

Kotak Mahindra Bank Limited- IBU Gift City Branch  
Special Purpose Balance Sheet as at 31 March 2024

Particulars	Note	USD in Million
		31 March 2024
<b>Assets</b>		
Cash in hand and balances with Reserve Bank of India	2	-
Balances with other central banks	3	-
Balances with other banks, Financial Institutions and money at call and short notice	4	37.09
Derivative financial instruments	5	3.29
Investments	6	164.92
Advances	7	845.69
Property, plant and equipment	8	1.82
Goodwill	9	-
Other intangible assets	10	-
Current tax assets	10A	-
Deferred tax assets	10B	-
Other assets	11	1.55
<b>Total assets</b>		<b>1,054.36</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Deposits	12	245.07
Borrowings	13	723.69
Derivative financial instruments	5	0.57
Other liabilities and provisions	14	9.82
Current tax liabilities	14A	-
Deferred tax liabilities	14B	-
Debt securities	15	-
Subordinated liabilities	16	-
<b>Total liabilities</b>		<b>979.15</b>
<b>Equity</b>		
Capital	17A	20.50
Other equity	17B	54.71
<b>Total equity</b>		<b>75.21</b>
<b>Total liabilities and equity</b>		<b>1,054.36</b>
Contingent Liabilities, commitment and guarantees	18	1.39
Material Accounting policies	26	

The accompanying notes are an integral part of special purpose financial statements

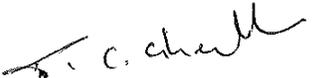
As per our report of even date

For KKC & Associates LLP  
Chartered Accountants  
(formerly Khimji Kunverji & Co LLP)  
Firm Registration No.- 105146W/W100621

  
Gautam Shah  
Partner  
Membership No. 117348  
Place: Mumbai  
Date: 14 June 2024



For and on Behalf of Kotak Mahindra  
Bank Limited - IBU Gift City Branch

  
Devang Gheewalla  
President and  
Group Chief Financial Officer  
Place: Mumbai  
Date: 14 June 2024

Kotak Mahindra Bank Limited- IBU Gift City Branch  
Special Purpose Profit and Loss Account for the Year Ended 31 March 2024

Particulars	Note	USD in Million
		31 March 2024
A (i) Interest income	19	52.42
(ii) Interest expense	20	44.01
<b>Net interest income (A)</b>		<b>8.41</b>
B (i) Fees and commission income	20A	-
(ii) Fees and commission expense	20B	-
<b>Net fee and commission income (B)</b>		<b>-</b>
C (i) Net gain/(loss) on fair value changes	21	3.06
(ii) Other income	22	0.02
<b>Other Income (C)</b>		<b>3.08</b>
<b>Total Income (A+B+C)</b>		<b>11.49</b>
D (i) Impairment losses on financial instruments	23	0.08
(ii) Employee benefits	24	0.44
(iii) Depreciation and impairment of property, plant and equipment	24A	0.07
(iv) Amortisation and impairment of intangible assets	24B	-
(v) Other expenses	25	1.00
<b>Total expenses</b>		<b>1.59</b>
Net profit/(loss) before taxes and exceptional items		9.90
Exceptional items		-
Net profit/(loss) before taxes		9.90
<b>Taxes</b>		
- Current tax		-
- Deferred tax		-
<b>Net profit/(loss) after tax from continuing operations</b>		<b>9.90</b>
Profit/(loss) from discontinued operations, net of tax		-
<b>Net profit/(loss) for the period</b>		<b>9.90</b>



Kotak Mahindra Bank Limited- IBU Gift City Branch  
Special Purpose Profit and Loss Account for the Year Ended 31 March 2024

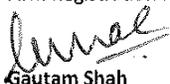
USD in Million

<b>Other Comprehensive Income</b>		
A (i) Items that will not be reclassified to profit or loss (specify items and amounts)		-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-
Subtotal		-
B (i) Items that will be reclassified to profit or loss (specify items and amounts)		
- Investment through other comprehensive income		1.21
(ii) Income tax relating to items that will be reclassified to profit or loss		-
Subtotal		1.21
<b>Other Comprehensive Income(A+B)</b>		<b>1.21</b>
<b>Total Comprehensive Income for the period</b>		<b>11.11</b>
Material Accounting policies	26	

The accompanying notes are an integral part of special purpose financial statements

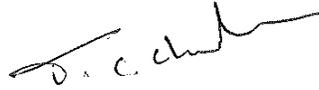
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**Gautam Shah**  
Partner  
Membership No. 117348  
Place: Mumbai  
Date: 14 June 2024



For and on Behalf of Kotak Mahindra  
Bank Limited - IBU Gift City Branch



**Devang Gheewalla**  
President and  
Group Chief Financial Officer  
Place: Mumbai  
Date: 14 June 2024

Kotak Mahindra Bank Limited- IBU Gift City Branch  
Statement of Changes in Equity for the year ended 31 March 2024

Particulars	USD in Million	
	31 March 2023	31 March 2024
Capital infusion by Head Office at the beginning of the year	-	20.50
Capital infusion by Head Office during the year	-	-
Capital withdrawn by Head Office during the year	-	-
Capital infusion by Head Office at the close of the year	-	20.50

1. Capital

2. Other equity

Particulars	Reserves and Surplus			Items of Other Comprehensive Income (OCI)		USD in Million Total
	General Reserve	Retained Earnings	Gains/(losses) of other financial assets through OCI	Income (OCI)		
Balance as at 1 April 2023	-	44.70	(1.10)	-	-	43.60
Profit (loss) for the period before income tax	-	9.90	-	-	-	9.90
Income tax on the above	-	-	-	-	-	-
Profit (loss) for the period after income tax	-	9.90	-	-	-	9.90
Other Comprehensive Income for the period before income tax	-	-	1.21	-	-	1.21
Less: Income Tax	-	-	-	-	-	-
Other Comprehensive Income	-	-	1.21	-	-	1.21
Total Comprehensive Income for the year	-	9.90	1.21	-	-	11.11
Balance as at 31 March 2024	-	54.60	0.11	-	-	54.71

