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e-file No. **IFSCA-FCR/9/2025-Banking**
9/1/2026

To,

Dear Sir/ Madam,

Subject: Request for Informal Guidance by way of Interpretative letter/ No-Action Letter (as applicable) under the IFSCA (Informal Guidance) Scheme, 2024 by applicant letter dated July 22, 2025, in relation to 'Framework for Finance Company/Finance Unit undertaking the activity of Global/ Regional Corporate Treasury Centres' ('GRCTC Framework') under IFSCA (Finance Company) Regulations, 2021 Circular/Framework/Guidelines, etc.

- 1) This has reference to your request letter received dated July 22, 2025, on the captioned subject.
- 2) In the said letter clarifications were sought pertaining to IFSCA 'GRCTC Framework' pertaining to following aspect for IFSC entity set up as a GRCTC:
 - a. Proposed scope of activities under the said Framework
 - b. Permissible group entities/ service recipients
 - c. Leasing activity by GRCTC
 - d. INR denominated borrowing and lending
- 3) In this regard, we have considered the submissions made in your letter and subsequent clarification provided vide email dated September 16, 2025, our views on the queries raised in your letter are attached as **Annex I** to this letter.
- 4) The position stated in Annex I is based on the information furnished in your letter under reference and subsequent clarification, if applicable. Different facts or conditions might lead to a different interpretation. This letter does not express the decision of the IFSCA (herein after referred as 'Authority') on the question referred through your letter.

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- 5) You may also note that the above views are expressed only with respect to the clarification sought your letter under reference on the IFSCA (Finance Company) Regulations, 2021, and the GRCTC Framework and do not affect the applicability of any law and any other regulations, guidelines and circulars framed or administered by the Authority or laws administered by any other authority.

Yours sincerely,

Riddhi Bhandari
09/10/2026
Riddhi Bhandari
General Manager



Response to the clarification sought by [REDACTED] FSCA Informal Guidance Scheme

I. Clarification sought (1) - On proposed scope of activities

Clarification	Response
<p>1. Short-Term Liquidity Management:</p> <p>(i) Investment of surplus cash in money market and capital market instruments through banks and financial institutions located in GIFT City or other jurisdictions.</p> <p>(ii) Management of temporary cash shortfalls through short-term debt instruments such as commercial papers, credit facilities, and other appropriate funding mechanisms.</p>	<p>(i) Permitted under clause 13(d)</p> <p>(ii) Permitted under clause 13(b), 13(c) and 13(d)</p>
<p>2. Trading and Risk Management</p> <p>(i) Execution of trades in financial and physical instruments across spot and derivatives markets, including but not limited to foreign exchange, interest rates, commodities, and energy.</p> <p>(ii) Such trading may be conducted for the entity's proprietary account or for hedging exposures of affiliated asset management subsidiaries.</p> <p>(iii) Ongoing monitoring and reporting of financial exposures.</p> <p>Clarification provided by entity:</p> <p>(i) The term "physical instruments" refers to procurement of energy resources, specifically electricity and gas, through derivatives with the intent of physical delivery. This approach is employed to</p>	<p>(i) & (ii) (a)</p> <ul style="list-style-type: none"> • Execution of trades in financial instruments, across spot and derivatives markets, for foreign exchange and interest rates is permitted under clause 13(e). • Trading in commodities is currently not permitted as a permissible activity in IFSC. This being the case, execution of trades in financial and physical instruments, across spot and derivatives markets, for commodities with the intent of physical delivery would be construed as falling under the category of "trading in commodities" and would therefore not be permissible. <p>(ii) Permitted under clause 13 (j)</p>



meet [REDACTED] energy requirement effectively.

- (ii) The term "asset management" is to be excluded from this context. The subsidiaries referred to should be understood as affiliated subsidiaries apart from the GTC

Example of hedging transactions:

An example of a hedging transaction undertaken for mitigating exposures includes GTC's strategic decision to assume exposure on behalf of an affiliated subsidiary entity. It could involve a scenario where GTC secures a loan in EURO / USD and subsequently lends it in INR to another affiliated entity based in India. GTC may then decide to hedge its own exposure arising from the transaction with an external bank or [REDACTED] in France, or to leave the exposure unhedged.

