



# **Public Sector Enterprises 2047- the GIFT IFSC opportunity**

Air India & AI Fleet Services IFSC

# Why GIFT City ? – Key Differentiators

## Leasing & Lending

GIFT City is a specifically delineated duty-free enclave aimed to be a hub of financial services transactions

- Units in IFSC considered as Offshore (i.e., resident outside India) from FEMA perspective
- IFSCA – Unified financial regulator vested with the powers of RBI, SEBI, IRDAI, and PFRDA
- Regulations at par with other global financial centers

| Leasing   | Lending   | FX and other Products   |
|---|---|---|
| <ul style="list-style-type: none"><li>• Regulations to enable leasing of aircraft, ships and associated products</li><li>• Tax benefits to promote leasing<ul style="list-style-type: none"><li>• No WHT on lease rentals to and from GIFT City</li></ul></li></ul> | <ul style="list-style-type: none"><li>• Lending in USD, EUR and any other freely convertible currency – access to global markets and global liquidity</li><li>• Flexibility in structuring deals in line with international norms e.g., ease of refinancing</li><li>• No WHT on ECB loans</li></ul> | <ul style="list-style-type: none"><li>• Regulations to set up Regional Treasury Centre:<ul style="list-style-type: none"><li>• Access to lower cost of funding</li><li>• Optimized hedging of interest, FX, and commodities</li></ul></li></ul> |
| <hr/>   |   |   |
| <ul style="list-style-type: none"><li>• Air India has established a subsidiary which will serve as the primary leasing vehicle for the group</li><li>• Air India has already leased 6 Wide Body aircraft from GIFT City valued at ~US\$1bn</li></ul>                |   |   |
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**Gift City provides an avenue to move the India centric business from Offshore Global Finance Centers to Onshore**



# GIFT City – Our Experience

Air India has set up a wholly owned subsidiary, AI Fleet Services IFSC Ltd, in GIFT City to carry out aircraft leasing activities

- Air India started process of setting up a subsidiary in GIFT City in May'23 and was able to operationalize the entity in Sep'23.
- The first transaction through AI Fleet Services was also completed in Sep'23.
- **IFSCA authorities have been very approachable and helpful in every step of the 3-stage process, as well as in day-to-day operations**

## Company Incorporation

- Name approval
- Premise Allotment
- Company incorporation
- Done on the MCA Portal

- We faced some delay in the company incorporation stage due to technical issues in the MCA portal – IFSCA team assisted us in getting the issues resolved

## SEZ Approval

- Application for SEZ approval

- SEZ and IFSCA approval/registration was completed smoothly with provisional approvals received within 15 days
- IFSCA officials were also very proactive and cooperative with us in getting their necessary clarifications resolved and processes completed ahead of permanent registration

## IFSCA Registration

- Application for IFSCA registration
- Provisional Registration
- Permanent Registration

## Day-to-day Operations

- Customs clearance for incoming aircraft
- Payment of lease rentals
- Regulatory and reporting requirements

- Customs clearance completed smoothly by GIFT officers
- Challenges with respect to regulatory and reporting requirements are being addressed by IFSCA officials

# GIFT City – Our Experience

## Office Premise Selection

- Selection and leasing of Office Premise is a key step in the incorporation of company
- Limited availability of office space currently, available in Pragya, Brigade BIFC and Hiranandani
- GIFT City is already working on expanding the premises available to incoming companies with construction of new buildings to supplement existing structures



**AIFS Office Space in Brigade BIFC**



**AIFS Office in GIFT House**

- GIFT officials recommend using ready-to-move-in offices and/or co-working spaces available in GIFT House, Aspire and Pragya
- These offices / co-working spaces can be used as both temporary and permanent office premises
- AI Fleet Services is currently operating out of a temporary office space in GIFT House, with our permanent office in Brigade BIFC under works



**Thank you**