



GIFT International Financial Services Centre

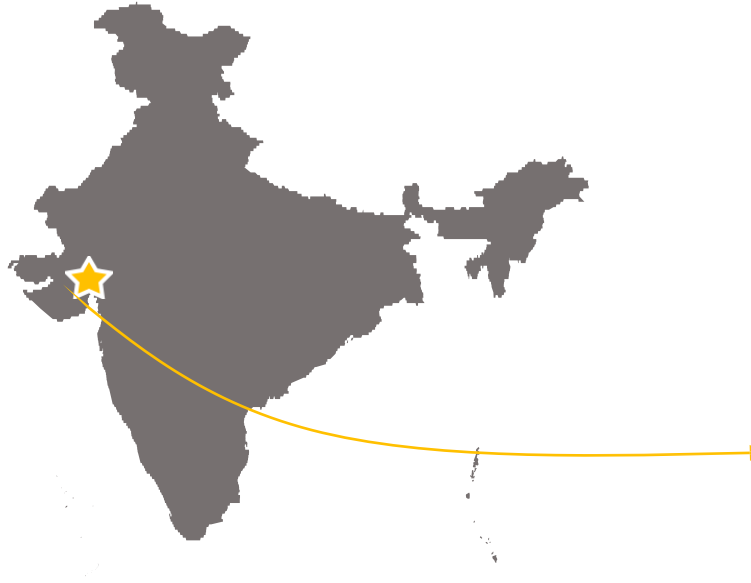
A Financial & Technology Gateway of India

Prime Minister's Vision For GIFT City (IFSC)

A Greenfield Smart City developed on 886 Acres of land

Developed by Government of Gujarat through a Joint Venture

Potential employment opportunity for 1 Million people



Ranked 1st in the recent report by the Global Financial Centres Index as one of the IFSC which could become more significant in next few years

Government of India has approved GIFT City as an IFSC



“My vision is that in ten years from now, GIFT city should become the price setter for at least a few of the largest traded instruments in the world, whether in commodities, currencies, equities, interest rates or any other financial instrument.” The concept of IFSC is simple but powerful. It aims to provide on-shore talent with an offshore technological and regulatory framework. This is to enable Indian firms to compete on an equal footing with offshore financial centres.”

Shri Narendra Modi, Hon'ble Prime Minister of India

<http://pib.nic.in/newsite/PrintRelease.aspx?relid=156240>

IFSC Ecosystem and Business growth

Sr No	Players	Key business activities and features	Volume and No. of players
1	Stock exchanges	<ul style="list-style-type: none"> Dollar denominated products No transaction cost (other than brokerage) Trading - 22 hours 	<ul style="list-style-type: none"> India INX and NSE IFSC stock exchange Daily average volume crossed USD 14 Bn+
2	IFSC banking units	<ul style="list-style-type: none"> ECB Lending Loan syndication and trade finance 	<ul style="list-style-type: none"> 22 IBUs Business - USD 33 Bn+
3	FPI in IFSC (Alternative Investment Funds ['AIF'])	<ul style="list-style-type: none"> India bound investments Investments in IFSC and global markets 	<ul style="list-style-type: none"> 42 registered
4	Brokers & Intermediaries	<ul style="list-style-type: none"> Broking services Proprietary trading 	<ul style="list-style-type: none"> 50+ brokers, Depository Clearing Corporations, Custodian
5	Insurance players	<ul style="list-style-type: none"> Reinsurance business Insurance intermediaries 	<ul style="list-style-type: none"> 19+ players Sum insured business - USD 30 Bn+
6	IT & ITeS	<ul style="list-style-type: none"> Legal & consultancy firms IT companies 	<ul style="list-style-type: none"> 50+ entities
7.	Global In-house Centers (GICs)	<ul style="list-style-type: none"> Tech & Ops support services for overseas financial institutions in FATF compliant jurisdictions 	<ul style="list-style-type: none"> Large US based financial group setting up services center
8	Aircraft Financing & Leasing	<ul style="list-style-type: none"> Framework for aircraft leasing backed by Ministry of civil aviation 	<ul style="list-style-type: none"> 11 entities for aircraft leasing set up Maiden transaction completed
9	Portfolio Management Service	<ul style="list-style-type: none"> Fund and portfolio management services 	<ul style="list-style-type: none"> Several PMS players in the process of setting up operations at IFSC

Dispute resolution -
Singapore International
Arbitration Centre (SIAC)

Connectivity - 20 min.
from Ahmedabad Airport, well
connected through public transport

Social amenities –
Business club, school, hotels,
residential apartments, etc.

