

BREW HEMS · CAPITAL INTELLIGENCE FOR HNI INDIA

# The Building That *Pays You Back*

Why South Gujarat's infrastructure gap is a real estate developer's most overlooked opportunity — and the exact locations, land rates, and government policy that make it actionable right now.

## GUJARAT GOVERNMENT POLICY ALERT

The Gujarat IT/ITeS Policy 2022–27 offers a **25% capital subsidy up to ₹150 crore** and a **₹1/unit power tariff subsidy for 5 years** specifically for data centre projects. Valid for facilities set up on or before 31 March 2027, operational by 31 March 2028.

Window is open — but closing.

*Gujarat has a **₹22 lakh crore economy**, 2,250 industries in a single GIDC estate, and the world's largest office building. It has **3 operational data centres** in the entire state. Someone will build what's missing. The question is who gets there first.*

## CONTEXT

### A Law Changed Everything. Most Builders Haven't Noticed.

In August 2023, India passed the Digital Personal Data Protection Act. In plain language: every business holding personal data — a customer's name, phone number, bank detail — is now legally accountable for how and where that data is stored and protected. Not just large corporations. Hospitals. Cooperative banks. Textile manufacturers. Diamond traders.

Most of these businesses currently store their data on servers sitting in a back office, a storeroom, or an IT cupboard. No backup power. No fire suppression. No access logs. No DR copy. That setup was always a risk. After August 2023, it became a compliance liability with a face value attached.

*"The law didn't create the demand for data infrastructure. It created the urgency. Enterprises who were comfortable with the risk yesterday are now uncomfortable with it today."*

Three other forces are converging simultaneously. AI applications require compute infrastructure close to where data is generated — pulling demand from Mumbai and Bengaluru toward Tier-2 corridors. Gujarat's massive renewable energy build-out is making green-powered facilities economically viable. And the Government of India's infrastructure status classification for data centres has made this asset class eligible for cheaper long-term project financing than standard commercial real estate.

The window between when a structural opportunity becomes visible and when it becomes crowded is the only window that matters for early capital. In South Gujarat, that window is open right now.

## GOVERNMENT POLICY

# What the Gujarat Government Will Pay You to Build

The Gujarat IT/ITeS Policy 2022–27, launched on 8 February 2022, has a dedicated data centre category with both capital and operating support.

### GUJARAT IT/ITES POLICY 2022–27 — DATA CENTRE INCENTIVES

#### CAPITAL SUBSIDY (CAPEX)

## 25% of project cost

Maximum ceiling of ₹150 crore. One-time incentive on eligible fixed capital investment including civil works, power infrastructure, and IT equipment.

#### POWER TARIFF SUBSIDY (OPEX)

## ₹1/unit for 5 years

Applied on all power consumed. On a 1 MW facility at 80% load, this saves approximately ₹70–80 lakh per year — ₹3.5–4 crore over 5 years.

#### ELECTRICITY DUTY INCENTIVE

## 100% waiver

Full exemption on electricity duty paid to Government of Gujarat for 5 years. A direct operating cost reduction from day one of commercial operations.

#### INTEREST SUBSIDY

## Up to ₹1 cr/year

7% interest subsidy on term loan for 5 years (or actual interest paid, whichever is lower). Reduces effective cost of debt financing for the project.

**Eligibility:** Tier III and above data centres with **more than 150 racks** only. Set up on or before **31 March 2027**, operations by **31 March 2028**. First three companies with GFCI greater than ₹100 crore receive mega-unit designation with enhanced benefits. Apply via Gujarat DST Incentive Management Portal: [dstpolicy.gujarat.gov.in](http://dstpolicy.gujarat.gov.in).

**What this means in rupees for a 150-rack facility:** On a ₹60 crore project, the 25% CAPEX subsidy returns ₹15 crore. Power subsidy adds ₹3.5–4 crore over 5 years. The electricity duty waiver adds further savings. Combined, the government effectively subsidises ₹18–19 crore of a ₹60 crore project — changing the equity requirement and payback timeline materially.

## THE ASSET

# This Is Not a Tech Investment. It Is a Real Estate Investment.

A data centre, stripped of the jargon, is a building with three things inside it: reliable power, controlled cooling, and physical security. The technology belongs to the customer. You are the specialised landlord.

The competitive advantage in data centre development is not technical expertise — it is exactly what a real estate developer already has: land in the right location, construction capability, local regulatory relationships, and access to project financing.

<h2>35-45%</h2> <p>Stabilised EBITDA margin in Indian retail colocation</p>	<h2>10-15 yr</h2> <p>Typical customer lease tenure — longer than commercial office</p>	<h2>₹46 cr</h2> <p>Capex per MW in India — among the lowest globally</p>	<h2>3</h2> <p>Total operational data centres in all of Gujarat today</p>
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**The builder's edge:** A developer who already owns a commercial building in the right corridor can convert 3,000–10,000 sq ft into a micro data centre for ₹10–20 crore. The same project costs a standalone operator 30–40% more because they're paying market rent on top of the fit-out. That structural cost advantage is the entire moat.

