



File No. IFSCA-RPRA0EFD/8/2024-RPRA

Date: June 11, 2025

Director

Contrails Aviation IFSC Private Limited

Unit No.419/Cabin no.4 4th Floor, PRAGYA Building No.15A,
Road 11, Zone 1, GIFTSEZ/IFSC GIFT CITY,
Gandhinagar, GJ 382355 IN

Madam/Sir,

Sub: Show Cause Notice under regulation 11 of International Financial Services Centres Authority (Finance Company) Regulations, 2021 ("FC Regulations") - In the matter of Contrails Aviation IFSC Private Limited.

This Show Cause Notice (SCN) is being issued to M/s Contrails Aviation IFSC Private Limited for alleged violations referred to in this SCN.

A. Background

- a) The Noticee is registered as a Finance Company under International Financial Services Centres Authority (Finance Company) Regulations, 2021. The registration is granted to the Noticee to undertake activities permissible under Clause 5.E of the "Framework for Aircraft Lease" dated May 18, 2022.
- b) The Noticee was issued a Certificate of Registration (CoR) bearing registration No. 'IFSC/FC/AOL/2023-24/0018' on October 11, 2023 along with a covering letter dated October 11, 2023, 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.
- c) IFSCA carried out Market Intelligence (MI) or Surprise visits/On-Site Assessment to the premises of the Finance Companies in GIFT IFSC to check whether they are in compliance with the regulatory requirement prescribed under the Covering letter and IFSCA Framework for Aircraft Lease. One such exercise in respect of the Noticee was carried out by IFSCA on December 14, 2023.

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B. Facts of the case

- a) In the surprise visit conducted on December 14, 2023, the office of the Noticee was found closed. The IFSCA has shared the questionnaire pertaining to On-site Assessment (ONSA) with the Noticee. The Noticee has failed to reply to ONSA questionnaire. However, the Noticee has later informed the IFSCA that it is yet to start the operations and has requested to conduct the onsite assessment after 2-3 months.
- b) IFSCA carried out further surprise visits to the office of the Noticee on August 29, 2024, and November 6, 2024. On both these occasions, the office of the Noticee was found closed.
- c) The Noticee was issued an Advisory Letter No. **IFSCA-FCS/2/2024-Banking-Part (2)**, addressed to Mr. Rohit Kapahi, Director of the Noticee by IFSCA by letter dated December 9, 2024, informing about the status of their office during the surprise visits. In the aforesaid letter, the Noticee was advised to ensure that the office premises are kept open at all times; ensure that key management personnel are present on a regular basis; and a signboard displaying the name of the entity must be installed in any case not later than December 31, 2024.
- d) The said Advisory letter was scanned and sent through an email dated December 9, 2024, to Mr. Rohit Kapahi. The IFSCA has not received any response from the Noticee in response to the above-mentioned advisory letter.

C. Violations alleged to have been committed by the Noticee:

Basis the observations/finding of facts contained in the Report of Surprise Visits on the aforementioned dates and other documents/information available on record, following violations are observed and the Noticee are charged for the violations committed by its branch office at GIFT-IFSC accordingly, as per the following details:

- 1. Alleged Violation 1: That the Noticee has failed to intimate the IFSCA about commencement of business**

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- a) Clause 3(a) of the Covering letter to the CoR issued by the IFSCA to the Noticee mandated that the Noticee shall intimate the Authority immediately upon commencement of its operations in the IFSC and shall also seek approval from the Authority before undertaking any other permissible activities other than those permitted herein above.
- b) The Noticee has not sent any intimation for commencement of operations to IFSCA since the issuance of CoR Dated October 11, 2023. In addition, the Noticee has failed to submit any plan or shown any intention to commence the operations.
- c) Thus, the Noticee is alleged to have violated the conditions imposed in Clause 3(a) of the Covering letter to the CoR.

