



GIFT IFSC: SHIP LEASING AND FINANCING



THE NEW INDIA

Land of unlimited opportunities

- India is one of the fastest growing major economies in the world and has emerged as the 5th largest economy on nominal GDP terms
- India is expected to have 600 Mn Urban population by 2030
- India recorded 759 Mn active internet Users in 2022
- India Attracted total FDI inflow of USD 46 Bn during FY 2022-23

Sector Highlights

Shipping

- Nearly half of India's border is covered by sea, with a coastline of about 7,517 km, with 12 major and 205 non-major ports
- Approx. 95% of India's goods trade by volume and 70% by value is done through maritime transport

Fintech

- India has the 3rd largest FinTech ecosystem in the world and has emerged as the fastest growing FinTech markets
- With more than 120 Bn+ transactions, India recorded the highest number of real-time online transactions across the globe in 2022
- The Payments landscape in India is expected to reach \$ 100 Tn in transaction volume and \$ 50 Bn in terms of revenue by 2030

IT & BPM

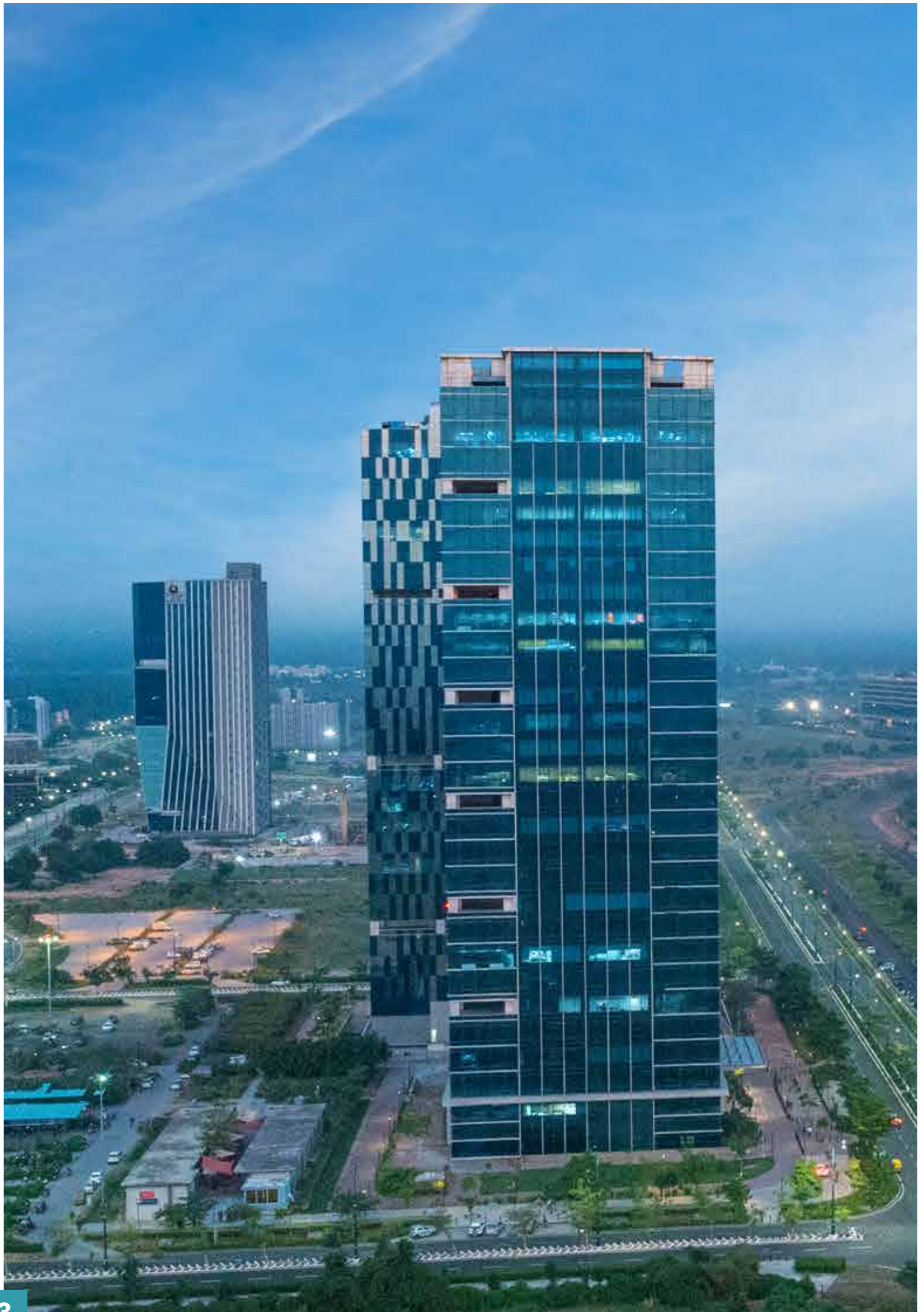
- IT & BPM sector contributes 8% to India's GDP, and 53% in India's service export
- With a market size of USD 191 Bn in 2020, the sector is anticipated to reach USD 350 Bn by 2025
- India is home to the 3rd largest Tech ecosystem in the world