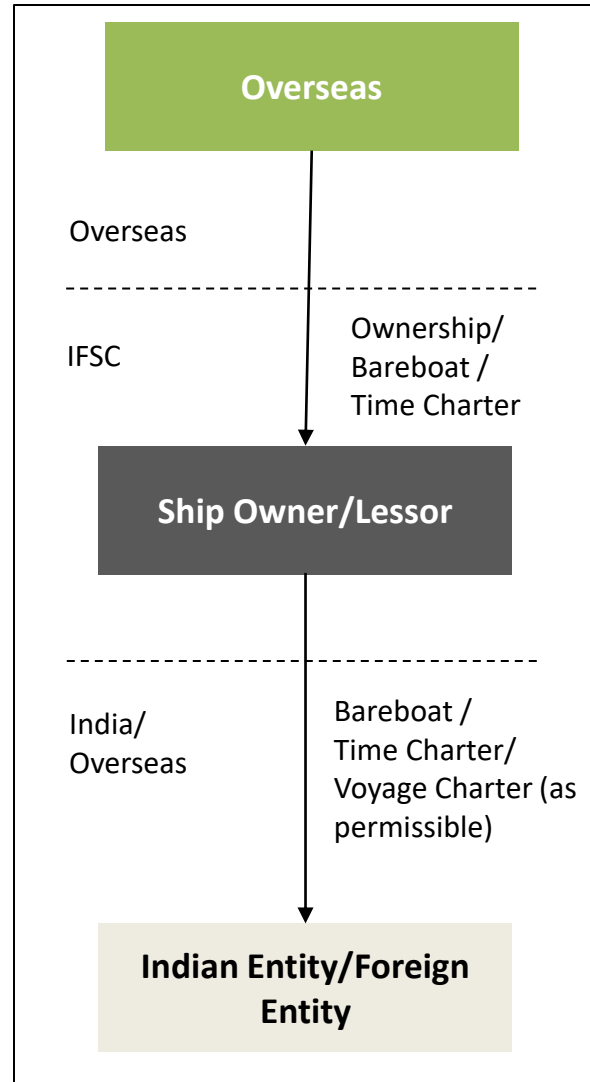
16000+ employees in
GIFT City



Ship Leasing structure proposed at IFSC



Ship leasing structure at IFSC



Finance Company in IFSC + Ship Leasing Framework

IFSCA (Finance Company) Regulations, 2020

Form of Set-up

- For Performing core activities – Company form permitted.
- For Performing non-core activities - Company form permitted. Additionally, branch, LLP or trust form also permitted if only non-core activity is performed.
- Applicant entity and/or its promoters shall be from a FATF compliant jurisdiction
- FC/ Parent of FU to maintain a minimum owned fund – USD 0.2 Mn for non-core activities and USD 3 Mn for core activities
- To comply with Merchant Shipping Act, 1958 (“Shipping Act”) or other applicable statutes

Prudential Norms (For Finance Lease e.g.: Bareboat charter cum demise)

General prudential requirements

As specified by the IFSCA

Capital Ratio

Minimum 8% of regulatory capital to risk-weighted assets or at such percentage as may be specified by the IFSCA

Liquidity Coverage Ratio

IFSCA prescribed LCR on stand-alone basis at all times

Exposure Ceiling

The sum of all the exposures of a FC/ FU to a single counterparty or group of connected counterparties shall not exceed 25% of its available eligible capital base without the approval of the IFSCA

Operating Lease of Ship is one of the permitted non-core activities

Ship Lease Regulatory Framework

Operating lease

- Operating lease including sale and leaseback, purchase, novation, transfer, assignment, and other similar transactions in relation to ship lease;
- Asset Management Support Services for assets owned or leased out by the entity or by its wholly-owned subsidiary(ies) or by the branch of its wholly owned subsidiary set up in IFSC;
- Further, for carrying out asset management support service, the third party/ the service provider shall require to be registered under ancillary services framework as an ancillary service provider;
- Any other related activity with the prior approval of the IFSCA.

Financial lease

- Financial lease or a hybrid of a financial and operating lease;
- Permitted activities under the Ship Operating Lease framework;
- Any other related activity with the prior approval of the IFSCA.

Third Party Asset Management Services can be done by registering separately under Ancillary services framework by IFSCA

Direct Tax Framework

Particulars	Units in IFSC
Corporate tax rate	<ul style="list-style-type: none"> • 100% profit linked deduction for any 10 consecutive years out of first 15 years of operations, at the option of the Company • Unabsorbed depreciation can be carried forward to the subsequent years to be set off against future profits, without any time limit. • Post tax holiday, 22% (plus applicable surcharge and cess) for domestic companies that opted to forego certain deductions (with an exception of deductions available to IFSC)
Minimum alternate tax (MAT)	<ul style="list-style-type: none"> • MAT @ 9% (plus applicable surcharge and cess) of book profits applies to a Company setup as a unit in IFSC <ul style="list-style-type: none"> - Not applicable to companies in IFSC opting for new tax regime of 22%
Withholding tax (WHT) on interest payment	<ul style="list-style-type: none"> • No WHT on interest paid to non-residents by units in the IFSC i.e. interest income exempt from tax
WHT on lease rentals	<ul style="list-style-type: none"> • No WHT on lease payments, in the nature of royalty, paid to non-residents by units in the IFSC (provided operations commence before 31 March 2024) i.e. operating lease rentals exempt from tax
Capital gains on disposal of ship / ocean vessel	<ul style="list-style-type: none"> • 100% profit linked deduction available on capital gains arising on transfer of ship / ocean vessel leased by IFSC unit to domestic company (provided operations commence before 31 March 2024)

Indirect Tax Framework

Particulars	Units in IFSC
<p>Import of goods/ services into the IFSC:</p> <ul style="list-style-type: none"> • Procurement on outright purchase basis • Procurement on operating lease basis 	<ul style="list-style-type: none"> • Import of ship/ocean vessel into the IFSC is not subject to basic custom duty (BCD). However, ship/ocean vessel required to be physically brought in SEZ for such exemption to apply. • Leasing of ship/ocean vessel into the IFSC is not subject to Integrated Goods and Services Tax (IGST), provided services are procured for authorized operations in an SEZ
<p>Leasing (operating lease) of ship/ocean vessel to an Indian shipping company by a unit in the IFSC</p>	<ul style="list-style-type: none"> • Import of ship/ocean vessel by an Indian shipping company (operator) from an Indian lessor located in the IFSC is not subject to BCD, provided the ship is not imported for breaking up • Leasing of ship/ocean vessel by a unit in the IFSC to an Indian shipping company is subject to IGST under forward charge at the rate of 5% on lease rental payments

