

[REDACTED]

International Financial Services Centres Authority
2nd Floor, Savvy Pragya Tower,
GIFT SEZ, GIFT – City,
Gandhinagar, Gujarat – 382355

Kind Attn: Ms. Riddhi Bhandari

From:
[REDACTED]

22 July 2025

Subject: Request for Clarifications - Global/Regional Corporate Treasury Centres in International Financial Services Centres (“IFSCs”)

Re: International Financial Services Centres Authority (“IFSCA”) circular no. F. No. IFSCA/24/2024-Banking-FC/01 dated April 04, 2025

Respected Madam,

Background:

- The [REDACTED] group (“[REDACTED] Group”), headed by [REDACTED] is the world’s leading integrated steel and mining conglomerate and one of Luxembourg’s largest private sector employers. The [REDACTED] Group has operations in more than 60 countries, with steel-making operations in 16 countries across four continents, including 37 integrated and mini-mill steel-making facilities. [REDACTED] also holds various subsidiaries, branches and joint venture investments (collectively, “[REDACTED] Group Cos”).
 - [REDACTED] a wholly owned subsidiary of [REDACTED] is a company incorporated in Luxembourg and is a tax resident thereof. It is a holding company.
 - [REDACTED] is desirous of setting-up a subsidiary company (“IFSC Entity”) in GIFT-IFSC, which is proposed to be registered with the International Financial Services Centres Authority (“IFSCA”) as a ‘Finance Company’ under the International Financial Services Centres Authority (Finance Company) Regulations, 2021 (“Finance Company Regulations”), with a view to undertake treasury activities and perform the functions of a ‘Global/Regional Corporate Treasury Centre’ in accordance with the framework for undertaking Global/Regional Corporate Treasury Centres Activities by Finance
- [REDACTED]

[REDACTED]

Company/Finance Unit in IFSC, as notified by IFSCA pursuant to circular no. F. No. IFSCA/24/2024-Banking-FC/01 dated April 04, 2025 (“GTC Framework”).

- While the establishment of the entity in the state of Gujarat, India, is expected to particularly enhance treasury support for the [REDACTED] Group’s operations within India, the IFSC Entity shall be authorised to provide services and execute transactions on behalf of any [REDACTED] Group subsidiary globally, subject to compliance with all applicable laws and regulations. A detailed list of the [REDACTED] Group entities to which the IFSC Entity will render services is provided in **Annexure I**.
- For ease of reference, an indicative organizational chart has been set out below:



Clarifications Sought:

- In the context of the above proposal, we humbly request specific clarity from IFSCA in respect of the following matters:

A. Proposed Scope of Activities of the IFSC Entity

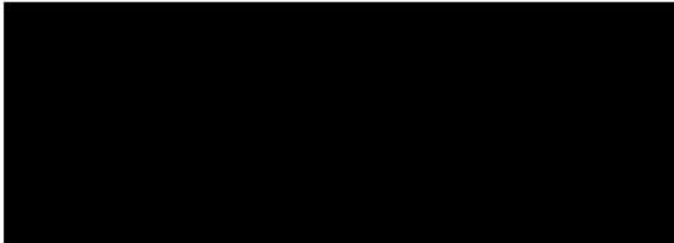
Background/Issue:

The IFSC Entity, *inter alia*, proposes to undertake the following type of activities, for all 'Group Entities' listed in Point B:

1. Short-Term Liquidity Management

- Investment of surplus cash in money market and capital market instruments through banks and financial institutions located in GIFT City or other jurisdictions.
- Management of temporary cash shortfalls through short-term debt instruments such as commercial papers, credit facilities, and other appropriate funding mechanisms.






2. Trading and Risk Management

- 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.
- Such trading may be conducted for the entity's proprietary account or for hedging exposures of affiliated asset management subsidiaries.
- Ongoing monitoring and reporting of financial exposures.

3. Middle Office Risk Control and Risk Assessment

- Oversight and control of risks arising from trading and investment activities, including market data management, position and limit monitoring, portfolio valuation, and risk measurement.
- Monitoring and reporting of counterparty credit risk.
- Monitoring and control of  Group Cos financial covenants and debt agreement obligations.

4. Internal Financing

- 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.
- Optimization of cash resources and preparation of medium- to long-term cash flow forecasts.