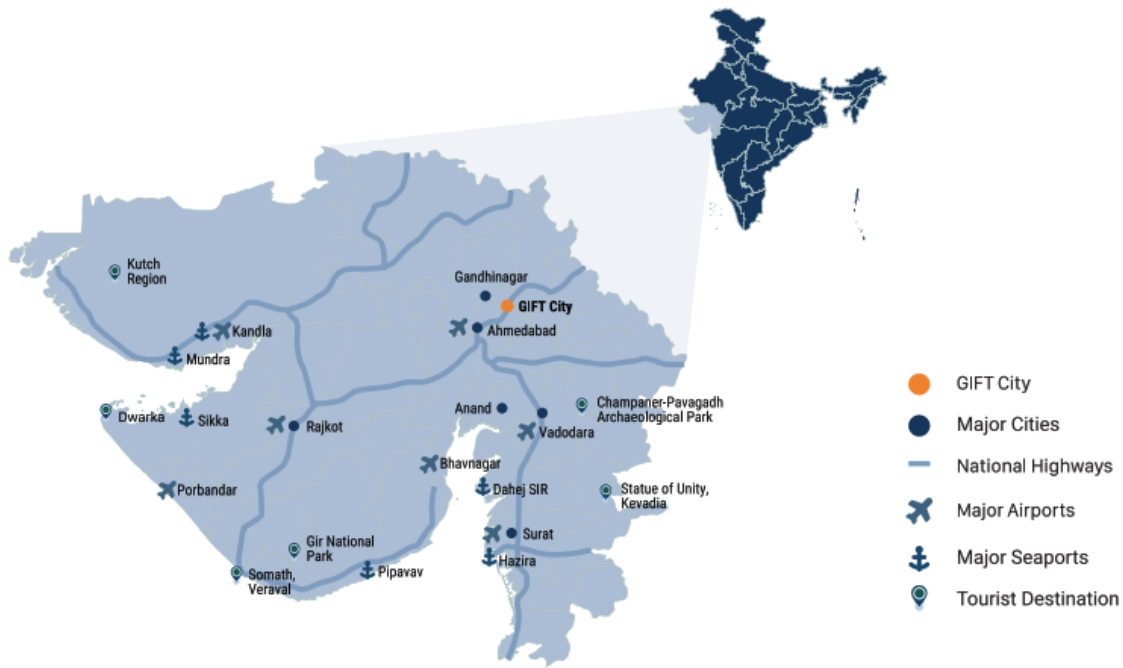
BFSI

- Total Banking Assets in India are expected to cross \$ 28.5 Tn in 2025
- Digital lending market expected to reach ~350 Bn by 2023.
- Mutual Funds AUM is expected to grow 5X to USD 1.47 Tn by 2025.
- The total premium income written for Life and Non-Life Insurance stood at over \$127 Bn in FY-21

Renewable Energy

- Indian renewable energy sector is the 4th most attractive renewable energy market in the world
- More than USD 42 Bn has been invested in India's renewable energy sector since 2014
- India has set an enhanced target of installing 500 GW of renewable energy capacity by 2030



