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FUND FORMATION IN GIFT CITY:

THE GLOBAL INVESTOR ADVANTAGE

Exploring IFSC Fund Structures, Tax Efficiency,
Global Capital Access and Investment Opportunities
through GIFT City



International Financial Service Centre, GIFT City



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- *Around 30 mins from Ahmedabad Airport*
- *Well connected*
- *World class infrastructure*

- **GIFT City was conceptualised in 2007**
- **Set up and operationalised IFSC in GIFT City, Gujarat in 2015**
- **IFSCA Act 2019, establish a unified regulator IFSCA for the IFSC.**
- **The IFSCA Act confers in IFSCA the powers of RBI, SEBI, PFRDA, and IRDAI, confined to the limited scope of IFSCs**
- **IFSCA vision is to position GIFT IFSC as a leading well-regulated Global Financial Centre with stable, efficient and sustainable financial markets and technology ecosystem, for achieving the Vision of Viksit Bharat@2047**

03-07-2026

IFSC Financial Performance Data as on March 2026



IFSC Sectoral Growth & Financial Metrics as on Mar'26



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* Source - IFSCA bulletin

Key Benefits



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- **Unified Regulation:** Banking, insurance, capital markets, and asset management under one authority, reducing compliance complexity and regulatory delays.
- **Global Competitiveness:** Positions GIFT City as a competitive alternative to hubs like Dubai, Singapore, and London through regulatory clarity and ease of doing business.
- **Tax & Business Incentives:** Offers **tax neutrality**, attractive business incentives, and ease of capital movement and repatriation.
- **Currency Advantages:** Eliminates currency risk by allowing transactions in foreign currencies
- **Innovation Support:** Promotes **FinTech innovation** through a regulatory sandbox framework and global capital raising in India.
- **Strategic Infrastructure:** Provides world-class infrastructure and efficient governance.

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** Source - IFSCA bulletin*



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FUND REGIME IN GIFT CITY

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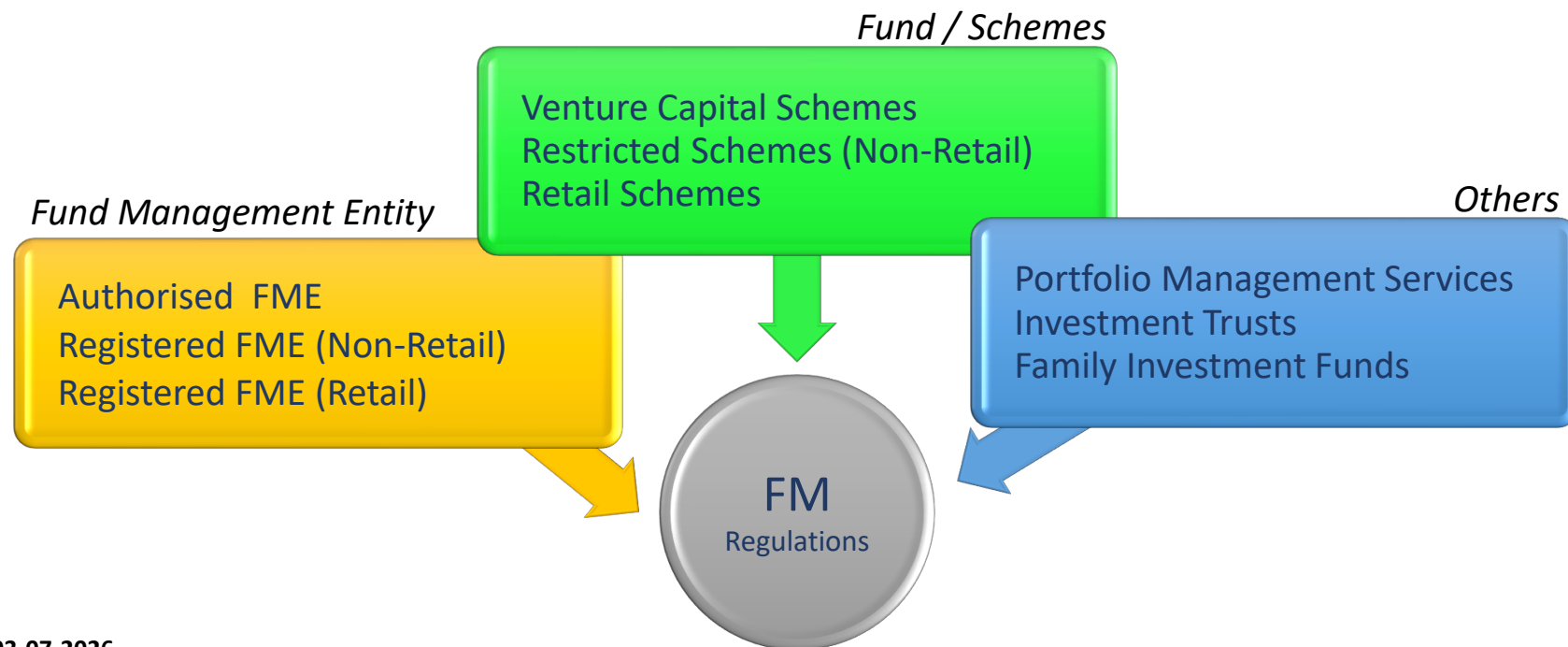
** Source - IFSCA bulletin*

