



F. No. IFSCA-RPRA0EFD/1/2024-RPRA

July 29, 2024

**INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY**

**ORDER**

**Order under Section 12 and Section 13 of International Financial Services Centres Authority Act, 2019 read with Regulation 11 of International Financial Services Centres Authority (Finance Company) Regulations, 2021**

Name of the Noticee	PAN
Darwin Platform Aircraft Leasing and Financing IFSC Limited	AAICD8761C

**Background**

1. M/s Darwin Platform Aircraft Leasing and Financing IFSC Limited (the 'Noticee') is registered as a Finance Company under International Financial Services Centres Authority (Finance Company) Regulations, 2021 (the 'FC Regulations'), for undertaking Aircraft Operating Lease in International Financial Services Centres.
2. The Noticee was issued a Certificate of Registration (CoR) bearing registration No. 'IFSC/FC/AOL2022-23/0010' on June 20, 2022 along with a covering letter dated June 20, 2022, wherein the circular F.No.172/IFSCA/Finance Company Regulations/2022-23/01 dated May 18, 2022 on 'Framework for Aircraft Lease' along with the conditions of registration as mentioned in the covering letter, were to be complied with.
3. The Letter of Approval (LoA) for the Darwin Platform Aircraft Leasing Unit was issued on January 21, 2022 and was valid till January 20, 2023.

**INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY**

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4. One of the conditions of registration was infusion of required minimum capital of USD 0.2 million and the Noticee was required to submit a certificate from the Statutory Auditor confirming infusion of this capital. However, the Noticee failed to submit the same. Further, the Noticee was also required to intimate the date of commencement of operation as per the conditions of registration. As per records, the same was also not submitted to International Financial Services Centres Authority (the 'Authority').

### **On-site assessment**

5. As the Noticee failed to file the mandatory documents with the Authority, it was decided to conduct an On-site Assessment ("OnSA") of the office of the Noticee to ascertain the factual position.
6. An OnSA of the Noticee was conducted on December 14, 2023, wherein the supervisory team of the Authority made a surprise visit to the Registered Office of the Noticee and found the office to be closed and no officials were present at the location.
7. Subsequently, the Noticee was intimated vide e-mail dated December 14, 2023 about the OnSA of the Noticee and next visit was scheduled on December 26, 2023. However, the Noticee failed to respond to the said communication. Thereafter, the Noticee was intimated about the next visit which was scheduled on December 27, 2023 vide e-mail dated December 26, 2023, but the Noticee did not respond to the said e-mail. During the visit to the office of the Noticee on December 27, 2023, the office of the Noticee was found to be closed. The Noticee was again notified for a subsequent visit on December 29, 2023 to give final opportunity to facilitate OnSA. However, the office of the Noticee was found closed.
8. Based on the aforesaid facts, the competent authority approved initiation of action against the Noticee for non-compliance with the FC Regulations, the conditions of registration and non-cooperation with the Authority.





## Show Cause Notice and consideration of issues

9. A Show Cause Notice ('SCN') dated February 20, 2024, was issued to the Noticee. The SCN, *inter-alia*, asserted that the Noticee has failed to:
- (i) submit the Statutory Auditors Certificate (SAC) confirming infusion of required minimum capital of USD 200,000 (as mandated under Clause 5 (F) (i) of the 'Framework for Aircraft Lease' (the 'Framework') dated May 18, 2022) before commencing any of the permissible activities as mentioned in clause 5 (a) of 'Conditions mentioned in the CoR'; and
  - (ii) intimate the date of commencement of operation, as mandated under clause 5(b) of the same.
10. It was also mentioned in the SCN that the Noticee has not co-operated with the Authority and has shown a persistent reluctance in responding to the communications from the Authority.
11. The SCN was sent to the Noticee vide e-mail as well as via speed post on February 21, 2024. As per the Speed Post Tracking slip the SCN is shown to have been delivered to the Noticee on February 26, 2024.
12. The Noticee was required to respond within 14 days of receipt of the SCN, as to why the CoR should not be cancelled. As no response was received from the Noticee within the stipulated time period, as a measure of abundant caution, a reminder was sent to the Noticee via e-mail dated March 07, 2024.
13. Apropos aforesaid SCN, the Authority has received an e-mail on March 21, 2024 from Mr. Lokesh Kumar Sharma, Primary Co-ordinator of the Noticee, *inter-alia*, stating therein that he had gone through SCN and needed one more week to reply to the notice. However, till date the Authority has not received any response to the SCN. Thus, the instant proceedings are being conducted *ex-parte* since the Noticee has failed to provide any response to the SCN even after providing adequate time and opportunity.