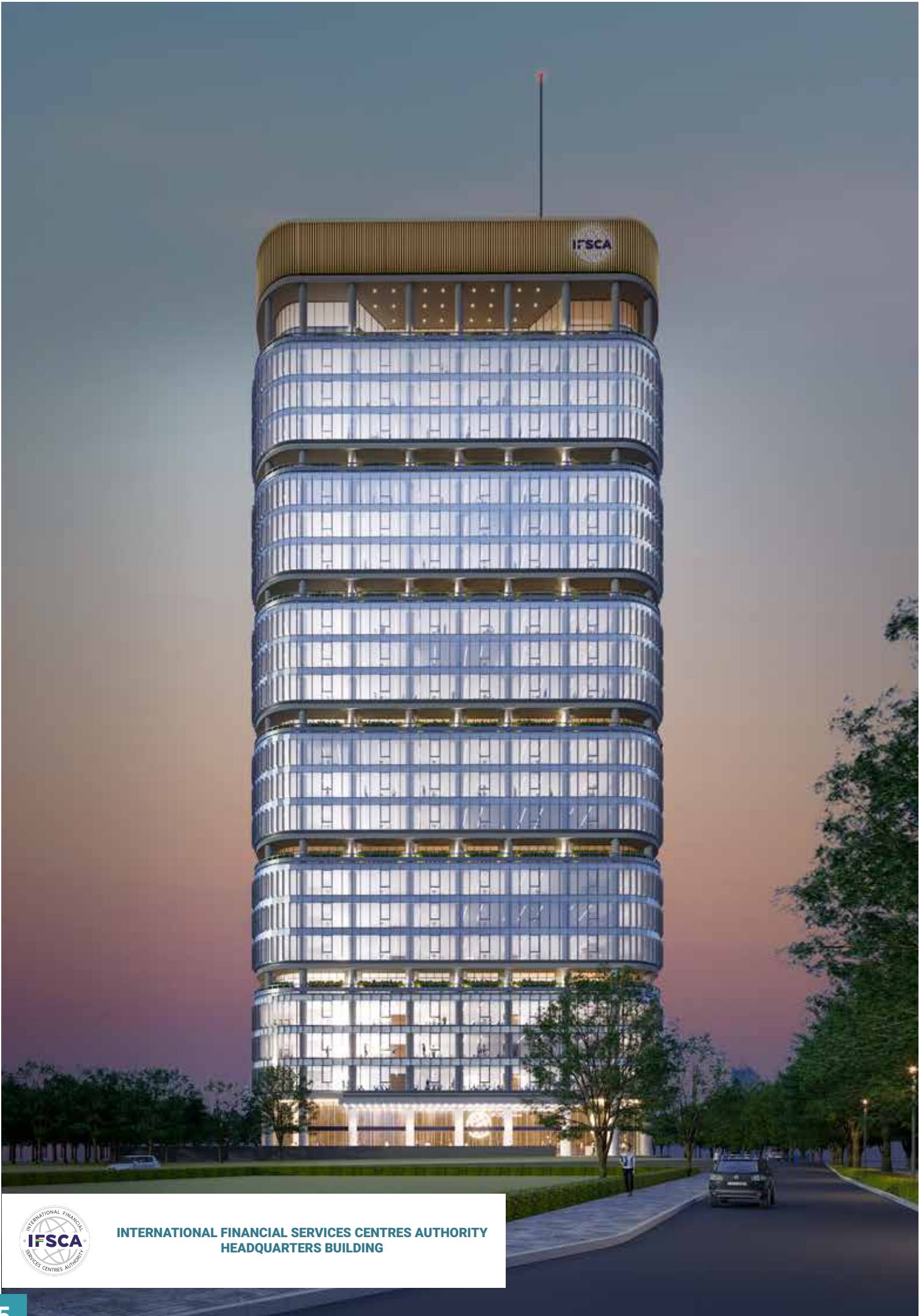


GIFT CITY

It is a world-class business district envisaged and built to cater to global and domestic business enterprises. GIFT City is not only a flag bearer for smart cities in India but also sets an international benchmark for finance and technology hubs worldwide.

GIFT CITY is the central pillar of the tri-city approach, located on the banks of the Sabarmati River between Ahmedabad and Gandhinagar, each 30 minutes away from one other. Ahmedabad boasts glorious history, Gandhinagar is the central hub of policy and decisions, and GIFT City is the main centre of the economy. Each city provides a distinct supportive ecosystem. You are only thirty minutes away from the past, present, and future.

Spread across 886 acres. Gujarat International Finance-Tec City (GIFT) consists of a Multi-Service Special Economic Zone (SEZ), which has been notified as India's maiden International Financial Services Centre, and an exclusive Domestic Tariff Area (DTA). An area of 261 acres has been demarcated as SEZ and an additional 625 acres has been demarcated as DTA. GIFT City is Conceptualized as a vertical city, GIFT city hosts state of the art infrastructure such as District Cooling System (DCS), Automated Waste Collection System (AWCS), and Underground Utility Tunnel. Such high-quality infrastructure has contributed in developing GIFT City as one of the world's leading Smart City.



**INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY
HEADQUARTERS BUILDING**



The Government of India established International Financial Services Centres Authority under the International Financial Services Centres Authority Act 2019 passed by the Union Parliament.

The IFSCA has a statutory mandate to develop and regulate financial institutions, financial services, and financing products within the IFSCs in India. Government of India, with effect from October 2020, granted IFSCA the regulatory powers of four domestic regulators namely Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA) for the IFSCs in India.

As the dynamic nature of business in the IFSCs requires a high degree of inter-regulatory coordination within the financial sector, the IFSCA has been established as a unified regulator with a holistic vision in order to promote ease of doing business in IFSC and provide world class regulatory environment.