Snapshot of FME Regulations



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IFSCA (Fund Management) Regulations, 2025 to provide regulatory framework for Asset Managers and Funds



Types of Funds



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CAT-1 Venture Capital Scheme	invests primarily in unlisted securities of start-ups, emerging or early-stage venture capital undertakings. Raising from Accredited Investors or investors investing above USD 250,000, having less than 50 investors.
CAT-2 & 3 Restricted Scheme (Non-Retail)	means a scheme offered to Accredited Investors or investors investing above USD 1,50,000 and having less than 1000 investors.
Retail Scheme	a scheme offered to all investors, no ceiling as to number of investors; with min. 20 investors. Investment strategies includes investment in Social Ventures, Infrastructure, ESG sectors, specific sectors, certain themes such as infrastructure (thematic schemes), certain asset class (equity schemes, debt schemes, etc.) or a combination thereof or towards certain solution (retirement schemes, schemes for children education, etc.)

Permissible Investments



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Permissible investments by all schemes

- (a) Securities issued by unlisted entities;
- (b) Securities listed or to be listed or traded on stock exchanges in IFSC, India or foreign jurisdiction;
- (c) Money market instruments;
- (d) Debt securities;
- (e) Securitised debt instruments, which are either asset backed or mortgage-backed securities;
- (f) Other venture capital schemes set up in the IFSC, India and foreign jurisdiction subject to disclosure in the PPM;
- (g) Units of mutual funds & AIFs in India, foreign jurisdiction or IFSC;
- (h) Investment in LLP (not permitted for retail schemes); or
- (i) Such other securities or financial products/ assets or instruments as specified by the Authority

