

Minutes of the 150th (one hundred-fiftieth) meeting of the Approval Committee for GIFT-Multiservice-SEZ held on Tuesday, November 19, 2024, at 1130 hours, from the conference room of the Developer (GIFT-SEZ, Gandhinagar), through hybrid mode, i.e., in-person as well as video conferencing mode.

- The list of participants is annexed as Annexure-I.

150-I) The circulated minutes of the 149th meeting of the Approval Committee for GIFT-Multiservice-SEZ, held on November 05, 2024, were confirmed by the Approval Committee for GIFT-SEZ.

CASE No. 150-C-1

Subject: - Approval of list of goods and services required for Authorized Operations; request of the Developer M/s. Gujarat International Finance Tec-City Limited (GIFT) under Section-14 (1) (a) of the SEZ Act 2005, read with Rule-10 & 12 of the SEZ Rules, 2006.

Sector Specific SEZ for Multi-services, being developed by M/s Gujarat International Finance Tec-City Limited, Gandhinagar was notified for an area of 105-43-86 Hectares at Villages Phirozpur and Ratanpur, District Gandhinagar vide Notification No. S.O.1910 (E), dated 18-08-2011. The ministry of Commerce & industry has approved the default list of Authorized Operations to be undertaken by the developer in the notified area, vide instruction no. 50, dated 15-03-2010 and for the approved Authorized operations vide letter dated 07-03-2012 of the DOC.

The Developer (GIFT) vide letter as under (copy enclosed) has sought approval of duty-free goods and services required for various default Authorized Operations in terms DoC's Instruction No. 50, infrastructure work to be undertaken in the notified SEZ. Details of items sought for duty-free procurement is as under: -

Sr. No.	Developer's Application dated	Default Authorized Operations (As per DOC's Instruction No. 50)	Approx Value of procurement
01)	11-11-2024	Construction of all type of building in processing area (interior fit-out works in GIFT House).	Rs. 9.12 lakhs.

The Developer has submitted the requisite Chartered Engineer's certificate for the proposed activities to be undertaken, for the authorized operations.

The Approval Committee may kindly like to accord approval for duty free procurement of goods & services for undertaking authorized operations in the notified area of SEZ, as per list enclosed with letter dated 11-11-2024 of the Developer (GIFT), in accordance with the SEZ Rules, 2006.

Decision of UAC: After discussion and due deliberations, the Approval Committee approved the list of goods and services for authorized operations, subject to normal terms and conditions of the SEZ Rules, 2006, including but not limited to Rule 12(6) and 22(4) (to maintain a proper account of the import or procurement, consumption, and utilization of goods and services and submit quarterly and half-yearly returns, the Developer is required to provide the details of quantity of each material appearing in the list of goods) and to the satisfaction of the Specified Officer of the SEZ.

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CASE No. 150-C-2

Subject: - Charging of Additional rent from the Fund entities by the Co-Developers.

The Development Commissioner's office has received a letter dated November 14, 2024, from M/s. SBI Funds International (IFSC) Ltd. alleging that extra rent is being charged by the Co-Developer (M/s. Volupia Developers Pvt. Ltd.) from Fund Management Entities (FMEs) based on the number of fund entities registering under the FME. The letter states:

"We had entered into a rental agreement with the co-developer in Aug-2021 and since then are based in Unit no. 208 & Unit 209, 270 floor, Signature Building under the name of our FME entity - SBI Funds Management Ltd. (IFSC Branch) & Trust - SBI Investment Opportunities Fund (IFSC) respectively.

Recently we approached them for the SEZ-mandated PLOA (Provisional Letter of Allotment), to act as an address proof, for our 2 new upcoming Trusts/Funds. We were informed by them that each PLOA will cost us additional rent per month irrespective of the same area of office and the same FME employees operating. Just to share specific we are currently subject to a rent of Rs. 54000/ p.m., for office no. 208 (which is the trust office) and the co-developer asked for another additional rent of Rs. 15000/ p.m. for the first scheme and another Rs. 10000/- p.m. for the second scheme, i.e., total of another Rs. 25000/- p.m. for the two new schemes which we are in the process of launching. As you would know it is the business model of FME to launch multiple schemes with the same FME entity. Such practice undertaken by the co-developer would mean every time we launch a scheme the co-developer would keep demanding extra rental amount for the same premises.

We have tried to reason with them that in any fund management activity, new schemes will continue to be launched in future; however, all such schemes are managed by the same FME with no additional space. Such increased rent for each scheme/trust in this manner is not justifiable and an arbitrary increase like this puts a burden on the FME/Trust making the cost structure high and impacting ease of doing business in Gift city. This has become a major hindrance for us to launch any new scheme. In fact, we have already filed for two new schemes with IFSCA but unable to file with IFSCA Administrator (SEZ) as the same requires copy of the PLOA from the co-developer, which will not be given by them unless such demand for additional rent is met.

All business entities are stationed in the SEZ as it is mandatory under regulations to operate from there. Any practice which is not fair in the eco-system & which is detrimental to the development and ease of doing business needs to be addressed timely and rationally.

We request your intervention please and advise."

This issue was also raised by the International Financial Services Centres Authority (IFSCA) during the 23rd meeting of the Approval Committee (for IFSCA Entities, chaired by the Administrator/IFSCA) held on October 24, 2024. The relevant portion of the Minutes of Meeting (MoM) is as follows:

“Agenda Point - Discussion on the need for a separate PLOA for the Fund entities – Representation from FMEs have been received that funds do not need any new premises on their own and they operate out of their FME office; that the FME is required to obtain PLOA from the Co-Developer for the Fund which adds to the cost and time; that a simpler and cost-effective mechanism could be devised for the PLOA of Fund.