Proposed IFSCA Headquarters building, GIFT City, Gujarat

OVERVIEW OF IFSC

IFSC Business Activities

BANKING

- Indian Banks
- Foreign Banks
- Global Administrative office

CAPITAL MARKET

- Stock Exchanges
- Clearing Corporation
- International Depository
- Broker Dealer
- Investment Bank

ASSET MANAGEMENT

- Alternate Investment Funds
- Investment Advisers
- Portfolio Managers
- Custodial Services
- Distributors

INSURANCE

- Indian & Foreign Insurer
- Indian & Foreign Reinsurer
- Insurance Intermediaries
- Insurance Web-Aggregators

OTHER KEY BUSINESSES

- **Ship Leasing & Financing**
- Aircraft Leasing & Financing
- International Bullion Exchange
- Finance Companies
- Global Treasury Centre
- ITFS Platform

EMERGING BUSINESSES

- Global Fintech Hub
- Global in-House Centres
- Sustainable Finance
- Professional Service Provider



GIFT City, Gujarat, India

IFSC OPPORTUNITIES

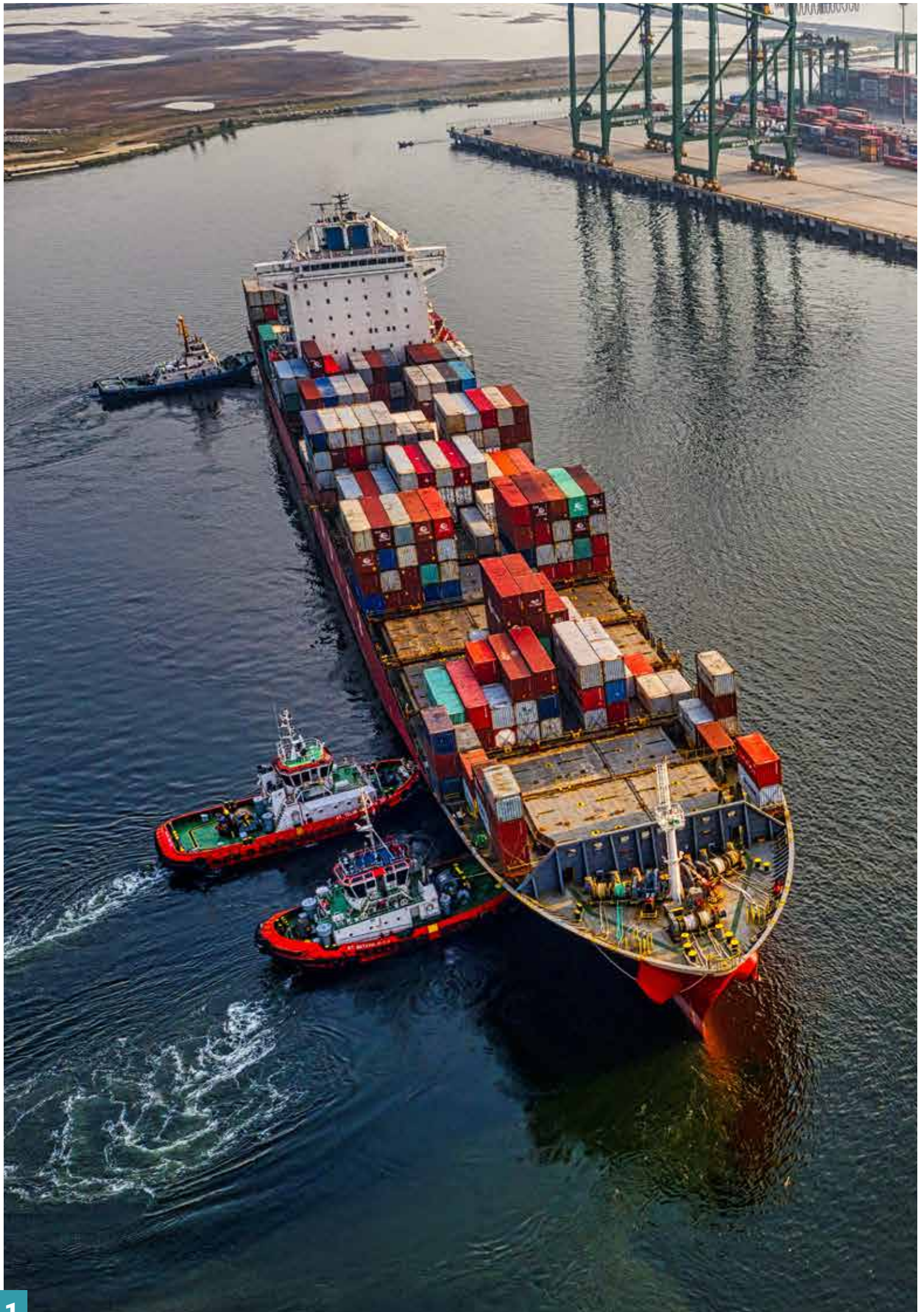
- Access to large hinterland economy in India
- Access to international markets
- Connecting ~30 Mn strong Indian diaspora which has a combined net worth of ~USD 3 Tr to India through IFSC
- Inbound and outbound gateway for International Financial Services
- Potential to be a leading destination for Global In-house Centres with a globally competitive cost structure
- Attracting global talent to the world class FinTech Hub in GIFT IFSC
- Emerging as a leading hub for Fund Administration
- Premier destination for the foreign universities to establish their offshore campuses