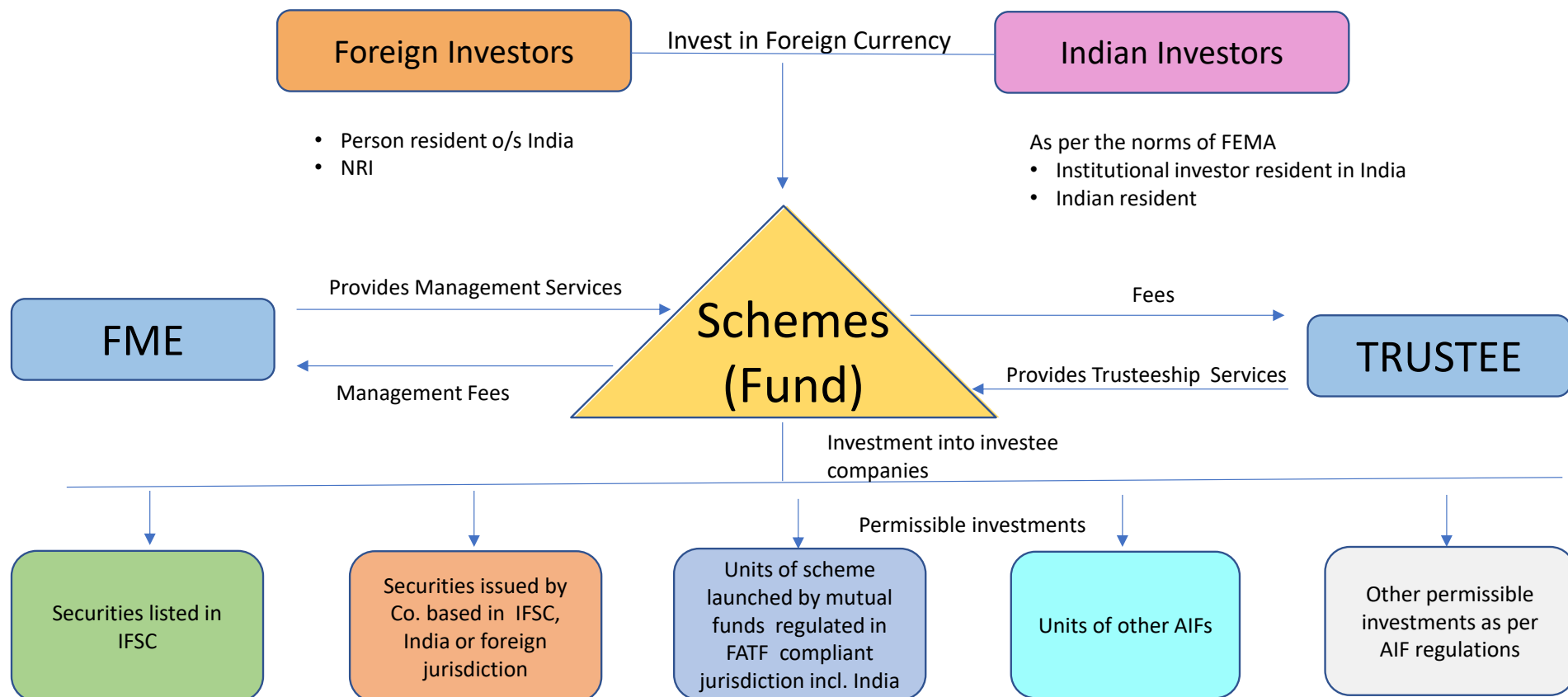
Additional conditions

- Restricted/Retail Schemes may invest in derivatives including commodity derivatives subject to disclosures in PPM.
- Close ended restricted scheme may invest up to 20% of corpus in other physical assets as may be specified.
- Retail schemes not permitted to invest in the units of mutual funds and AIFs in IFSC.

Legal Structure of Scheme in IFSC



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Fund Documentation



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PPM

Private Placement Memorandum is a detailed document of Fund related to objectives of Fund, legal, regulatory and tax considerations, history of FME and associates and helps investor in decision making.

Trust Deed

Depends upon the nature of Fund set-up. It would be LLP agreement or MOA/AOA in case fund is set up as LLP or company.

FUND

Contribution Agreement

Detailing the information about investment in Fund. Signed between Fund, FME and investor(s).

Investment

Management Agreement

Detailing of activities for managing the investment. Signed between FME and Trust through Trustee.

