

# GIFT City draws big players with business sops

## Banks, PEs, hedge funds registering with IFSCA

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**T**he funds ecosystem in India's maiden International Financial Services Centre (IFSC) in GIFT City is gaining significant momentum with more than 20 Alternative Investment Funds (AIFs) now registered with the IFSCA, the unified regulator for IFSCs in India.

These feature leading names in the venture funds, private equity and hedge funds ecosystem and include commitments to raising \$4.6 billion from global investors, according to people in the know. Additionally, 25 fund managers, 6-7 portfolio management services and 4-5 investment advisors have registered with the IFSCA. Another 25-30 players are in the advanced stages of applying to it for fund services.

Total banking transactions at IFSC are estimated to have crossed \$140 billion and NDF transactions to have crossed \$170 billion. Twenty foreign and Indian banks are now part of the IFSC ecosystem.

"GIFT IFSC is emerging as a preferred destination for India-centric Funds," said Tapan Ray, MD & Group CEO, GIFT City.

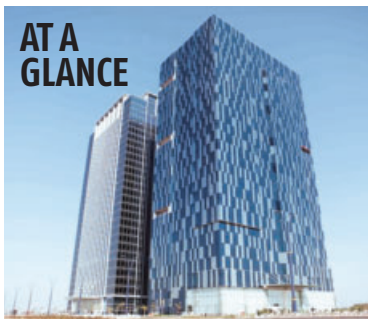
While Category I and Category II Funds enjoy pass through status from a tax perspective, the government has introduced a special tax regime for Category III AIFs at par with other leading jurisdictions.

Further, investors in AIFs in GIFT IFSC are not required to obtain a Permanent Account Number of India (PAN), which provides ease of doing business for foreign investors.

"AIFs in GIFT IFSC are permitted to take leverage without any restrictions and diversification norms do not apply for investment in India. In addition to the regulatory and tax incentives, Funds located in GIFT IFSC enjoy lower cost of operations," said Ray.

Last week, Aditya Birla Asset Management and Nippon India got the Portfolio Management Services (PMS)

### AT A GLANCE



#### Entities registered with IFSCA

- ▶ 20 AIFs
- ▶ 25 Fund managers
- ▶ 6-7 PMS providers
- ▶ 4-5 Investment advisors
- ▶ 25-30 players in advance stages of applying

Total banking transactions at IFSC **\$140 bn**

#### GIFT benefits

- ▶ Investors not required to obtain PAN
- ▶ AIFs permitted to take leverage without restrictions
- ▶ Diversification norms do not apply for investment in India
- ▶ Lower cost of operations
- ▶ Tax holidays for fund management entities

registration for carrying out global PMS activities from GIFT City. Kotak Mahindra Bank signed an MoU with GIFT SEZ to ease market access and cross border activities for fund management.

"Through our GIFT IFSC branch we will be able to provide investment management and advisory services to prospective and existing clients across sovereign wealth funds, family offices, global funds, institutional investors, and high net worth individuals, among others," said A Balasubramanian, MD & CEO, Aditya Birla Sun Life AMC.

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