IFSC COMPETITIVE TAX REGIME

- 100% Corporate Tax Exemption (for 10 out of 15 years)
- 0% Minimum Alternate Tax (MAT)**
- 0% Capital Gain Tax*
- 0% Securities Transaction Tax (STT) / Commodities Transaction Tax (CTT)
- 0% Stamp Duty
- 0% GST

*On specified securities transferred on recognized stock exchanges in IFSC

**Concessional Rate of MAT applicable for the IFSC units at 9%, however MAT provision not applicable for companies opting for concessional tax rate under Sec. 115 BAA of the Income Tax Act, 1961

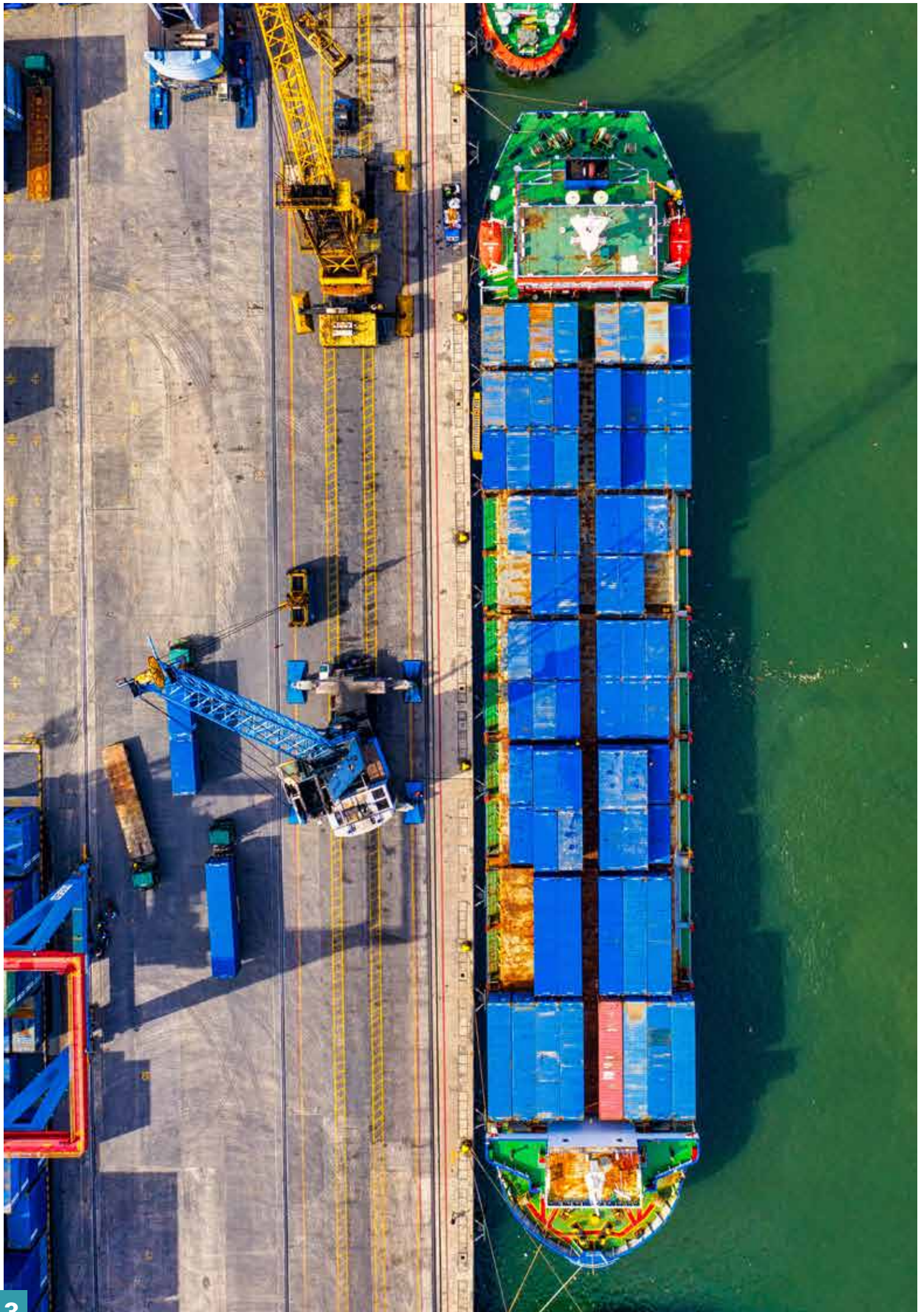


■ SNAPSHOT OF SHIPPING SECTOR IN INDIA

- India has one of the longest coastlines, spanning approximately 7,517 kilometers, making it pivotal for trade.
- India's major ports handled approximately 1 billion metric tons of cargo in fiscal year 2022.
- The country's shipping industry is expected to see an increase in demand, with projections estimating a cargo handling capacity of 2.5 billion metric tons by 2030.
- The Indian government's "Sagarmala" project aims to enhance port-led development, leading to potential growth in the shipping sector.
- The shipping fleet of India comprises 1,500+ ships, 20 mn+ DWT and 490+ companies and with ongoing investments, it's expected to grow steadily over the next decade.
- Port modernization and new port development are key strategic objectives for India to handle increased trade volume efficiently.

■ OPPORTUNITIES FOR SHIP LEASING

- With India's increasing focus on trade and port-led development, the demand for vessels, especially for coastal shipping and inland waterways, is on the rise.
- India's strategic geographical location between the Middle East and Southeast Asia makes it a pivotal hub for global shipping routes.
- The Sagarmala project could lead to increased demand for ships for both domestic movements and international trade.
