

Minutes of 56th(fifty-sixth) meeting of the Approval Committee for the Sector specific SEZ for multi-services developed by M/s. GIFT SEZ Ltd., held on 27-04-2018 at 10:30 hours under Chairmanship of Shri UpendraVasishth, ndc, Zonal Development Commissioner, Kandla Special Economic Zone, in the conference room of the Zonal DC, Kandla-SEZ, Ahmedabad.

List of participants is annexed as Annexure-I

Approved minutes of the previous meeting were confirmed by the Approval Committee.

56-A) Fresh case for GIFT – Multi Services - SEZ:-

56-A-01) Proposal of M/s. Zinspecta India Pvt. Ltd., Gandhinagar for setting-up of new services related unit in GIFT-SEZ, Gandhinagar.

Shri L. D. Chauhan, and Smt Bijal L. Chauhan, Directors of the company, appeared before the Approval Committee for personal interview. They explained background of the company's business of various types of services, including ITES based consulting, certifications, and testing, professional services. These services are provided to basic industries like oilfield sector, etc. A brief detail of the proposal is as under:-

- FOB value for export of services for said project for 05 (five) years period is projected as Rs. 3855.55 lakhs, with foreign exchange outgo at Rs. 1966.33 lakhs, resulting in NFE of Rs. 1889.22 lakhs (49.00%). It was clarified by the applicant that the outgo of foreign exchange is provisioned for Foreign Travel of the Company's executives.
- The Co-Developer (M/s. Volupia) vide letter/PLOA dated 07-03-2018 has earmarked, & confirmed the required premises/space in the SEZ for the proposed project. The Developer-M/s. GIFT SEZ Limited has also given their concurrence.
- The Approval Committee emphasized that the applicant has to furnish a copy of the registered Lease Deed to the Development Commissioner within six months from issuance of the Letter of Approval for the allotted premises in SEZ, as required in terms of Rule-18 (2) (ii) of the SEZ Rules, 2006. The Approval Committee also clearly explained to the applicant that they cannot provide any services to clients in DTA from GIFT Multi Services SEZ.

The Approval Committee after due diligence and deliberation approved the project, subject to standard terms and conditions of the SEZ Rules, 2006.

56-B) Other cases for GIFT - SEZ:-

56-B-01) a) Request of the Developer – M/s. GIFT SEZ Limited for Relaxation in the conditions of LOA of the units.

Shri Dipesh Shah, Head (IFSC), GIFT SEZ Ltd., requested the Approval Committee for re-consideration of its decisions held in previous meeting related to consideration and approval of IFSC unit applicants, regarding the specific condition



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applied i.e. *“Bond-Cum-Legal Undertaking as prescribed under the Special Economic Zone Rules, 2006, after all required approvals/permission from the IRDAI, FEMA/SEBI, or any regulatory authority applicable”*, as per Condition No. 02 (i) of Letter of Approval (i.e. Form-G). This decision was taken by the Approval Committee for GIFT-SEZ (including IFSC), in order to conform with the condition that the applicants obtain all mandatory/statutory approvals/permissions as required under following notifications and as applicable:-

1) Government of India, Ministry of Commerce & Industry’s Notification No. S.O. 968 (E) F.No. D.12/25/2009-SEZ dated 08-04-2015;

2) Notification No. G.S.R. 229 (E), dated 27-03-2015 issued by the Government of India, Ministry of Finance, Department of Financial Services from F. No. 14017/98/2014-Ins.II;

3) Foreign Exchange Management (International Financial Services Centre) Regulations, 2015;

4) Insurance Regulatory and Development Authority of India (International Financial Services Centre) Guidelines, 2015, and

5) Securities and Exchange Board of India (SEBI), as required under the IFSC guidelines & regulations and strictly in accordance with (1) Securities and Exchange Board of India (International Financial Service Centre) Guidelines, 2015, dated 27-03-2015.

The IFSC units approvals/permissions under the stipulated due drawn formalities and procedures from the respective three Regulatory Bodies, viz. 1) IRDAI; 2) RBI; and 3) SEBI,

The approvals from the above regulatory authorities take a long time ranging from six months to twelve months. Therefore, the Letter of Approval (LOA) granted under the SEZ Act and Rules lapses since the initial validity is for a period of one year. Thus the approval granted under the SEZ Act and Rules becomes non-operative and is deemed to have lapsed after the initial validity of one year.

Such a condition to execute BLUT after obtaining approval from the Regulatory authorities is against the Government’s commitment of ‘Ease of doing Business’

As the BLUT is for starting of operations under SEZ Act/Rules which includes duty-free procurement of goods/services to set up the unit and has nothing to do with actual operations as an IFSC unit the Approval Committee after due diligence and deliberation decided to do away with the stipulation of execution of *“Bond-Cum-Legal Undertaking as prescribed under the Special Economic Zone Rules, 2006, after all required approvals/permission from the IRDAI, FEMA/SEBI, or any regulatory authority applicable”* for new IFSC units/applicant. The Approval Committee further decided the Bond-cum-legal undertaking shall be accepted under the SEZ Rules, 2006 for IFSC applicants to facilitate setting-up of service units, entering into Lease Deed with Developer, and/or Co-Developers. However, the IFSC can start operation only after all mandatory/statutory approvals/permissions from all concerned Regulatory Authorities are in place.