The accompanying notes are an integral part of special purpose financial statements

As per our report of even date

For KKC & Associates LLP  
Chartered Accountants  
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*Gautam Shah*  
Gautam Shah  
Partner

Membership No. 117348  
Place: Mumbai  
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For and on Behalf of Kotak Mahindra  
Bank Limited - IBU Gift City Branch

*Devang Gheewalla*

Devang Gheewalla  
President and  
Group Chief Financial Officer  
Place: Mumbai  
Date: 14 June 2024

Kotak Mahindra Bank Limited- IBU Gift City Branch

Notes forming part of Special Purpose Balance Sheet as at 31 March 2024

Particulars	USD in Million 31 March 2024
<b>Note 2 Cash in hand and balances with Reserve Bank of India :</b>	
I. Cash in hand (including foreign currency notes)	-
II. Balances with Reserve Bank of India	-
(a) In Current Accounts	-
(b) In Reverse Repo	-
(c) In Other Accounts	-
<b>Total (I and II)</b>	<b>-</b>
<b>Note 3 Balances with other central banks :</b>	
I In Current Accounts	-
II In Reverse Repo	-
III In Other Accounts	-
<b>Total (I, II and III)</b>	<b>-</b>
<b>Note 4 Balances with other banks, Financial Institutions and money at call and short notice :</b>	
I Balances with other Banks	
(a) In Current Account	37.09
(b) In Reverse Repo	-
(c) In Other deposit accounts	-
<b>Subtotal (a, b and c)</b>	<b>37.09</b>
II Balances with Financial Institutions	
(a) Deposits in lieu of shortfall in priority sector lending targets	-
(b) In Reverse Repo	-
(c) Other deposits	-
<b>Subtotal (a, b and c)</b>	<b>-</b>
III Money at Call and Short Notice	
(a) with Banks	-
(b) with other Institutions	-
<b>Subtotal (a and b)</b>	<b>-</b>
<b>Total (I, II and III)</b>	<b>37.09</b>
Balances in India	0.01
Balances outside India	37.08
<b>Total</b>	<b>37.09</b>



Kotak Mahindra Bank Limited- IBU Gift City Branch  
Notes forming part of Special Purpose Balance Sheet as at 31 March 2024

Note 5. Derivative Financial Instruments

USD in Million

Particulars	31 March 2024		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
<b>Currency derivatives</b>			
Spot and forwards	22.54	1.05	0.02
Currency Futures	-	-	-
Currency swaps	101.77	1.69	0.07
Options purchased	-	-	-
Options sold (written)	-	-	-
Others	-	-	-
<b>Total</b>	<b>124.31</b>	<b>2.74</b>	<b>0.09</b>
<b>Interest rate derivatives</b>			
Forward Rate Agreements and Interest Rate Swaps	312.30	0.55	0.48
Options purchased	-	-	-
Options sold (written)	-	-	-
Futures	-	-	-
Others	-	-	-
<b>Total</b>	<b>312.30</b>	<b>0.55</b>	<b>0.48</b>
<b>Credit derivatives</b>			
<b>Equity linked derivatives</b>	-	-	-
<b>Other derivatives (Please specify)</b>	-	-	-
<b>Total derivatives</b>	<b>436.61</b>	<b>3.29</b>	<b>0.57</b>
Above derivatives does not include any derivatives held for hedging, as the branch has elected not to apply hedge accounting. All derivatives are held for Risk management purpose.			



Kotak Mahindra Bank Limited- IBU Gift City Branch

Notes forming part of Special Purpose Balance Sheet as at 31 March 2024

Particulars	USD in Million 31 March 2024
<b>Note 6 Investments (At Fair Value through Other Comprehensive Income):</b>	
<b>A) In India</b>	
Government securities	-
Other approved securities	-
Debt securities	-
Equity Instruments	-
Mutual fund units	-
Subsidiaries, associates and joint ventures	-
Others (Specify)	-
<b>Total - Gross</b>	-
Less: Impairment Loss allowance	-
<b>Total - Net</b>	-
<b>B) Outside India</b>	
Government Securities	3.91
Debt Securities	161.01
Equity Instruments	-
Mutual fund units	-
Subsidiaries, associates and joint ventures	-
Others (Specify)	-
<b>Total -Gross</b>	<b>164.92</b>
Less: Impairment Loss allowance	-
<b>Total - Net</b>	<b>164.92</b>
<b>Total Investments Gross ( C) = (A) + (B)</b>	<b>164.92</b>
Less: Impairment Loss allowance	-
<b>Total - Net</b>	<b>164.92</b>



Kotak Mahindra Bank Limited- IBU Gift City Branch

Notes forming part of Special Purpose Balance Sheet as at 31 March 2024

Particulars	USD in Million 31 March 2024
<b>Note 7 Advances (At Amortised Cost):</b>	
A i) Bills purchased and Bills discounted	-
ii) Cash credit, overdrafts and loans repayable on demand	119.41
iii) Term loans	729.95
<b>Gross</b>	<b>849.36</b>
Less: Impairment Loss Allowance	3.67
<b>Net</b>	<b>845.69</b>
B i) Secured by tangible assets	356.61
ii) Covered by Bank/Government Guarantees	-
iii) Unsecured	492.75
<b>Gross</b>	<b>849.36</b>
Less: Impairment Loss Allowance	3.67
<b>Total</b>	<b>845.69</b>
<b>C I) Advances in India</b>	
i) Priority Sectors	-
ii) Public Sectors	-
iii) Banks	96.05
iv) Others	-
<b>Gross</b>	<b>96.05</b>
Less: Impairment Loss Allowance	0.02
<b>Net</b>	<b>96.03</b>
<b>II) Advances outside India</b>	
i) Banks	53.11
ii) Others	700.20
<b>Gross</b>	<b>753.31</b>
Less: Impairment Loss Allowance	3.65
<b>Net</b>	<b>749.66</b>
<b>Total (C I and C II)</b>	<b>845.69</b>