- India's major ports and minor ports are seeing a consistent rise in cargo traffic, and this growth is projected to continue, necessitating more vessels to cater to this demand.
- IFSCA has enabled Ship Leasing business under its regulatory regime that will facilitate growth of shipping capacity in the region, will bring efficiencies in the price for charterers and lead to new business models.
- IFSC based ship leasing companies can lease shipping vessels in India as well as overseas



IFSCA REGULATORY REGIME: FRAMEWORK FOR SHIP LEASING

- Ship leasing is regulated under IFSCA (Finance Company) Regulation, 2021, and entities are allowed to register as a ship lessor under 'Framework for Ship Leasing'.
- As per the Framework the definition of 'ocean vessels' include every description of watercraft used or capable of being used in marine environment including ship, boat, sailing vessel, submersible, semi-submersible, hydrofoils, non-displacement crafts, amphibious crafts, mobile offshore drilling units among others, but does not include fishing or sailing watercraft.

MODE OF BUSINESS:

- Ship leasing entity can be set up as a Company or a LLP or a Trust or a Branch of an entity regulated by financial sector regulator or any other form as may be specified by the IFSCA.

PERMISSIBLE ACTIVITIES:

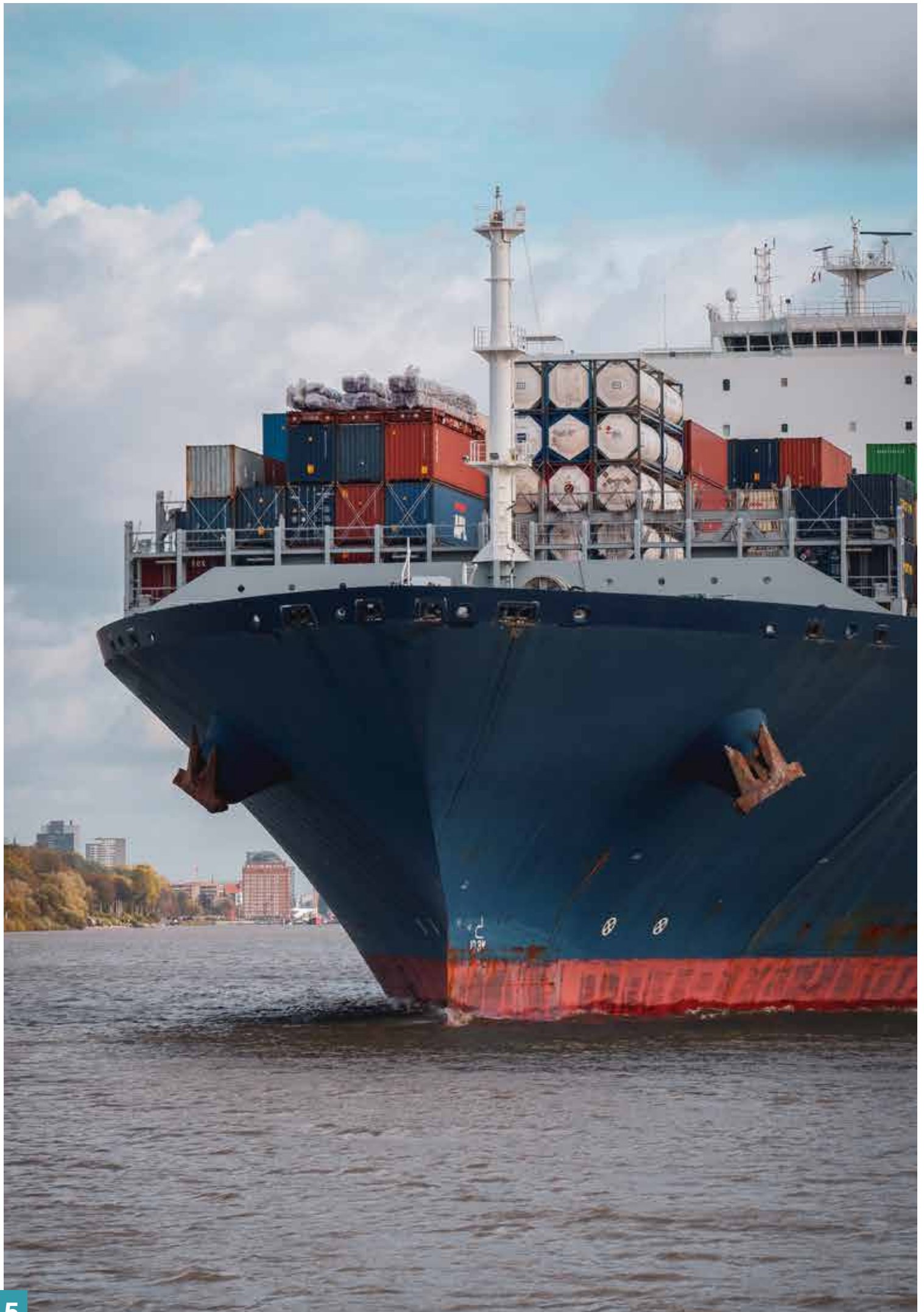
- Financial lease, operating lease or hybrid of financial and operating lease, including sale and leaseback, purchase, novation, transfer, assignment and such other similar transactions in relation to ship lease;
- Voyage charters, Contracts of Affreightments, employment in shipping pools and all other legal commercial transactions for employment of ships;
- Asset Management Support Services for assets owned or leased out by the lessor or by any of its Group Entities set up in IFSCs in India;
- Any other related activity with the prior approval of the IFSCA.