Another example could be an affiliated entity in Spain (EUR functional company) that has a payable in USD and enters into an FX forward with GTC to buy USD against EUR to hedge its exposure. Similar to the example above, GTC may decide to hedge its own exposure arising from the transaction with an external bank or leave it unhedged.

3. Middle Office Risk Control and Risk Assessment:

(i) Oversight and control of risks arising from trading and investment activities, including market data management, position and limit monitoring, portfolio valuation, and risk measurement.

(ii) Monitoring and reporting of counterparty credit risk.

(iii) Monitoring and control of [REDACTED] Group Cos financial covenants and debt agreement obligations.

All activities listed in point (i), (ii) and (iii) are permitted under clause 13(j).



<p>4. Internal Financing:</p> <p>(i) Financial analysis, preparation of internal approvals, and execution of intragroup loan arrangements. Intragroup loans with the IFSC Entity as a counterparty to the transaction, may be denominated in INR or any of IFSCA specified foreign currencies.</p> <p>(ii) Optimization of cash resources and preparation of medium- to long-term cash flow forecasts.</p>	<p>(i) Permitted under clause 13(a)</p> <p>(ii) Permitted under clause 13(i)</p>
<p>5. Back Office Operations:</p> <p>Execution of deal confirmations, portfolio reconciliations, invoicing, transaction settlements, margin call management, and other back-office processes related to trading, financing, and investment activities.</p> <p>Clarification provided by entity:</p> <p>The term "invoicing" refers specifically to the process associated with physical instrument trading. This involves generating and dispatching invoices for financial transactions involving delivery of goods, such as energy commodities.</p> <p>Furthermore, it does indeed encompass "re-invoicing"</p>	<p>(A) Back-office processes related to financing and investment activity: Permitted as below:</p> <p>(i) Execution of deal confirmation and portfolio reconciliation: clause 13(j)</p> <p>(ii) Margin call management: Clause 13(d) and (e)</p> <p>(B) Back-office processes related to Trading/Invoicing and Re-invoicing:</p> <p>Reinvoicing is defined in the GRCTC Framework as 'financing the purchase and sale of goods on behalf of the service recipients, provided that the GRCTC does not take physical possession of such goods and one of the parties to each re-invoicing transaction is a service recipient'</p> <p>The activity of reinvoicing may involve certain back-office operations like generation and dispatch of invoices, etc., which is permissible for a GRCTC.</p> <p>However, to the extent the activity of reinvoicing involves buying/selling of goods by the GRCTC, it amounts to trading activity. which is not currently permitted as an activity in IFSC (please also see response to query 2 above).</p>



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<p>6. Payments and Cash Management:</p> <p>(i) Daily cash management, cash analysis and forecasting.</p> <p>(ii) Centralized cash management for Middle East and Asian affiliates, including intercompany borrowing and deposits via current accounts with banks in GIFT City or elsewhere.</p> <p>(iii) Daily cash pooling from the IFSC Entity to the central treasury entity in Paris.</p> <p>(iv) Centralized processing of payments and collections, bank reconciliations, and intercompany payments.</p>	<p>All activities are permitted under clause 13(i) and 13(l) (in case of point iv)</p>
<p>7. Legal and Compliance:</p> <p>(i) Various treasury and finance related legal and compliance tasks, such as execution of KYC processes, regulatory reporting, management of banking powers, hedge documentation, negotiation of legal agreements and policy documentation.</p> <p>(ii) Ensuring all treasury activities are conducted in compliance with applicable policies, laws and regulatory requirements.</p> <p>Clarification provided by entity:</p> <p>The KYC process will focus on individuals who are authorized with banking powers or other related authorities. This will ensure that all personnel with significant decision-making or transactional capabilities are adequately verified.</p> <p>KYC procedures will also be conducted for companies that are either vendors or clients within the group. This involves verifying the credibility and legitimacy of all business entities involved in transactions with GTC.</p>	<p>(i) and (ii) – Permitted under clause 13(j)</p>