5. Back Office Operations

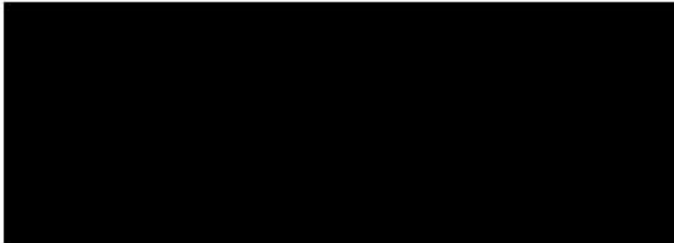
- Execution of deal confirmations, portfolio reconciliations, invoicing, transaction settlements, margin call management, and other back-office processes related to trading, financing, and investment activities.

6. Payments and Cash Management

- Daily cash management, cash analysis and forecasting.
- Centralized cash management for Middle East and Asian affiliates, including intercompany borrowing and deposits via current accounts with banks in GIFT City or elsewhere.
- Daily cash pooling from the IFSC Entity to the central treasury entity in Paris.
- Centralized processing of payments and collections, bank reconciliations, and intercompany payments.

7. Legal and Compliance



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- 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.
 - Ensuring all treasury activities are conducted in compliance with applicable policies, laws and regulatory requirements.

8. Accounting

- 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.
- Perform any accounting, reporting, disclosure or compliance activity for its own account.

9. Funding

- Management of relationships with regional banks and investors.
- Accessing funding through bank loans and capital markets, in INR or any of IFSCA specified foreign currencies.
- Management of working capital financing solutions such as leasing, factoring, securitization, and reverse factoring.
- 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 [REDACTED] Group Cos.

Request for Clarification:

We request IFSCA to please confirm our understanding that the IFSC Entity would be permitted to undertake the above-mentioned activities as a 'Global/Regional Corporate Treasury Centre'.

B. 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 [REDACTED] which in turn is a wholly owned subsidiary of [REDACTED]. A list
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[REDACTED]

of all [REDACTED] 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) [REDACTED] (ii) the [REDACTED] Group Cos (including [REDACTED]) should fall within the ambit of the term 'Group Entities' vis-à-vis the IFSC Entity.

Request for Clarification:

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) [REDACTED] (ii) the [REDACTED] Group Cos, including subsidiaries listed in Annexure I, and should fall within the ambit of the term 'Group Entities' vis-à-vis the IFSC Entity.

C. Leasing activities from IFSC through IFSC Entity

Background/Issue:

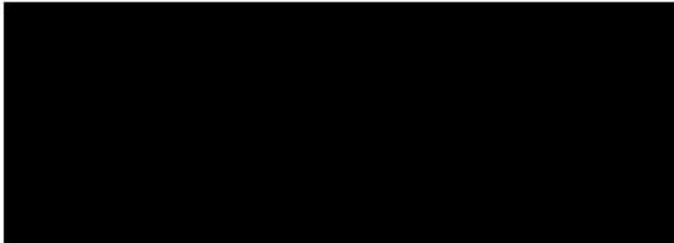
1. As per Regulation 5(1)(iii)(a) of the Finance Company Regulations, the financial lease is classified as a permitted core activity for a Finance Company.
2. Further, as per the Regulation 5(1)(iii)(g) of the Finance Company Regulations, operating lease of any product or equipment as specified by the 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.

Request for Clarification:

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.

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

[REDACTED]



under the relevant frameworks issued by the Authority, and will comply with all prudential, governance, and reporting norms applicable to both activities.

D. INR Denominated lending and borrowings:

Background/Issue:

As per the 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.

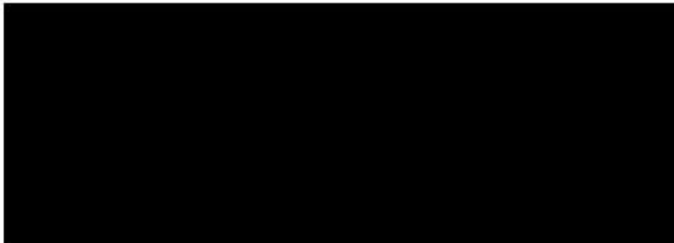
The GTC Framework further clarifies that a transaction undertaken in IFSC, denominated in a currency other than a Specified Foreign Currency but settled in any Specified Foreign Currency, shall be deemed to have been executed in the Specified Foreign Currency.

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.

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.

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We are happy to provide any additional information that IFSCA may require to provide responses to the above questions.

Thanking you in anticipation and looking forward to your response.

Yours Sincerely,

 Name: [Redacted] Authorised Signatory (1) Company: [Redacted]	 Name: [Redacted] Authorised Signatory (2) Company: [Redacted]
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