CAPITAL REQUIREMENT:

- A minimum owned fund of USD 200,000 or its equivalent for Operating lease and USD 3,000,000 or its equivalent for Financial lease or hybrid lease.
- The owned fund requirement is to be met before commencing business and a time period of 12 months is provided from the date grant of provisional registration for infusing the funds.

CURRENCY:

- The entity can deal in any freely convertible foreign currency as specified by IFSCA
- The entity is permitted to defray its administrative expenses in INR.



TAX REGIME FOR SHIP LEASING ENTITIES IN IFSC

▶ **TAX HOLIDAY:**

- 100% profit - linked deduction for any 10 consecutive years out of the first 15 years of operation, at the option of the entity.

▶ **EXEMPTION FROM MINIMUM ALTERNATE TAX:**

- New tax regime introduced for companies in India with effect from 01 April 2020 making MAT inapplicable.

▶ **NO WHT ON PAYMENTS to non-resident :**

- Tax exemption on ship lease payments made to non-resident in the nature of royalty or interest for units that commence operations on or before 31 March 2024.

▶ **NO WHT ON receipts from resident :**

- No Withholding tax on lease payments received from Indian lessee during the tax holiday period

▶ **NO CAPITAL GAINS ON DISPOSAL OF SHIP:**

- Capital gains on transfer of ship eligible for a 100% deduction provided ship leasing entities setting up in IFSC on or before 31 March 2024

▶ **WAIVER OF STAMP DUTY:**

- Government of Gujarat has granted waiver of stamp duty on acquisition of vessels and related activities up to March 2027



SHIP LEASING FROM IFSC: KEY BENEFITS

▶ REGULATORY REGIME

- Light touch regulations in a robust framework
- Engagement with a forward looking, proactive and unified regulator
- IFSCA owned ships to get higher priority than Foreign owned ships under Right of First Refusal (ROFR) with regards to chartering of vessels done through tender process in India.

▶ GLOBAL OPPORTUNITIES

- IFSC offers an ideal platform to undertake operating as well as financing leasing activities for India as well as global markets
- Access to foreign currency capital (FEMA offshore) at competitive pricing