**Note 8. Property, plant and equipment**

USD in Million

Particulars	31 March 2024		
	Property*	Equipment / Furniture and Fittings	Total
Deemed Cost as at 1 April 2023 <sup>#</sup>	1.66	0.02	1.68
Additions	-	0.20	0.20
Acquisitions	-	-	-
Revaluation adjustment, if any	-	-	-
Disposals	-	-	-
Reclassification from/to held for sale	-	-	-
Other adjustments	-	-	-
At cost or fair value at the end of the year	1.66	0.22	1.88
Accumulated depreciation and impairment as at the beginning of the year	-	-	-
Depreciation for the year	0.03	0.03	0.06
Disposals	-	-	-
Impairment/(reversal) of impairment	-	-	-
Reclassification from/to held for sale	-	-	-
Other adjustments (please specify)	-	-	-
Accumulated depreciation and impairment as at the end of the year	0.03	0.03	0.06
<b>Net carrying amount as at the end of the year</b>	<b>1.63</b>	<b>0.19</b>	<b>1.82</b>
Capital Work in Progress including advances for capital assets	-	-	-

\*Property taken on Lease for a period of 30 years renewable upto 99 years.

<sup>#</sup> The Branch has availed the deemed cost exemption as per Ind AS 101 in relation to the property, plant and equipment on the date of transition and hence the net carrying amount has been considered as the gross carrying amount on that date. Refer note below for the gross carrying value and the accumulated depreciation on 1 April 2023 under the previous GAAP.

USD in Million

Deemed Cost as at 1 April 2023	Property*	Equipment / Furniture and Fittings	Total
Gross carrying value as at 1 April 2023	1.81	0.21	2.02
Accumulated Depreciation till 31 March 2023	0.15	0.19	0.34
Net carrying value treated as deemed cost upon transition	1.66	0.02	1.68



Kotak Mahindra Bank Limited- IBU Gift City Branch

Notes forming part of Special Purpose Balance Sheet as at 31 March 2024

Particulars	USD in Million 31 March 2024
<b>Note 9 Goodwill :</b>	
At cost, beginning of the year	-
Additions	-
Acquisitions	-
Disposals	-
Other adjustments	-
<b>Total cost</b>	<b>-</b>
<b>Accumulated impairment:</b>	
At beginning of the year	-
Disposals	-
Impairment/(reversal) of impairment	-
Other adjustments	-
<b>Total impairment</b>	<b>-</b>
<b>Net carrying amount</b>	<b>-</b>
<b>Note 10 Other Intangible Assets (Software) :</b>	
Deemed Cost as at 1 April 2023 <sup>#</sup>	-
Additions	-
Acquisitions	-
Fair value adjustments	-
Disposals	-
Other adjustments	-
<b>Total cost</b>	<b>-</b>
<b>Accumulated amortization and impairment:</b>	
At beginning of the year	-
Amortization	-
Disposals	-
Impairment/(reversal) of impairment	-
Other adjustments	-
<b>Total amortization and impairment</b>	<b>-</b>
<b>Net carrying amount</b>	<b>-</b>
<p>The Branch has availed the deemed cost exemption as per Ind AS 101 in relation to the other Intangible assets on the date of transition and hence the net carrying amount has been considered as the gross carrying amount on that date. Refer note below for the gross carrying value and the accumulated depreciation on 1 April 2023 under the previous GAAP.</p>	
<b><sup>#</sup>Deemed cost of Other Intangible Assets (Software) as at 1 April 2023</b>	
Gross carrying value as at 1 April 2023	0.09
Accumulated Depreciation till 31 March 2023	0.09
<b>Net carrying value treated as deemed cost upon transition</b>	<b>-</b>



Kotak Mahindra Bank Limited- IBU Gift City Branch

Notes forming part of Special Purpose Balance Sheet as at 31 March 2024

Particulars	USD in Million
	31 March 2024
<b>Note 10A Current Tax Asset :</b>	
Current Tax Asset	-
<b>Total</b>	<b>-</b>
<b>Note 10B Deferred Tax Asset :</b>	
Deferred tax assets	-
<b>Total</b>	<b>-</b>
<b>Note 11 Other Asset :</b>	
Interest accrued	-
Assets held for sale	-
- Out of the above, non-banking assets acquired in satisfaction of claims	-
Security and other Deposits	0.68
Acceptances and endorsements	-
Others	0.87
<b>Total</b>	<b>1.55</b>
<b>Note 12 Deposits (At Amortised Cost) :</b>	
<b>A Demand deposits :</b>	
(i) From Banks	-
(ii) From Others	20.42
<b>Total</b>	<b>20.42</b>
<b>B Savings deposits</b>	<b>-</b>
<b>C Term deposits</b>	
(i) From Banks	-
(ii) From Others	224.65
(iii) Certificate of Deposits	-
<b>Total</b>	<b>224.65</b>
<b>Total (A)+(B)+(C)</b>	<b>245.07</b>
Deposits of Branches in India	-
Deposits of Branches outside India	245.07
<b>Total</b>	<b>245.07</b>
Deposits-Non-interest bearing	20.42
Deposits-interest bearing	224.65
<b>Total</b>	<b>245.07</b>