<p>We will also establish clear KYC requirements for vendors and clients. This will involve a collaborative process to ensure that all necessary information is collected and verified as part of our commercial arrangements.</p> <p>GTC will adhere to KYC requirements from banking institutions to maintain robust relationships and compliance supporting groups financial interactions. Also, the GTC proposes to be a SPOC for all KYC related needs of the group.</p> <p>Given our roles as a collection and payment center, we will undertake comprehensive KYC-related activities to facilitate safe and secure financial transactions.</p>	
<p>8. Accounting:</p> <p>(i) Maintaining accounting records and generating accounting entries for financial transactions performed for the IFSC Entity's own account, or on behalf of its service receivers.</p> <p>(ii) Perform any accounting, reporting, disclosure or compliance activity for its own account.</p>	<p>All activities specified under this point are permitted to be undertaken by the GRCTC for its own account.</p> <p>However, undertaking such activities for, or on behalf of, its service recipients is not permitted.</p>
<p>9. Funding:</p> <p>(i) Management of relationships with regional banks and investors.</p> <p>(ii) Accessing funding through bank loans and capital markets, in INR or any of IFSCA specified foreign currencies.</p> <p>(iii) Management of working capital financing solutions such as leasing, factoring, securitization, and reverse factoring.</p>	<p>(i) Permitted under clause 13(j)</p> <p>(ii) Permitted under clause 13(a) and (b)</p> <p>(iii) Permitted under clause 13(c)</p> <p>(iv) Permitted under clause 13(c)</p>



(iv) Issuance and management of guarantees, letters of credit, and other financial support instruments.	
10. Systems Deployment and maintenance of any IT and information systems necessary to support the IFSC Entity's own treasury function and the services provided to the ██████ Group Cos.	Permitted, as these activities are integral to undertaking GRCTC activities.

II. Clarification sought (2) – Regarding group entities:

Background/ Issue:

1. The GTC Framework specifies that a Global/Regional Corporate Treasury Centre shall perform Treasury Activities and/or provide Treasury Services exclusively to its 'Group Entities'.
2. As explained in the section 'Background' above, the IFSC Entity is proposed to be a wholly owned subsidiary of ██████ which in turn is a wholly owned subsidiary of ██████. A list of all ██████ Group subsidiaries that may receive services from the IFSC Entity is already attached in Annexure I.
3. Based on the foregoing, we understand that each of: (i) ██████ (ii) the ██████ Group Cos (including ██████) should fall within the ambit of the term 'Group Entities' vis-à-vis the IFSC Entity.
4. Based on the facts set out herein, we request IFSCA to please confirm our understanding that the IFSC Entity would be entitled to provide services as a 'Global/Regional Corporate Treasury Centre' to each of: (i) ██████ (ii) the ██████ Group cos, including subsidiaries listed in Annexure I, and should fall within the ambit of the term 'Group Entities' vis-a-vis the IFSC Entity.

Response: Group structure, as shown in your request letter is as below:

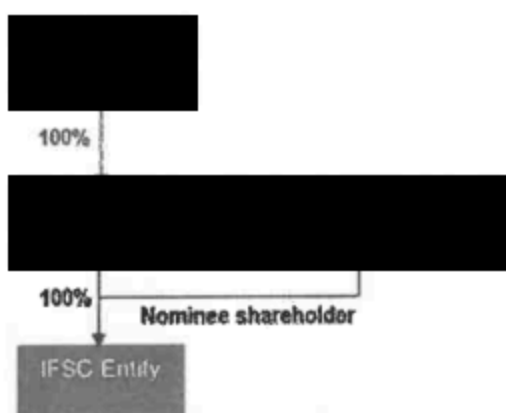


Fig 1: Group Structure



1. Based on the above group structure and the details provided in Annexure I of the letter, the response on the query is as below:

- (i) Providing services to [REDACTED] (mentioned as [REDACTED] in Fig 1 above) by GRCTC – **permitted**
- (ii) Providing services to AM [REDACTED] – **permitted**
- (iii) Providing services to [REDACTED] Group Cos:
Determination of whether the [REDACTED] Group Cos (mentioned in annexure I) qualify as group entities - requires an assessment of their relationship with either the GRCTC or its parent entity, i.e., [REDACTED] [REDACTED] [REDACTED] in the present case. However, annexure I describes the relationship of the proposed service recipients with [REDACTED] which is the ultimate holding company of the IFSC GRCTC.