▶ TAX EFFICIENT JURISDICTION

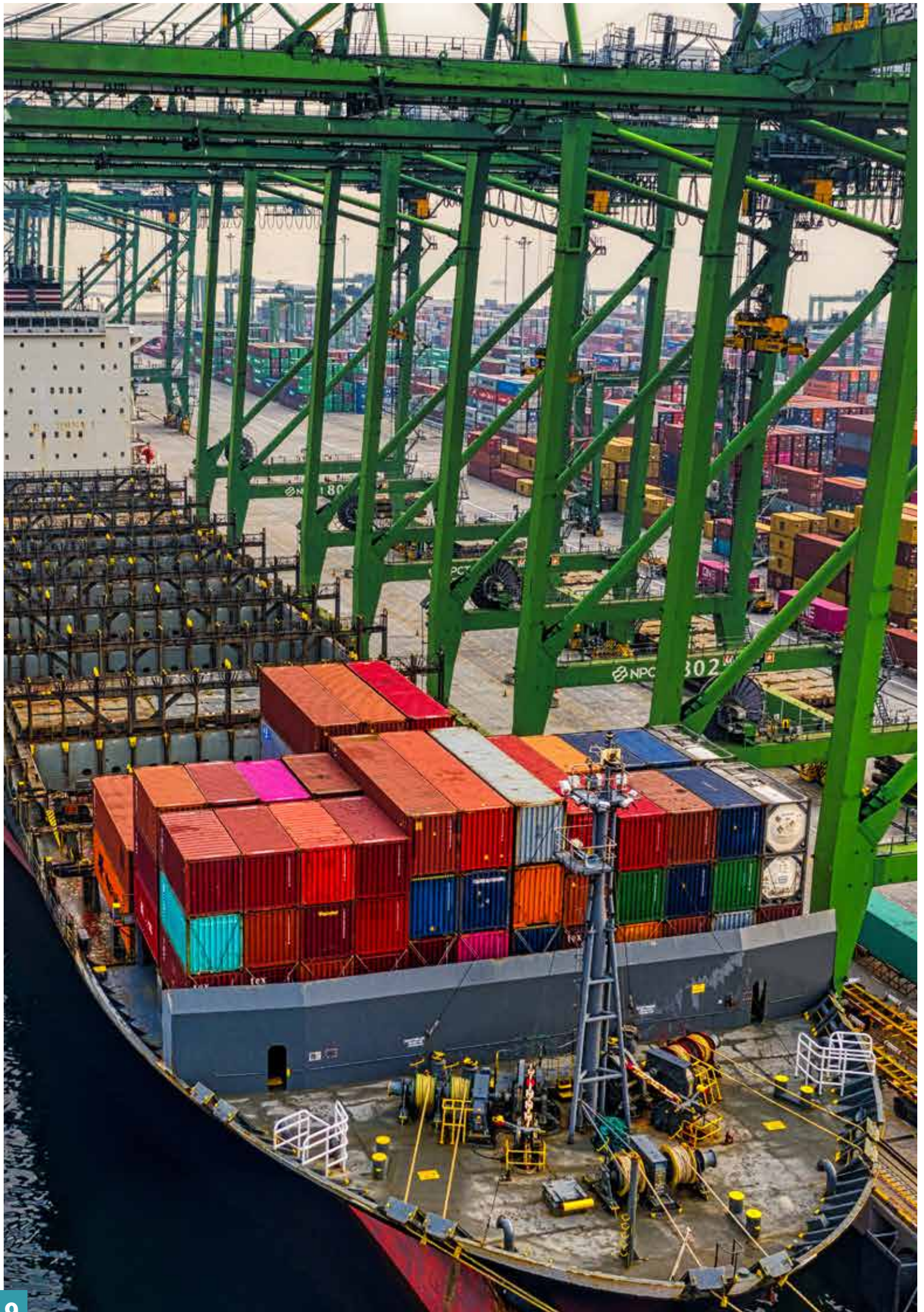
- IFSC offers a globally competitive tax regime
- Exemption from Capital Gains Tax on disposal of vessels
- Waiver of Stamp Duty

▶ VIBRANT FINANCIAL ECOSYSTEM

- Concentration of financial institutions in IFSC including global banks, asset management companies, finance companies and professional service providers
- Access to global financial institutions and investors
- Access to insurance companies

▶ DTAA

- Extensive Double Tax Treaty Network with more than 90 jurisdictions



▶ GUJARAT MARITIME CLUSTER

- First ever Maritime Cluster, wholly-owned subsidiary of Gujarat Maritime Board in GIFT
- One stop solution for the maritime industry and service providers
- Aimed to create synergistic capabilities and opportunities amongst the stakeholders



▶ AVAILABILITY OF TALENT

- India produces a significant number of well-trained marine engineers, naval architects, ship managers, maritime lawyers, and logistics professionals
- Gujarat Maritime University (GMU) in the vicinity of GIFT City offers a range of undergraduate and postgraduate courses such as
 - Nautical Science,
 - Marine Engineering,
 - Naval Architecture,
 - Shipbuilding,
 - Port and Shipping Management.

▶ ARBITRATION CENTRE

- Gujarat International Maritime Arbitration Centre (GIMAC) - Special Alternate Dispute Resolution (ADR) center has been developed with world class infrastructure comparable with best arbitration centers across the globe.



International Financial Services Centres Authority

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