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56-B-02) a) Request of the Developer – M/s. GIFT SEZ Limited for extension of time for execution of Lease Deed with the approved units in GIFT-SEZ.

The Chairman of the Approval Committee apprised other members of Committee regarding the decision taken in the 49th meeting held on 01-11-2017 wherein time upto 30-04-2018 was given to all approved units to move out of incubation/temporary premises to permanent premises in the SEZ and enter into Lease Deed for minimum period of five (05) years. He further informed that this has resulted into approval holders regularizing their respective premises in the SEZ and entering into the stipulated requirement of Lease Deed with developer/co-developers. In order to smoothen this process it was felt to extend the time limit from 30-04-2018 for a further period of two (02) months, i.e. 30-06-2018.

The Approval Committee agreed to the suggestions of the Chairman and Development Commissioner, Kandla-SEZ, and approved submission of Registered Lease Deed by approval holders as required under the SEZ Rules, 2006, upto 30-06-2018.

Further, Shri Dipesh Shah, Head (IFSC), GIFT SEZ Ltd., raised the concern of approved IFSC units, especially the SEBI regulated Capital market intermediary/brokers not physically operating from GIFT-SEZ, Gandhinagar. The Chairman suggested that necessary steps may be taken to put in place access control/monitoring systems, like Biometric devices to ensure that the brokers operate physically from the terminals located in the IFSC alone. This measure shall also take care of security aspects of the SEZ. For this a circular may be issued after the required systems are in place.

56-T-01) Table agenda item for GIFT - SEZ:-

56-T-01) Fresh proposal of M/s. Excel Broking (IFSC) Pvt. Ltd., Gandhinagar, for setting-up of IFSC financial services – capital market intermediary unit in GIFT-SEZ, Gandhinagar.

Earlier, this Approval Committee in its 34th meeting held on 23-12-2016 had approved M/s. Excel Broking (IFSC) Pvt. Ltd. (with request id No. 111600005801) Gandhinagar, for setting-up of IFSC financial services – capital market intermediary unit in GIFT-SEZ, Gandhinagar, for the said proposal Letter of Approval dated 23-12-2016 was issued to the applicant under the SEZ Rules, 2006. However, the approval holder could not commence the approved operations/activities within the stipulated time limit of one year after obtaining all Regulatory approvals/permissions and appropriately inform SEBI/Development Commissioner. Thus, the Development Commissioner's office issued Lapse Order dated 08-03-2018, treating the LOA dated 23-12-2016 as deemed to have lapsed with effect from 22-12-2017 in terms of Rule-19 (5) of the SEZ Rules, 2006.

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The applicant company M/s. Excel Broking (IFSC) Pvt. Ltd. is still interested in proposed project in the GIFT – Multi-services – SEZ. Thus, M/s. Excel Broking (IFSC) Pvt. Ltd., preferred fresh application with request id No. 111800001106. A brief detail of the fresh proposal is as under:-

- The FOB value for said project, for 5 (Five) years period is projected as Rs. 1178.12 lakhs lakhs, with foreign exchange outgo of Rs. 201.71 lakhs resulting in NFE of Rs. 976.41 lakhs (82.88%).
- The Approval Committee emphasized that the applicant has to furnish a copy of the registered Lease Deed to the Development Commissioner within six months from issuance of the Letter of Approval for the allotted premises in SEZ, as required in terms of Rule-18 (2) (ii) of the SEZ Rules, 2006.

The Approval Committee after due diligence and deliberation, decided to give one more opportunity to the applicant and approved the fresh proposal, subject to standard terms and conditions, of the SEZ Rules, 2006, and other stipulated and mandatory norms/requirements of SEBI.



(UpendraVasishth)
Chairman of Approval Committee,
& Development Commissioner,
Kandla Special Economic Zone.

ANNEXURE-I

The following members were present:-

01.	ShriUpendraVasishth, ndc, Zonal Development Commissioner, Kandla Special Economic Zone	Chairman
02.	Shri SatyadeepMahapatra, IRS Joint Development Commissioner, KASEZ.	Nominee for the Director – SEZ, DOC, MOC&I.
03.	Shri Mahesh Jiwade, Joint Commissioner of Income Tax, Range-2 (1), Ahmedabad.	Nominee of the Commissioner of Income Tax.
04.	Shri Ajay Zala, Deputy Collector, LR, Gandhinagar.	Nominee of the Collector, Gandhinagar.
05.	Shri Haroon Bilal, Assistant DGFT, Ahmedabad	Nominee of the Jt. DGFT, Ahmedabad.
06.	Shri Dipesh Shah, Head (IFSC) M/s. GIFT SEZ Limited.	Special Invitee representing the developer - GIFT