14. The main issue for consideration in the instant matter is *the failure of the Noticee to adhere to the FC Regulations and the conditions of registration mentioned at the time of granting CoR.*
15. Before proceeding further, it would be expedient to refer to the relevant extract of the provisions of the laws involved in the matter i.e. 'Framework for Aircraft Lease and FC Regulations, which are reproduced herein below:

**Framework for Aircraft Lease**

**"5 (F). Capital Requirement:**

(i) A minimum owned fund of USD 200,000 or its equivalent in freely convertible foreign currency, is to be maintained at all times by the entity as specified in item no. 1 of Schedule of the Finance Company Regulations.

Explanation: "Owned fund" for a Lessor under this framework shall mean the paid-up capital and free reserves balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any;"

**"5 (N). Submissions of Report / Information**

(i) The Lessor shall furnish the following information to the IFSCA within 15 days from the finalization of annual financial statements:

(c) Confirmation of compliance with capital requirement and details thereof."

**Conditions mentioned in CoR**

**"5 (a) of CoR:**

It shall infuse the required minimum capital of USD 0.2 mn, before commencing any of the permissible activities mentioned in clause 5(E) (i) of the Framework for Aircraft Lease or within twelve months from the date of receipt of the in





principle approval, whichever is earlier. Post infusion of capital, it shall submit a Statutory Auditors Certificate (SAC) to the Authority, confirming the same.

**“5 (b) of CoR:**

It shall intimate the Authority with regard to the commencement of operations and shall also inform the Authority before undertaking any other permissible activities under clause 5(E) of the ‘Framework for Aircraft Lease’ dated May 18, 2022.”

16. As stated earlier, the lapses on the part of Noticee are very severe and warrant appropriate action. Regulation 11 of the FC Regulations provides for the following action(s) in case of default:

**“11. Action in Case of Default**

*If a Finance Company or a Finance Unit, as the case may be, fails to fulfil any of the conditions subject to which the registration under Regulation 3 has been granted, the Authority may take any action as it may deem fit, including suspension, withdrawal or cancellation of registration, after giving an opportunity to the entity, of making its submissions.”*

17. In view of the foregoing, it is established that the Noticee has failed to fulfil the provisions of the Framework for Aircraft Lease and conditions subject to which the CoR was issued under Regulation 3 of the FC Regulations. Further, sufficient opportunity has been granted to the Noticee to make its submissions in response to the SCN. Therefore, such failure on part of the Noticee to fulfil the conditions of grant of registration and repeated failures to respond to the communications from the Authority make the Noticee liable for action for default in terms of Regulation 11 of the FC Regulations.

**Order**



18. In exercise of the powers conferred under Section 12 and Section 13 of the IFSCA Act, 2019, read with Regulation 11 of the FC Regulations, the CoR


bearing registration No. IFSC/FC/AOL/2022-23/0010 dated June 20, 2022 granted to the Noticee to undertake activities in accordance with provisions of the IFSCA Act, as specified under item no 1 of the Schedule of the IFSCA (Finance Company) Regulations, 2021, hereby **stands cancelled.**

19. Irrespective of the cancellation of CoR, the Noticee shall continue to be liable for anything done or omitted to be done as Finance Company and continue to be responsible for payment of outstanding fees and dues and interest, if any, due to the Authority.

20. The Noticee shall ensure maintenance and preservation of records and other documents required to be maintained under the relevant regulations, if any.

21. This Order comes into force with immediate effect.

22. A copy of this order shall be served upon the Noticee.



29/07/2024

Debabrata Das

HoD, Division of Enforcement

**Date: July 29, 2024**

**Place: Gift City, Gandhinagar**