Kotak Mahindra Bank Limited- IBU Gift City Branch

Notes forming part of Special Purpose Balance Sheet as at 31 March 2024

Particulars	USD in Million 31 March 2024
<b>Note 13 Borrowings (At Amortised Cost) :</b>	
Reserve Bank of India	-
Other Banks	723.69
Others	-
<b>Total</b>	<b>723.69</b>
Borrowings in India	45.00
Borrowings outside India	678.69
<b>Total</b>	<b>723.69</b>
<b>Note 14 Other liabilities and provisions :</b>	
Interest accrued	9.40
Bills payable	-
Acceptances and endorsements	-
Provisions for employee benefits	-
Share application money pending allotment	-
Others	0.42
<b>Total</b>	<b>9.82</b>
<b>Note 14A Current Tax Liabilities :</b>	
Current tax liabilities	-
<b>Total</b>	-
<b>Note 14B Deferred Tax Liabilities :</b>	
Deferred tax liabilities	-
<b>Total</b>	-
<b>Note 15 Debt Securities (At Amortised Cost) :</b>	
Liability component of compound financial instruments	-
Others (Bonds/ Debenture etc.)	-
<b>Total</b>	-
Debt Securities in India	-
Debt Securities outside India	-
<b>Total</b>	-



Kotak Mahindra Bank Limited- IBU Gift City Branch

Notes forming part of Special Purpose Balance Sheet as at 31 March 2024

Particulars	USD in Million
	31 March 2024
<b>Note 16 Subordinated Liabilities (At Amortised Cost) :</b>	
Perpetual Debt Instruments other than those that qualify as equity	-
Preference Shares other than those that qualify as Equity	-
Others (specifying the nature and type of instrument issued)	-
<b>Total</b>	<b>-</b>
Subordinated Liabilities in India	-
Subordinated Liabilities outside India	-
<b>Total</b>	<b>-</b>
<b>Note 17A Capital :</b>	
Capital Infusion by Head Office	20.50
<b>Total</b>	<b>20.50</b>
<b>Note 17B Other Equity :</b>	
Opening balance in Retained Earnings	44.70
Profit for the year	9.90
<b>Closing balance in Retained Earnings (A)</b>	<b>54.60</b>
Opening balance in Other Comprehensive Income	(1.10)
Other Comprehensive Income for the year	1.21
<b>Closing balance in Other Comprehensive Income (B)</b>	<b>0.11</b>
<b>Total (A+B)</b>	<b>54.71</b>
<b>Note 18 Contingent Liabilities and commitments</b>	
Claims against bank not acknowledged as debts	-
Liability for partly paid investments	-
Guarantees given on behalf of Constituents	
(i) In India	1.39
(ii) Outside India	-
Letters of Credit issued on behalf of constituents	-
Others	-
<b>Total</b>	<b>1.39</b>

Note: Refer Note 5 Derivative Financial Instruments for notional amount of derivatives.



Kotak Mahindra Bank Limited- IBU Gift City Branch  
Notes forming part of Special Purpose Profit and Loss Account

	USD in Million
Particulars	31 March 2024
<b>Note 19 Interest Income</b>	
Interest on balances with and dues from Banks	1.23
Interest on advances	38.96
Interest income from investments	7.01
Other interest income	5.22
<b>Total</b>	<b>52.42</b>
<b>Note 20 Interest Expense</b>	
Interest on deposits	9.85
Interest on borrowings	32.98
Interest on debt securities	-
Interest on Subordinated liabilities	-
Other Interest expense	1.18
<b>Total</b>	<b>44.01</b>
<b>Note 20A Fees and commission income</b>	-
<b>Note 20B Fees and commission expense</b>	-
<b>Note 21 Net Gain/ (loss) on fair value changes</b>	
<b>A. Net gain/ (loss) on financial instruments at fair value through profit and loss account</b>	
a) On trading portfolio	
-Investments	0.26
-Derivatives	(3.70)
-Others	6.50
b) On financial instruments designated at fair value through profit and loss account	
	-
<b>B. Others</b>	-
<b>Total</b>	<b>3.06</b>
<b>Note 22 Other Income</b>	
Net gain/(loss) on derecognition of financial assets at amortised cost	-
Net gain/(loss) on ineffective portion of hedges	-
Net gain/(loss) on derecognition of property, plant and equipment	-
Dividend	-
Foreign exchange gain/ (loss)	-
Others	0.02
<b>Total</b>	<b>0.02</b>



Kotak Mahindra Bank Limited- IBU Gift City Branch  
Notes forming part of Special Purpose Profit and Loss Account

Particulars	USD in Million
	31 March 2024
<b>Note 23 Impairment losses on financial instruments</b>	
On Advances	0.49
On Investments	(0.42)
On Off Balance sheet items	-
On other assets	0.01
<b>Total</b>	<b>0.08</b>
<b>Note 24 Employee benefits</b>	
Salaries and wages including bonus	0.43
Post employment benefits	0.01
Employee share based payments	-
Others	-
<b>Total</b>	<b>0.44</b>
<b>Note 24A Depreciation and impairment of property, plant and equipment</b>	<b>0.07</b>
<b>Note 24B Amortisation and impairment of intangible assets</b>	<b>-</b>
<b>Note 25 Other Expenses</b>	
Rent, taxes and energy costs	0.04
Repairs and maintenance	0.03
Communication costs	0.01
Printing and stationery	-
Advertisement and publicity	-
Director's fees, allowance and expenses	-
Auditor's fees and expenses	0.01
Legal and professional charges	0.08
Insurance	-
Others	0.83
<b>Total</b>	<b>1.00</b>



