference shares (quantity and value)	Not Applicable	Not Applicable
Capital redemption reserve/ Debenture redemption reserve	Not Applicable	Not Applicable
Net Worth <sup>4</sup> (₹ In Lakh)	841,968.04	715,667.30
Net Profit after tax (₹ In Lakh)	131,166.44	83,933.88
Earnings Per shares (Basic and Diluted) (Face Value ₹ 10 per share )	8,197.90	5,245.87
Current ratio	1.41	1.60
Long term debt to working capital ratio	Not Applicable	Not Applicable
Bad debts to account receivable ratio	0.01	0.01
Current liability ratio <sup>5</sup>	1.00	0.99
Total debt to total assets ratio	0.27	0.21
Debtors turnover ratio <sup>6</sup>	0.74	0.73
Inventory turnover ratio	Not Applicable	Not Applicable
Operating margin (%) <sup>7</sup>	42%	39%
Net profit margin (%) <sup>8</sup>	33%	30%

*Debt Equity Ratio = Debt (Borrowings + Accrued Interest) / Equity (Equity share capital + Other Equity)<sup>1</sup>*

*Debt Service Coverage Ratio = Profit before interest and tax / (Interest expenses (excludes interest costs on leases as per Ind AS 116 on leases) + Principal Repayments)<sup>2</sup>*

*Interest Service Coverage Ratio = Profit before interest and tax / Interest expenses (excludes interest costs on leases as per Ind AS 116 on leases)<sup>3</sup>*

*Net Worth = Equity share capital + Other Equity<sup>4</sup>*

*Company do not have any long term debt and hence the ratio is Nil*

*Current Liability Ratio = Current Liabilities / Total Liabilities<sup>5</sup>*

*Debtors turnover ratio = Fees and commission Income / Total Trade receivable from client<sup>6</sup>*

*Operating margin = Profit before tax / Total revenue from operation<sup>7</sup>*

*Net profit margin = Profit after tax / Total revenue from operation<sup>8</sup>*

*Bad debts include provision for doubtful debts.*

## NOTE 48 : COMPLIANCE WITH RULE 8 (3) (F) OF THE SECURITIES CONTRACT (REGULATION) RULES

The Company had received an order dated 13<sup>th</sup> October, 2023 from NSE MCSGFC Committee calling upon the company to submit a plan in 45 days to divest its long term investments in associate companies, citing Rule 8 (3) (f) of the Securities Contract (Regulation) Rules and NSE's circular dated 7<sup>th</sup> January, 2022. The Company had filed petition challenging the said circular and order in the Bombay High Court. The Hon'ble High Court has from time to time extended the time to comply with NSE's order and at the hearing held on 18<sup>th</sup> April, 2024 further extended this time till 15<sup>th</sup> June, 2024. The matter is sub-judice and next hearing is listed on 19<sup>th</sup> June, 2024.

## NOTE 49 : AUDIT TRAIL

As per the requirements of the rule 3(1) of the Companies (Accounts) rule 2014 the Company uses only such accounting software for maintaining its books of account that have a feature of recording audit trail of each and every transaction creating an edit log of each change made in the books of account along with the date when such changes were made and who made those changes within such accounting software except for two in house accounting software. This feature of recording audit trail has operated throughout the year and was not tampered with during the year. In respect of one cloud based accounting software, the service organization control report does not cover whether audit trail was enabled or not, as per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014, for direct data changes at the database level. Also, in respect of certain in house accounting software, the audit trail was not enabled for direct data changes at the database level. The company has established and maintained an adequate internal control framework over its financial reporting and based on its assessment, has concluded that the internal controls for the year ended 31<sup>st</sup> March, 2024 were effective.

# Notes

to the standalone financial statements for the year ended 31<sup>st</sup> March, 2024

## NOTE 50 : DISCLOSURE U/S. 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

(₹ in lakh)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
The amounts remaining unpaid to micro and small suppliers as at the end of the year	-	-
Principal	-	-
Interest	0.33	-
The amounts of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	48.05	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	0.33	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.33	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

Details of dues to Micro Enterprises and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are based on the information available with parent company which is disseminated to the company.

**NOTE: 51 Figures for the previous year have been regrouped wherever necessary to conform to current year's classifications.**

**For and on behalf of the Board of Directors  
Kotak Securities Limited**

**Shripal Shah**  
Managing Director & CEO  
DIN: 03055553

**Pratik Gupta**  
Whole-Time Director  
DIN: 02262794

**Sandeep Chordia**  
Chief Operating Officer

**Vikas Tarekar**  
Company Secretary  
Membership No: A31670

Place : Mumbai  
Date : 28<sup>th</sup> May, 2024



Kotak Securities Limited

8th Floor, G Block, 27BKC, Bandra Kurla Complex,  
Bandra (E), Mumbai, Maharashtra - 400051

Company Website: [www.kotaksecurities.com](http://www.kotaksecurities.com)

Kotak Mahindra Bank Website: [www.kotak.com](http://www.kotak.com)

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