Categories of FME in IFSC (1/2)



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Authorised FME Reg.3(a) & Reg.20	• Invest in start-up or early-stage ventures through Venture Capital Scheme. • Raises money from accredited investors or investors investing above \$250,000. • Family Investment Funds. • Minimum net worth: \$ 75,000 (Sch. 2).
Registered FME (Non Retail) Reg.3(b) & Reg.32	• Raises money from accredited investors or investors making capital commitment above \$150,000. • Portfolio Management services, Multi Family Offices, Investment Manager for private placement of REITs and InvITs. • Minimum net worth: \$500,000 {\$ ½ million) (Sch. 2). • Allowed to undertake all activities of Authorised FMEs.
Registered FME (Retail) Reg.3(c)	• Raises money from all investors or including retail investors. • Public offer of Investment Trusts (REITs and InvITs), Launch of ETFs. • Minimum net worth: \$ 1,000,000 {\$ 1 million) (Sch. 2). • Allowed to undertake all activities of Authorised FMEs and Registered FME (Non retail).

Categories of Schemes/Funds (2/2)



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Venture Capital Scheme Reg.(18-29)	• Launched by FMEs –invest primarily in start-ups, early stage VC undertakings involved in new products, services, technology etc. includes Angel Fund. • Offered only on a private placement basis (including accredited investors) and shall have less than 50 investors. • ‘Green channel’ for subscription by investors.
Restricted Scheme (Non-Retail) Reg.(30-41)	• Offered only to relevant persons on a private placement basis (including accredited investors) and shall have less than 1,000 investors. • ‘Green channel’ if subscription is to be raised only from accredited investors. • Launched by Registered FME.
Retail Scheme Reg.(42-52)	• Schemes offered to all investors including retail investors. • Schemes can be: - filed with regulator only after approval from fiduciaries; - launched only after incorporating comments from regulator in the offer document. • Launched by Registered FME (Retail).

Key Features of FMEs (1/3)



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Particulars	Authorised FME	Registered FME (Non Retail)	Registered FME (Retail)
Types of schemes managed	VCS offered on a private placement basis. (Reg.18)	VCS & Restricted Schemes offered on a private placement basis . (Reg.30)	All schemes offered to all investors including retail investors (Reg.42)
FME Form(Reg.5)	Company, LLP or branch	Company, LLP or branch	Company or its branch
Min. Net worth	\$ 75,000 (Sch.2)	\$ 500,000 (Sch.2)	\$ 1,000,000 (Sch.2)
Type of Investors permitted and min. investment required	- Accredited investors - NA - Others- min. \$ 250,000 - employees /directors/ designated partners of FME – min \$60,000 –(Reg.20)	- Accredited investors - NA - Others - min. \$ 150,000 - employees /directors/ designated partners of FME – min \$40,000 (Reg. 32)	Retail & Non Retails investors are permitted (Reg. 42)

Key Features of FMEs (2/3)



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Particulars	Authorised FME	Registered FME (Non Retail)	Registered FME (Retail)
Min. Employees (Reg.7)	1 (PO)	2 (PO + 1 KMP)	3 (PO + 2 KMP)
Min. Directors	-	-	4 (50% to be independent of FME) (Reg.5(4))
Launch of New Schemes	Immediately upon filing of PPM with IFSCA (Reg.19)	PPM to be filed 21 working days before the scheme launch (Reg.31)	Offer document filed 21 working days before the scheme launch, Fund can be launched post accommodating IFSCA comment . (Reg.43)
Min. Experience	Relevant	Relevant	Exp. of min 5 yrs in managing AUM $\geq$ \$200 million with investors $\geq$ 25000; or One person in control of FME holding more than 25% shareholding/ share in profits carrying on business in financial services for a period of not less than 5 year. (Reg.6)

Key Features of FMEs (3/3)

Skin in the game : FME Contribution



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Target Corpus (TC)	Max / Min	Authorised FME (Reg.28)	Registered FME (Non Retail) (Reg.40)	Registered FME (Retail) (Reg.52)
Less than \$30 million	Minimum	2.5% of TC	Close ended- 2.5% of TC Open ended- 5% of TC	Lower of: (a) 1% of AUM of the scheme; or (b) \$ 200,000
	Maximum	10% of TC	10% of TC	-
More than \$30 million	Minimum	\$ 750,000	Close ended- \$ 750,000 Open ended- \$ 1,500,000	Same as above
	Maximum	10% of TC	10% of TC	-