Kotak Mahindra Bank Limited- IBU Gift City Branch  
Notes forming part of Special Purpose Balance Sheet as at 31 March 2024

Note 1. Summarised classification of assets and liabilities

Particulars	As at March 31, 2024						Total
	At Fair Value					Others At Cost	
	Amortised cost (1)	Through other comprehensive income (2)	Through profit and loss account (3)	Designated at fair value through profit and loss account (4)	Subtotal (5=2+3+4)		
							(7=1+5+6)
<b>Assets</b>							
Cash in hand and balances with Reserve Bank of India	-	-	-	-	-	-	-
Balances with other central banks	-	-	-	-	-	-	-
Balances with other banks, Financial Institutions and money at call and short notice	37.09	-	-	-	-	-	37.09
Derivative financial instruments	-	164.92	3.29	-	3.29	-	3.29
Investments	-	-	-	-	164.92	-	164.92
Advances	845.69	-	-	-	-	-	845.69
Property, plant and equipment	-	-	-	-	-	1.82	1.82
Goodwill	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Other assets	0.70	-	-	-	-	-	0.85
<b>Total assets</b>	<b>883.48</b>	<b>164.92</b>	<b>3.29</b>	<b>-</b>	<b>168.21</b>	<b>2.67</b>	<b>1,094.36</b>
<b>Liabilities</b>							
Deposits	245.07	-	-	-	-	-	245.07
Borrowings	723.69	-	-	-	-	-	723.69
Derivative financial instruments	-	-	0.57	-	0.57	-	0.57
Other liabilities and provisions	-	-	-	-	-	0.28	0.28
Current tax liabilities	9.54	-	-	-	-	-	9.82
Deferred tax liabilities	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>978.30</b>	<b>-</b>	<b>0.57</b>	<b>-</b>	<b>0.57</b>	<b>0.28</b>	<b>979.15</b>



Kotak Mahindra Bank Limited- IBU Gift City Branch  
Reconciliation of Reserves as on 31 March 2023

Particulars	USD in Million
Balance as per IGAAP (As on 31 March 2023)	46.88
<b>Adjustments on transition to Ind AS</b>	
Effective Interest Rate on Loans and Borrowings	0.28
Provision for Expected Credit Loss on Financial assets	(3.18)
Effective Interest Rate on Investments	(1.06)
Fair value measurement of investments classified as FVOCI	1.03
Others	(0.35)
<b>Total Adjustments on transition date</b>	<b>(3.28)</b>
<b>Balance as per Ind AS</b>	<b>43.60</b>



## KOTAK MAHINDRA BANK LIMITED –IBU GIFT CITY

### NOTE 26 - Material Accounting Policies and Notes to Special Purpose Financial Statements

#### 1. Background

In February 2003, Kotak Mahindra Finance Limited was given a license to carry out banking business by the Reserve Bank of India ("RBI"). It was the first Non-Banking Finance Company (NBFC) in India to be converted into a Bank. Kotak Mahindra Bank Limited ("Kotak Mahindra Bank" "Kotak" or "the Bank") provides a full suite of banking services to its customers encompassing Consumer Banking, Commercial Banking, Treasury and Corporate Banking in India. The Bank set up and commenced operations in May 2016, at its International Financial Services Center Banking Unit (IBU) in Gujarat International Finance Tec (GIFT) City, Gujarat ('the Branch'). The functional currency of the Branch is US Dollars ("USD").

#### 2. Basis of preparation

The Branch's Management is required to submit Audited Financial statements of the GIFT City Branch to the International Financial Services Centre Authority ("IFSCA") and accordingly this financial statements comprising of the Balance Sheet as at 31 March 2024, Profit and Loss Account (including Other Comprehensive Income) and Statement of Changes in Equity for the year then ended and notes including summary of Material accounting policies. (the "Special Purpose Financial Statement") has been prepared by the Branch management.

The Special Purpose Financial Information have been prepared in accordance with the reporting policies of the Branch, The Special Purpose financial statements have been prepared by Kotak Mahindra Bank Limited – IBU GIFT City Branch ('the Branch') in accordance with the policies adopted by the Branch. Further, the Branch has considered the Report of the Working Group on 'Implementation of Ind AS by Banks in India' placed on the website of the Reserve Bank of India ('RBI') on October 20, 2015, RBI circular DBR.BP. BC. No. 106/21.07.001/2015-16, dated 23 June 2016 for the format of Special Purpose Financial Statement read with email dated 14 March 2024 for communication with IFSCA on the format. This being Special Purpose Financial Statement, it is not accompanied with all explanatory notes as required by a full set of Financial Statements. The Special Purpose Financial Statement is prepared for the first time in Ind AS, transition date being 01 April 2023 and hence does not contain any comparative financial information.

#### 3. Revenue recognition

Interest income from financial assets is recognized on an accrual basis using effective interest method. Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets falling under impairment stages 1 and 2 as against on amortised cost for the assets falling under impairment stage 3.

Fees, Transaction cost incurred and all other premiums or discounts that are integral to the effective interest rate on a financial asset or liability are included in the effective interest rate.

Fees and Commissions from guarantees and letters of credit issued are amortized over the contractual period.

Fee and commission income on loan commitment is recognised on a straight-line basis over the commitment period.

Other fees and commission income are recognized as the related services are performed. Other fees and commission expense are recognised as the related services are received.



#### **4. 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. Financial instruments also include derivative contracts such as foreign currency forward contracts, cross currency interest rate swaps, interest rate swaps and currency options; and embedded derivatives in the host contract.

##### **Financial assets**

##### **Classification**

The Branch 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.

##### **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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the settlement date.