Based on this information, *providing services to [REDACTED] Group Cos would be permitted as long as such entities are either 'related party' (as per Ind AS 24) of the IFSC entity or its parent i.e. [REDACTED]*

III. Clarification sought (3) - Leasing Activity:

1. As per Regulation 5(1)(iii)(a) of the Finance Company Regulations, the financial lease is classified as a permitted core activity for a Finance Company.
2. Further, as per the Regulation 5(1)(iii)(g) of the Finance Company Regulations, operating lease of any product or equipment as specified by the IFSCA from time to time is classified as a permitted non-core activity for a Finance Company. In exercise of its powers under the IFSCA Act, 2019, the IFSCA has notified various products and equipment eligible for operating lease, including ships, aircraft ground support equipment, aircraft flight simulators, and aviation training simulation devices. These have been recognized as financial products through relevant Gazette notifications and circulars issued by the Authority.
3. To support the development of leasing activities in the IFSC, the IFSCA has issued comprehensive frameworks such as the Aircraft Leasing Framework and the Ship Leasing Framework, which outline eligibility criteria, registration requirements, and operational guidelines for entities intending to undertake leasing activities
4. [REDACTED] is exploring opportunities in the leasing domain and intends to leverage the conducive regulatory environment provided by the IFSCA.

In this context, we seek confirmation that the IFSC entity established to undertake Global/Regional Corporate Treasury Centre activities may also be permitted to undertake leasing activities, subject to compliance with applicable regulations.



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We assure the Authority that the IFSC entity will maintain adequate ring-fencing between the Global/Regional Corporate Treasury Centre and leasing operations to ensure regulatory clarity and operational integrity. Further, the entity will obtain all necessary licensing and registration as required under the relevant frameworks issued by the Authority, and will comply with all prudential, governance, and reporting norms applicable to both activities.

Explanation provided by entity:

Leasing of solar plant / panel, renewable energy equipment (batteries, powerhouse, transformers, others), transmission equipment and towers, ships and shipping equipment, aircraft. Please note that this is an illustrative list only.

Response:

Leasing, both financial and operating, is currently not a permitted activity under the GRCTC Framework.

IV. Clarification Sought (4) - INR Denominated lending and borrowings:

Background/ issue:

As per Finance Company Regulations, a Finance Company may be permitted to conduct business transactions denominated in INR as may be specified by the Authority, subject to settlement in freely convertible foreign currency.

Further, the GTC Framework stipulates that a Finance Company functioning as a Global/Regional Corporate Treasury Centre shall undertake transactions in IFSC in any of the Specified Foreign Currencies.

The GTC Framework further clarifies that a transaction undertaken in IFSC, denominated in a currency other than a Specified Foreign Currency but settled in any Specified Foreign Currency, shall be deemed to have been executed in the Specified Foreign Currency.

Based on the above, *our understanding is that an IFSC-based Global/Regional Corporate Treasury Centre is authorized to borrow or extend INR-denominated loans to or from Indian entities or overseas entities, provided that the transaction is settled in a freely convertible foreign currency and not in INR.* Consequently, such loans would be recorded in foreign currency in the books of the Treasury Centre, and any foreign exchange risk arising from fluctuations would be managed by the Centre itself.

Further clarification provided by entity:



INR-denominated loans refer to loans that are structured and issued in Indian Rupees (INR). These loans are designed to facilitate transactions and financial operations specifically in the Indian currency.

The lending in INR is intended for Indian subsidiaries of the group. These subsidiaries are located within India. Such arrangements aim to mitigate foreign exchange exposure by ensuring that transactions remain in INR when funds, initially in EUR, are transferred to GTC and subsequently to Indian subsidiaries.

