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Kotak Bank opens international unit in Gujarat's GIFT City

By PTI | May 03, 2016, 09:26 PM IST

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AHMEDABAD: [Kotak Mahindra Bank](#) (KMB) today announced opening of its IFSC Banking Unit (IBU) at the Gujarat International Finance Tec-City (GIFT City) to meet the requirements of offshore banking operations from India.

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KMB has joined a clutch of peers who have opened IBUs at the International [Financial Services](#) Centre (IFSC) of GIFT City.

"This is our first international branch at GIFT City. We have set aside USD 20 million to start our international banking unit from GIFT City," said [K V S Manian](#), Kotak Bank President (Corporate, Institutional and investment Banking).

"In absence of an international branch, we were not able to cater to our customers overseas, but our GIFT City branch will change things for us," Manian said.

Gandhinagar-based GIFT City, India's first and only IFSC, has been developed and designed to meet the growing demand of Indian corporates for financial funding and services in overseas markets.

"Until now, banks which aspired to service clients for their [foreign capital](#) requirements had to set up branches abroad. Setting up a branch in GIFT-City helps banks to meet these requirements by undertaking offshore banking operations from India," Manian said.

"Indian corporates are increasingly looking at financing to fund their global and domestic expansion plans. In the last few years, raising funds from overseas markets has become increasingly attractive because of liquidity. As per RBI data, India Inc raised over USD 1.52 billion from overseas markets in March 2016," a statement by the bank said.

"What this branch will do is it will allow us to make over balance sheet in dollars. We can borrow in dollars and we can lend in dollars. Important thing is we will be regulated by one regulator only as our international branch will operate from India," Manian said.

Through the IBU, the fourth largest private lender will be able to offer foreign currency loans and deposits to corporates. It will also offer external commercial borrowings, buyers' credit for imports and factoring/forfeiting of export receivable for Indian corporates in international markets.

He said KMB is looking at building a balance sheet of about half a billion dollars in a year through the IBU.

"The major [tax incentives](#) announced in the last Union Budget have made the IFSC at GIFT a globally competitive player and many BFSI players are swarming to this new global financial hub," GIFT Company Managing Director and Chief Executive Ajay Pandey said.

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