##### **Business model assessment**

The Branch makes an assessment of the objective of a business model in which an asset is held such that it best reflects the way the business is managed and is consistent with information provided to management. The information considered includes:

- the objectives for the portfolio, in particular, management’s strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Branch’s stated objective for managing the financial assets is achieved and how cash flows are realised.
- 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 this assessment, ‘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.



In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Branch considers:

- reset terms
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Branch’s claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

**Financial assets at amortised cost**

A financial asset is measured at amortised cost 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.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest (EIR) method. 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 profit and loss account. The losses if any, arising from impairment are recognised in the profit and loss account.

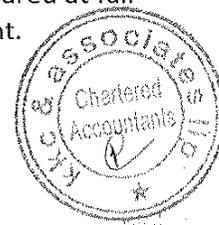
**Financial asset at Fair Value through Other Comprehensive Income (FVOCI)**

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’ (OCI) and does not reduce the carrying value of the financial asset.

After initial measurement, such financial assets are subsequently measured at fair value. Interest income is recognized using the effective interest rate (EIR) method. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss account.

**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 assets at FVTPL are measured at fair value, and changes in fair value therein are recognized in the profit and loss account.



### Financial liabilities

All financial liabilities are subsequently measured at amortised cost except for financial liabilities at FVTPL. Such liabilities including derivatives that are liabilities are subsequently measured at fair value.

### 5. Impairment of Financial Assets

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

The financial instruments covered within the scope of ECL approach include financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and off balance sheet instruments i.e. financial and performance guarantees and undrawn amounts on lending facilities. ECL has not been determined on financial assets measured at FVTPL.

The loss allowance has been measured using lifetime ECL except for financial assets which are:

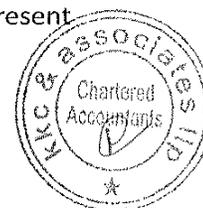
- a. Determined to have low credit risk at the reporting date and financial assets on which there has been no significant increase in credit risk since initial recognition. In such cases, loss allowance has been measured at 12 month ECL.
- b. Securities issued by sovereigns, where no ECL is computed.

At each reporting date, the Branch assesses whether financial assets carried at amortised cost and non-equity financial assets carried at FVOCI 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 since initial recognition. Evidence that a financial asset is credit-impaired includes the following observable data:

1. Significant financial difficulty of the borrower or issuer
2. Default or past due event
3. Restructuring of a loan or advance by the Branch on terms that the Branch may not consider otherwise
4. Borrower may enter bankruptcy or financial reorganization
5. Disappearance of an active market for a security because of financial difficulties

ECL is a probability weighted estimate of credit losses, measured as follows:

- a. Financial assets that are not credit impaired at the reporting date:  
ECL has been estimated by determining the probability of default ('PD') and loss given default ('LGD'). For corporate loans and investments, having external rating, PD has been applied as equivalent default rate published by CRISIL. For those which are not externally rated, internal rating is used based on an equivalence mapping between internal and external ratings arrived at by comparing average default rates. For Other Financial assets and Bank (Head Office) backed accounts minimum floor PD of 0.03% is applied.
- b. 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 for Corporate Loans.



c. Guarantee contracts:

ECL are measured as expected payments to reimburse the holder less any amounts expected to be recovered.

*Level of segmentation in the portfolio used*

Financial instruments are grouped for assessing significant increase in credit risk on a collective basis, on the basis of shared credit risk characteristics. The aggregation of financial instruments may change over time as new information becomes available. Shared credit risk characteristics include features such as instrument type, credit risk ratings, collateral type, value and or quality of collateral relative to the financial asset.

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

The Branch 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:

a. 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.

b. Stage 2: Lifetime ECL (not credit impaired):

At each reporting date, the Branch assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. The Branch applies various approaches to determine if there has been a significant increase in credit risk. In determining whether credit risk has increased significantly since initial recognition, the Branch uses its internal credit risk grading system, external risk ratings and watchlist information, among others, 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.

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.

c. 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).



A Stage 3 asset can move to Stage 1 only after an observation period of 12 months during which period it is designated as a Stage2 asset.

*Method used to compute lifetime ECL:*

The Branch applies statistical techniques to estimate lifetime ECL. The statistical techniques applied to determine the rate of deterioration to default involves construction of transition matrices based on rating migration, comparison to external ratings.

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

The Branch considers its historical loss experience and adjusts it for current observable data. In addition, the Branch uses reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses.

*Non fund based facilities:*

The Branch estimates exposure at default (EAD), by considering undrawn lending facilities, non-fund based facilities such as stand by letter of credit.

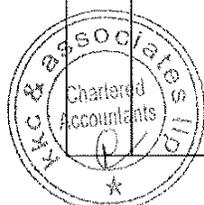
The Branch has applied regulatory CCF (credit conversion factor) to determine EAD on undrawn lending facilities and non-fund based facilities such as financial guarantees (including Standby LC).

*Revolving credit facilities*

The maximum period over which expected credit losses are measured is the contractual period including any extension options over which there is exposure to credit risk on the financial instrument. The Branch also considers credit risk management actions that it expects to undertake once the credit risk on the financial instrument has increased.