Additionally, the GTC also proposes to borrow from Indian banks / Domestic branch of foreign banks in India in INR and deploy the said fund for lending to affiliated subsidiaries in India. In such a scenario, the primary objective is that the GTC may get a better rate as compared to that fetched by the Indian affiliate subsidiaries.

Request for Clarification:

In light of the above provisions, we respectfully request IFSCA to confirm whether our IFSC-based entity would be entitled to borrow or extend INR-denominated loans to its group entities (including external borrowings in INR), in alignment with the relevant regulatory framework.

Response:

1. An entity located in the IFSC is treated as a *"person resident outside India"* under FEMA and accordingly our understanding of the permissibility of the GRCTC in IFSC to borrow or extend INR-denominated loans to its group entities (including external borrowings in INR) is as follows :

(i) Lending to service recipients in India: Lending by an IFSC entity to 'Indian residents' would be governed by the RBI's External Commercial Borrowing (ECB) framework. Under this framework, financial institutions operating in the IFSC (including GRCTC entities) , being persons resident outside India under FEMA, are permitted to extend both foreign currency-denominated loans as well as INR-denominated loans to Indian entities. Accordingly, a GRCTC may undertake lending to its service recipients located in India in INR, subject to compliance with the applicable provisions of the ECB framework.

(ii) Borrowing by IFSC entities, from financial institutions in India: Borrowing by an IFSC entity from Indian financial institutions (including banks), being a borrowing by a person resident outside India from a person resident in India, would be governed by the provisions of FEMA, specifically the *FEMA (Borrowing and Lending) Regulations, 2018*. As per our understanding these regulations do not permit a *person resident in India* to lend in Indian rupees to a *person resident outside India*,..

2. It may further be noted that the RBI is currently in the process of revising the ECB framework. The entity may also review the draft notification issued for public comments (available on RBI website) in this regard and assess its implications for their proposed activities.



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सत्यमेव जयते
Government of India

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e-file no: **IFSCA-FCR/8/2025-Banking**
Date of issuing the letter: **08/04/2026**

To,



Dear Sir/Madam,

Subject: Request for informal guidance by way of an interpretative letter under the IFSCA (Informal Guidance) Scheme, 2024, submitted by [REDACTED] (“the applicant”), in relation to the “Framework for Ship Leasing” under the IFSCA (Finance Company) Regulations, 2021.

- 1) This has reference to your request letter received dated January 21, 2026, on the captioned subject.
- 2) In the said letter, clarification was sought on whether a “Common brand name” alone is sufficient to establish a “Group entity” relationship under the “Framework for Ship Leasing”, in the absence of any equity shareholding or other relationship.
- 3) In view of the above, we have considered the submissions made in your letter and without necessarily agreeing with your analysis, our views on the queries raised in your letter are as under:

“Under the IFSCA Framework for Ship Leasing, the term “Group Entity” includes relationships such as subsidiary–parent (as defined under AS 21), joint venture (AS 27), associate (AS 23), and related party (AS 18), as well as entities linked through a common brand name or equity investment of 20 per cent or more. Each of these criteria operate independently for the purpose of establishing as ‘Group Entity’, between the IFSC entity and any other entity. Accordingly, the existence of a common brand name alone is sufficient to establish a “Group entity” relationship.

Further, upon examination of your request, it is advised that the proposed business model does not align with the existing regulatory framework. Asset Management Support Services may be undertaken only by an entity established as a Lessor, as defined under the IFSCA Framework, within the IFSC and cannot be undertaken as a standalone activity”.

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY

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- 4) This above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different interpretation. This letter does not express the decision of the IFSCA (herein after referred as 'Authority') on the question referred through your letter.
- 5) You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference on the IFSCA 'Framework for Ship Leasing' under IFSCA (Finance Company) Regulations, 2021 and do not affect the applicability of any law and any other regulations, guidelines and circulars framed or administered by the Authority or laws administered by any other authority.

Yours sincerely,

R. Bhandari
08/04/2026

Riddhi Bhandari
(General Manager)