2. Alleged Violation 2: That the Noticee has failed to display CoR on the IFSC Office of the Noticee

- a) Clause 3(b) of the Covering letter to the CoR issued by the IFSCA to the Noticee mandated that the Noticee shall ensure that the CoR or a certified copy thereof, shall be displayed at the registered office. During the Surprise visits of the registered office of the Noticee, the IFSCA observed that the signboard was missing.
- b) Thus, the Noticee is alleged to have violated the conditions imposed in Clause 3(b) of the Covering letter to the CoR.

3. Alleged Violation 3: That the Noticee has failed to deploy resources commensurate to operations

- a) Clause 3(c) of the Covering letter to the CoR issued by the IFSCA to the Noticee mandated that the Noticee shall ensure that resources in the IFSC commensurate with the business operations being undertaken are deployed by the Noticee.



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a) During the Surprise visits to the registered office of the Noticee, the IFSCA observed that the registered office was found closed and that no personnel were present at the office.

b) Provisions alleged to have been violated by the Noticee:

- i. **Clause O(ii)** of IFSCA Framework for Aircraft Lease states that *"Lessor shall deploy resources commensurate with its business operations"*

Thus, the Noticee is alleged to have violated the conditions imposed in Clause 3(b) of the Covering letter to the CoR and Clause O(ii) of IFSCA Framework for Aircraft Lease.

2. Alleged Violation 4: That the Noticee has failed to pay annual fees under Fee Circular dated May 17, 2023

- a) Clause 3(f) of the Covering letter to the CoR issued by the IFSCA mandated the Noticee to pay the annual fees, as applicable, in compliance with the IFSCA Circular titled 'Fee Structure for entities undertaking or intending to undertake permissible activities in IFSC' (Fee Circular) dated May 17, 2023, as amended from time to time.
- b) The Noticee has not paid the annual fee for FY 2023-24 and FY 2024-25, along with late fee and interest as mandated above. Accordingly, the IFSCA has sent email dated May 16, 2024, June 11, 2024, July 24, 2024, and January 21, 2025, reminding the Noticee to pay the pending fee. The Noticee has still not paid the fee as on the date of issuance of this show cause notice.

c) Provisions alleged to have been violated by the Noticee:

Clause 6(a) of the Fee Circular states that *"The FIs covered under this sub-clause are liable to pay Recurring Fees from the date of communication intimating*



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the decision of the Authority to grant final licence, registration, recognition or authorisation."

Clause 6(c) of the Fee Circular states that "For a financial year other than the year of commencement of operations, "Recurring" fee as specified in the Schedule-I, shall be paid within 30 days of the end of the financial year.

Thus, the Noticee is alleged to have violated the conditions imposed in Clause 3(f) of the Covering Letter to the CoR and Clause 6(a) & 6(c) of Fee Circular.

A. In view of the above, the Noticee is hereby called upon to show cause as to why appropriate actions should not be initiated under Regulation 11 of the FC Regulations r/w Section 13 of the IFSCA Act, 2019 for the alleged violations by the Noticee.

B. The response of the Noticee, if any, should reach the undersigned at the address given below and at jain.paras@ifsc.gov.in / ashwath.balaje@ifsc.gov.in / debabrata.das1@ifsc.gov.in within 21 days from the date of receipt of this notice, along with any supporting documents that you may wish to rely upon in support of your contentions, failing which it will be construed that the Noticee/s has no submissions to make, and IFSCA shall be free to proceed with the matter ex-parte, on the basis of material available on record in terms of the IFSCA Act, 1938 and FC Regulations and other applicable laws.

International Financial Services Centres Authority

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C. The Noticee is further advised to keep IFSCA informed about the change in their correspondence address, if any, and provide updated e-mail ID and phone number.

D. This Notice is without prejudice to the rights of IFSCA to initiate any other actions for the aforesaid violations in terms of the applicable laws.

Yours faithfully,



DEBABRATA DAS
HOD-IN-CHARGE

ENFORCEMENT DEPARTMENT
INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY

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