The approach applied for estimating ECL in Special purpose Financial Statements have been tabulated below:

Sr. No.	Requirements	Approach followed for Special Purpose Financial Statements
1	Methodology for computation of ECL	<ul style="list-style-type: none"> <li>• Assessment of Probability of Default (PD), Loss Given Default and Exposure at Default                             <ul style="list-style-type: none"> <li>✓ Rating transitions for rated portfolio for PD assessment. The Branch uses equivalent Default Rates published for external ratings by CRISIL for instruments where an external rating is available. Where external rating is not available, internal rating is used based on an equivalence mapping between internal and external ratings arrived at by comparing average default rates. For Other Financial assets and Bank (Head Office) backed accounts, minimum floor PD of 0.03% is applied.</li> <li>✓ Present value of recovery from defaulted accounts for LGD assessment</li> <li>✓ Fund based and non-fund outstanding are used for total outstanding.</li> </ul> </li> <li>• Assessment of expected cash flows on a facility</li> </ul>



**KOTAK MAHINDRA BANK LIMITED –IBU GIFT CITY**

**NOTE 26 - Material Accounting Policies and Notes to Special Purpose Financial Statements**

2	Criteria used for determination of movement from Stage 1 (12 month ecl) to Stage 2 and Stage 3 (lifetime ECL)	<ul style="list-style-type: none"> <li>• Stage 3                             <ul style="list-style-type: none"> <li>✓ NPA, Restructured</li> <li>✓ Cases admitted to IBC (filed by Financial Creditors, voluntary filings or under liquidation)</li> </ul> </li> <li>• Stage 2                             <ul style="list-style-type: none"> <li>✓ &gt; 30dpd (including SMA-1 &amp; SMA-2)</li> <li>✓ Borrowers internally designated as Early Warning Signal (EWS) accounts</li> <li>✓ Where Internal ratings are used, if there is an                                     <ul style="list-style-type: none"> <li>• Internal rating downgrade by 2 or more notches at letter grade since date of oldest live transaction</li> <li>• Internal rating migration to below investment grade since date of oldest live transaction</li> <li>• Internal rating downgrade by 1 or more notches at letter grade in below Investment Grade ratings since date of oldest live transaction</li> </ul> </li> <li>✓ Accounts which are standard as of date but were NPA in the previous 12 months</li> <li>✓ Repeated SMA-2 with other banks</li> <li>✓ NPA with other banks</li> </ul> </li> </ul>
3	Method used to compute lifetime ECL	<ul style="list-style-type: none"> <li>• Standard Deviation multiplier method to compute forward and lifetime PD</li> <li>• For stage 1 assets, EAD includes outstanding and non-fund based facilities (post CCF) at reporting date</li> <li>• For term loans in stage 2, EAD over the lifetime is assessed by using straight line amortization. Cash flows beyond 5 years are clubbed under the 5th year</li> <li>• For working capital &amp; non fund in stage 2, outstanding is assumed to be 100% in year 1, 75% in year 2 and 50% in years 3 to 5</li> </ul> <p>Lifetime ECL is computed by multiplying each year marginal PD with respective years' outstanding amount and Basel LGD floor (65%)</p>
4	Manner in which forward looking information has been incorporated in ECL estimates	Forecast PDs have been estimated using a standard deviation multiplier approach to account for the expected increase in default rates in initial years with a gradual reversion to mean in the following years
5	Non fund based facilities	<ul style="list-style-type: none"> <li>• Use of regulatory CCF:                             <ul style="list-style-type: none"> <li>✓ Financial Guarantee -100%</li> <li>✓ Performance Guarantee – 50%</li> <li>✓ Undrawn limits – 20%</li> </ul> </li> </ul>
6	Revolving credit facilities	<ul style="list-style-type: none"> <li>• For working capital &amp; non fund in stage 2, outstanding is assumed to be 100% in year 1, 75% in year 2 and 50% in years 3 to 5</li> </ul>



**6. Derivatives and hedge accounting**

All derivatives are recognized in balance sheet at fair value and are classified as trading. The carrying value of a derivative is remeasured at fair value throughout the life of the contract. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Branch has elected not to apply hedge accounting requirements.

**7. Derecognition of financial assets and financial liabilities**

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 Branch has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Branch has transferred substantially all the risks and rewards of the asset, or (b) the Branch has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Branch has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Branch continues to recognize the transferred asset to the extent of the Branch's continuing involvement. In that case, the Branch also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Branch has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Branch could be required to repay.

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 profit or loss.

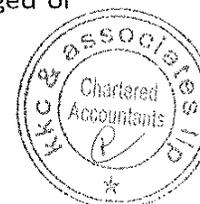
**Financial liabilities**

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

**8. Employee benefits**

**Defined Contribution Plan Provident Fund**

Contribution as required by the statute made to the government provident fund or to a fund set up by the Bank and administered by a board of trustees is made by the Bank and debited to the Profit and Loss Account of the branch when an employee renders the related service. The Branch has no further obligations.



**Superannuation Fund**

The Bank makes contributions in respect of eligible Branch employees, subject to a maximum of USD equivalent to INR 0.10 million per employee per annum to a Fund administered by trustees and managed by life insurance companies. The Branch recognises such contributions as an expense in the year when an employee renders the related service. The Branch has no further obligations.

**New Pension Scheme**

The Bank contributes up to 10% of eligible Branch employees' salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Branch recognises such contributions as an expense in the year when an employee renders the related service.

**Defined Benefit Plan**

**Gratuity**

The Bank provides for Gratuity, covering eligible Branch employees in accordance with the Payment of Gratuity Act, 1972, Service regulations and Service awards as the case may be. The liability is actuarially determined (using Projected Unit Credit Method) at the Balance Sheet date. The Bank makes contribution to Gratuity Funds administered by trustees and managed by life insurance companies.

**Compensated Absences – Other Long-Term Employee Benefits**

The Bank 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 Banks' obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date.

**Other Employee Benefits**

As per the Branch's policy, employees are eligible for an award after completion of a specified number of years of service with the Branch. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the Projected Unit Credit Method.

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

Recognition and measurement of employee benefits including share based payments is done at the Bank, the share of employee benefit of the Branch is transferred and accounted for in books of Branch.