- For **Angel Scheme** min. FME contribution shall be at least **2.5% of TC or \$ 20k**, whichever is less, in each portfolio.
- Contribution requirements to be fulfilled by FME or its associates within 45 days, unless exempted and to be maintained on ongoing basis.
- The contribution requirements by the FME may be waived by investors as per regulations

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Key Features of Scheme (1/3)



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Particulars	Venture Capital Scheme	Restricted Scheme (Non-Retail)	Retail Scheme
Legal structure (Reg.5)	Company, LLP or Trust	Company, LLP or Trust	Company / Trust
Type of Scheme	Close ended (Reg.21)	Close ended & Open ended (Reg.30)	Open ended & Close ended (Reg.45)
Corpus	Min-\$3 million (\$1 million - AF) Max-\$200 million (Reg.23)	Min-\$3 million Max-no limit (Reg.35)	Min.-\$3 million Max-no limit (Reg.47)
Max. no. of Investor	<50 / scheme (Reg.20) <200 / portfolio scheme (AF*)	< 1000 / scheme (Reg.32)	No restrictions
Min. no. of Investor in a scheme (Reg.44)	NA	NA	20 investors, with no one investing more than 25%
Min. contribution from an investor in the scheme	•Accredited investors : None •Others: \$ 250,000 (\$ 40k - AF) •For employees / Directors/ Designated Partners/ Partners of FME – \$ 60,000	•Accredited investors: None •Others: \$ 150,000 •For employees / Directors/ Designated Partners/ Partners of FME – \$ 40,000	Open-ended – None Close-ended - \$10,000 and none, if scheme is investing <15% in unlisted securities

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*AF- Angel Fund

Key Features of Scheme (2/3)



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Particulars	Venture Capital Scheme	Restricted Scheme (Non-Retail)	Retail Scheme
Tenure	•Min. 3 yrs •Extension upto 2 yrs with consent of 2/3rd investor's value (Reg.21)	•Close ended - Min. 1yr. •Extension upto 2 yrs with consent of 2/3rd investor's value (Reg. 33)	•Close ended - Min. 3 yr. •Extension upto 2 yrs with consent of 2/3rd investor's value (Reg. 45)
Investment in unlisted entities	No restriction	•Open-ended: Max. 25% of the corpus •Close-ended schemes: No restriction (Reg.35)	•Open-ended: 15% of AUM (max.) •Close-ended: 50% of AUM max. (Reg.47)
Investment in associates of FME	Permissible, subject to 75% investors approval by value Reg.23(2)	Permissible, subject to 75% investors approval by value Reg.35(3)	25% of the AUM (Reg.47)
Valuation frequency	Yearly (Reg.26)	Close ended : Half yearly Open ended : Monthly (Reg.38)	Open ended : Daily Close ended : Weekly (Reg.51)

Key Features of Scheme (3/3)



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Particulars	Venture Capital Scheme	Restricted Scheme (Non-Retail)	Retail Scheme
Leverage	Permissible, subject to disclosure in the PPM and consent of 2/3rd investors by value (Reg.25)	Permissible, subject to disclosure in the PPM and consent of 2/3rd investors by value (Reg.37)	•Not permissible except to meet temporary liquidity needs for the purpose of redemption or payment of interest or dividend to the investors •Maximum borrowing permissible is 20% of the AUM for a duration not exceeding 6 months (Reg.49)
Custodian (Reg.132)	Compulsory, if AUM > \$ 70 millions	Compulsory, if AUM > \$ 70 millions	Compulsory

Setting up Process in GIFT City, IFSC

IFSCA has launched Single Window IT System for IFSCA and SEZ registrations and approvals. All applications for setting up in GIFT IFSC must be filed through SWITS.

Indicative process for setting up in GIFT IFSC:



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