UAC Discussion:

- i. The UAC discussed the need for a separate PLOA for fund entities, following representations from FMEs to the office of the Administrator (IFSCA).
- ii. It was acknowledged by the UAC that each Fund entity is being charged separate rent though they operate from the same premises as that of the FME, without any significant additional

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manpower. The amount of rent varies between Co-Developers but it is generally in the range of 10-25% of the rent paid by the FME.

iii. It was noted that the Development Commissioner has already allowed the Fund entities to share office space with the FME. However, since a PLOA is issued by the Co-Developers and a Lease Deed must be executed, the Co-Developers charge separate additional rent for each Fund entity.

iv. The UAC recognized that this issue can only be resolved through an amendment to the SEZ Act, which is a long-term process. As an interim solution, it was proposed that a joint meeting with IFSCA, the DC office, the Developer, and Co-Developers can be held. A representative from the DC office informed that the matter is proposed to be taken up in the UAC meeting chaired by the Development Commissioner for further discussion.”

It is pertinent to mention that in a promotional meeting held on June 22, 2022, chaired by the then Development Commissioner/GIFT-SEZ, it was decided:

“For optimal utilization of the existing space in GIFT SEZ, it was decided by the Chairman that the Fund and the Fund Manager may have the same office space.”

Moreover, there has never been any communication with the Ministry of Commerce (MoC) for approval or intimation regarding the above amendment. As the powers of the Development Commissioner regarding IFSC units have been delegated to the Administrator/IFSC, communication for amending rules may only be done by the IFSC Authority.

It is also important to highlight that the Board of Approval (DoC), while issuing the letter of Approval to Developer/Co-Developer, mentions in Point No. xii:

“The User Charges will be finalized in consultation with the Development Commissioner and the users. This shall be subject to revision as per the agreed terms.”

In view of the above rule and the Minutes of the Approval Committee for IFSCA Units/GIFT-SEZ, the Approval Committee may like to decide on the issue of charging additional rent from the Fund entities by some co-Developers.

Decision of UAC: The Approval Committee convened to hear representations from all concerned parties, namely M/s. SBI Funds International (IFSC) Ltd., Co-Developer M/s. Volupia Developers Pvt. Ltd., the IFSC Authority, and the Developer, M/s. GIFT-City Co. Ltd.

M/s. SBI Funds International (IFSC) Ltd. brought up a critical concern about additional rent being charged by co-developer M/s. Volupia Developers Pvt. Ltd. due to the launch of new schemes. He specifically pointed out that an additional rent of Rs. 15,000 per month was being charged for the **first scheme** and Rs. 10,000 per month was being levied for the **second scheme**. As a result, they were required to pay Rs. 25,000 over and above the fixed rent of Rs. 59,000 per month.

M/s. SBI Funds International argued that such charges were neither consistent with industry practices nor in accordance with the conditions outlined in the lease deed they had signed with the co-developer. They emphasized that this practice was not being followed anywhere else in the country and was outside the agreed-upon terms in the lease agreement. The additional charges were, therefore, seen as unreasonable and a deviation from the original agreement.

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Shri Girish Patel, the General Manager of M/s. Volupia Developers Pvt. Ltd., responded to the concerns raised by M/s. SBI Funds International (IFSC) Ltd. He informed the Approval Committee that additional rent charges were necessary due to certain **administrative actions** that had to be taken due to the new schemes being launched including signing & registration of addendum to the lease deed.

The Chairman of the Approval Committee, during the proceedings, expressed concern over the situation and reiterated the importance of **maintaining a business-friendly environment** in the Gift-SEZ. The Chairman highlighted the core mission of the GIFT-SEZ, which is to create an environment that fosters growth and attracts global investors. This vision includes ensuring that the business processes within the SEZ are transparent, predictable, and fair.

In light of this vision, the chairman deemed the demand for additional rent to be **unreasonable**. The Chairman's stance was clear: the practice of charging additional rent based on the launch of new schemes would not align with the broader goals of GIFT-SEZ, as it could potentially discourage investment and disrupt the business ecosystem.

The Chairman advised Shri Girish Patel of M/s. Volupia Developers Pvt. Ltd. to urgently consult with higher-ups within the company to explore potential solutions to this issue. The expectation was that a more appropriate and fair resolution could be reached without straining relationships or undermining the original terms of the lease agreement.

It was agreed that the Approval Committee would review the proposed solution in its forthcoming meeting.

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ANNEXURE – I

The following members were present in the meeting:

1	Shri Lokesh H.D., ITS, Development Commissioner/GIFT-SEZ.	Chairperson- by VC.
2	Shri Santosh Kumar, IRS, Addl. CIT.	Nominee of the Commissioner of Income Tax, Ahmedabad- by VC.
3	Shri S. J. Thakor, GM/DIC, Gandhinagar.	Member- by VC.
4	Dr. Rahul Singh, Jt. DGFT.	Nominee of Additional DGFT, Ahmedabad – by VC.
5	Shri Goutham S.	DGM, IFSCA, Special Invitee Office of the Administrator (IFSCA) – by VC.
5	Sh. Dharmvirsinh Jadeja, Deputy Commissioner, CGST Gandhinagar Division	Nominee of the Commissioner of CGST, Gandhinagar– by VC.
6	Shri Piyush Gandhi, Sr. VP.	Nominee of Special Invitee representing the Developer.