## 9. Property, Plant and Equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment, if any. The Branch has elected to account for property plant and equipment and intangible assets at their previous GAAP carrying amount as on 1 April 2023 i.e. deemed cost as at the date of transition. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. Gain or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment and recognized as income or expense in the Statement of Profit and Loss. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of property, plant and equipment 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 property, plant and equipment. The estimates of useful lives of property, plant and equipment, based on a technical evaluation, are reviewed periodically, including at each financial year end.

Depreciation / Amortisation - 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 the Regulatory guidelines in order to reflect the actual usage of the assets. The estimated useful lives of assets based on technical evaluation by Bank's management are as follows:

Asset Type	Estimated Useful life in years
Premises	58
Office equipment (Compactor, UPS, Fire Suppression&HVAC etc)	10
Office equipments (other than above)	5
Computers	3
Furniture and Fixtures	6
Motor vehicles	4
Software (including development) expenditure	3

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

## 10. Income Taxes

As per exemptions available in the Income Tax Act, 1961, Income earned in GIFT City Branch is exempt for the year ended 31<sup>st</sup> March 2024 and hence there are no income tax expenses.

## 11. Presentation currency

These financial statements are presented in United States Dollar (USD), which is the Branch's functional currency. All amounts have been denominated in million and rounded off to the nearest one decimal, except when otherwise indicated.



**12. Significant areas of estimation uncertainty, critical judgements and assumptions in applying accounting policies**

The preparation of special purpose financial statements is in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The actual amounts realized may differ from these estimates. The Branch's management believes that the estimates used in preparation of the special purpose financial statements are prudent and reasonable.

Actual results could differ from these estimates. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

The key estimates and assumptions used for preparation of special purpose financial statements as required in particular for:

**i. Amortised cost of loans and advances**

The Branch has considered directly attributable and incremental fees and costs associated with origination of loans. These have been amortised over the tenure of the loan.

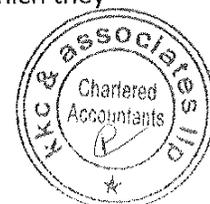
**ii. Impairment of loans and advances**

Loan impairment allowances represent management's best estimate of losses incurred in the loan portfolios at the balance sheet date. Management is required to exercise judgement in making assumptions and estimates when calculating loan impairment allowances on both individually and collectively assessed loans and advances. The estimation methods include the use of statistical analyses of historical information, supplemented with significant management judgement, to assess whether current economic and credit conditions are such that the actual level of incurred losses is likely to be greater or less than historical experience and reasonable and supportable forward-looking information

The methodology and the assumptions used in calculating impairment losses are reviewed regularly in the light of differences between loss estimates and actual loss experience.

**iii. Valuation of Financial Instruments**

The best evidence of fair value is a quoted price in an actively traded principal market. The fair values of financial instruments that are quoted in active market are based on bid prices for assets held and offer prices for liabilities issued. When a financial instrument has a quoted price in an active market, the fair value of the total holding of the financial instrument is calculated as the product of the number of units and the quoted price. The judgement as to whether a market is active may include, but is not restricted to, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. The bid/offer spread represents the difference in prices at which a market participant would be willing to buy compared with the price at which they would be willing to sell.



Valuation techniques may incorporate assumptions about factors that other market participants would use in their valuations including:

- a) the likelihood and expected timing of future cash flows on the instrument. Judgement may be required to assess the counterparty's ability to service the instrument in accordance with its contractual terms. Future cash flows may be sensitive to changes in market rates;
- b) selecting an appropriate discount rate for the instrument. Judgement is required to assess what a market participant would regard as the appropriate spread of the rate for an instrument over the appropriate risk-free rate; and
- c) judgment to determine what model to use to calculate fair value in areas where the choice of valuation model is particularly subjective, for example, when valuing complex derivative products.

A range of valuation techniques is employed, dependent on the instrument type and available market data. Most valuation techniques are based upon discounted cash flow analyses, in which expected future cash flows are calculated and discounted to present value using a discounting curve.

The majority of valuation techniques employ only observable market data. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable, and for them the measurement of fair value is more judgmental.

- iv. Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized.

Useful lives of tangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the 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. Assumptions also need to be made, when the Branch assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalized.

### **13. Contingent Asset and Contingent Liabilities**

Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but disclosed in the notes. Contingent assets are neither recognised nor disclosed in special purpose financial statements.



**KOTAK MAHINDRA BANK LIMITED –IBU GIFT CITY**

**NOTE 26 - Material Accounting Policies and Notes to Special Purpose Financial Statements**

**14. Approach on exemptions under Ind AS 101 First Time Adoption of Indian Accounting Standards (Ind AS):**

For the purpose of special purpose financial statement , the Branch has elected to take the following exemption as per Ind AS 101 to facilitate transition from Indian GAAP ('previous GAAP') to Ind AS.

*a) Deemed cost*

The Branch has elected to account for property plant and equipment and intangible assets at their previous GAAP carrying amount as on 1 April 2023 i.e. deemed cost as at the date of transition.

*b) Premises*

The Branch has elected to choose the practical expedient of not applying Ind AS 116 to contracts that were not previously identified as containing a lease as per Ind AS-17.

*c) Derecognition of financial assets and financial liabilities*

The Branch has elected to apply derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after 1 April 2023.

As per our report of even date

For and on Behalf of **Kotak Mahindra Bank Limited- IBU Gift City Branch**

**For KKC & Associates LLP**

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration No.- 105146W/W100621

  
**Gautam Shah**

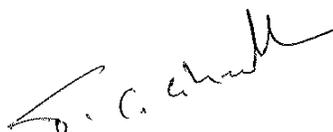
Partner

Membership No. 117348

Place: Mumbai

Date : 14 June 2024





**Devang Gheewalla**

President and

Group Chief Financial Officer

Place: Mumbai

Date : 14 June 2024