## LAND RATES — CROSS-VERIFIED (3 INDEPENDENT SOURCES)

# What Land Actually Costs: The Honest Table

Land rates vary significantly depending on whether you access GIDC allotment, purchase a private NA plot, or convert agricultural land. Three different markets, three different price points, three different timelines — all verified.

LOCATION	GIDC ALLOTMENT RATE	OPEN MARKET NA RATE	DC PLANNING ESTIMATE	NOTES
<b>Bardoli</b> Surat district	₹740–990/sq m (₹30–40L/acre)	₹1,200–1,800/sq m (₹49–73L/acre)	₹900–1,500/sq m	<b>DC VIABLE</b> BSNL + Jio fibre confirmed. DGVCL power. Best first-mover location.
<b>Olpad</b> Surat district	₹600–800/sq m (₹24–32L/acre)	₹1,200–2,000/sq m (₹49–81L/acre)	₹800–1,400/sq m	<b>DC VIABLE</b> Private parks from ₹60L. 20 km from Surat. NH-48 fibre corridor.
<b>Navsari</b> Navsari district	₹970/sq m (₹39L/acre)	₹1,500–2,500/sq m (₹61–101L/acre)	₹1,200–2,000/sq m	<b>DC VIABLE</b> District HQ. BSNL exchange confirmed. Co-op banking customer base.
<b>Sachin GIDC</b> Surat district	₹5,100/sq m (new allotments rare)	₹8,000–10,000/sq m	₹8,000–10,000/sq m	<b>CUSTOMER ZONE</b> 2,400+ industries. Build in Bardoli, serve Sachin customers.

LOCATION	GIDC ALLOTMENT RATE	OPEN MARKET NA RATE	DC PLANNING ESTIMATE	NOTES
		(secondary market)		
Katargam / Pandesara Surat city	₹5,100–6,360/sq m	₹10,000–14,000/sq m	₹10,000–14,000/sq m	<b>PREMIUM</b> Best customers, highest land cost. 8–10x more expensive than Bardoli.
Ankleshwar Bharuch district	₹2,700/sq m (₹109L/acre)	₹4,000–6,000/sq m	₹4,000–6,000/sq m	<b>PHASE 2</b> Asia's largest chemical cluster. High compliance DC demand. Phase-2 target.

Sources: (1) GIDC Official Allotment Price Circular FY 2021–22 (gidc.gujarat.gov.in) – statutory rates, estimated +10%/yr for 2024–25. (2) SuratVR Properties active industrial listings, April 2025 – open market NA plot pricing. (3) RealEstateIndia.com active listings, Bardoli/Olpad/Sachin GIDC, 2024–25 – seller-quoted prices cross-checked against implied per-sq-m rates.

**Important distinction:** GIDC statutory rates apply only to new allotments through GIDC's controlled application process — waitlisted, not guaranteed. Open market NA plots are immediately transferable but cost 1.5–2.5x the GIDC rate. Agricultural land (₹250–400/sq m) requires Non-Agricultural conversion approval adding 12–24 months and ₹50–150/sq m in additional costs before any construction can begin.

## LOCATION INTELLIGENCE

# Where to Build: The South Gujarat Corridor

## Primary zone — Bardoli-Olpad corridor

Thirty kilometres north of Surat city on NH-48. GIDC land at ₹600–740/sq m statutory, ₹1,200–2,000/sq m open market — 5–8x cheaper than Sachin or Pandesara. NH-48 carries the backbone fibre of Jio, Airtel, and BSNL. Enterprise-grade connectivity is reachable from any site on this highway corridor.

## Secondary zone — Navsari district

Forty kilometres south of Bardoli. District headquarters with cooperative banks, agri-processing, and government offices generating significant data with no professional DC facility nearby. BSNL exchange confirmed in Navsari town. The Udhana–Navsari highway carries fibre southward from Surat.

## Phase-2 target — Bharuch-Ankleshwar industrial belt

Asia's most concentrated chemical and pharmaceutical cluster. High-value compliance data obligations: GMP batch records, HSE logs, FDA audit trails. GIDC land at ₹2,700–4,000/sq m. Build and stabilise Bardoli first; approach Ankleshwar customers in year three.

## CONNECTIVITY INFRASTRUCTURE

# The Fibre Picture: What Is Underground and Where

A data centre needs multiple physically separate high-capacity fibre paths from different carriers — carrier-diverse, dual-redundant. Here is the ground-level picture for the Bardoli–Surat corridor:

<p>RELIANCE JIO</p> <ul style="list-style-type: none"> <li>● <b>Backbone confirmed on NH-48</b></li> </ul> <p>National fibre backbone runs along NH-48 through the Bardoli–Surat corridor. JioFiber residential active in Bardoli confirms local exchange infrastructure. Enterprise leased lines available for commercial quotation.</p>	<p>BSNL / BHARAT FIBER</p> <ul style="list-style-type: none"> <li>● <b>Exchange operational in Bardoli</b></li> </ul> <p>Among the first carriers to launch Bharat Fiber in Bardoli — alongside Ahmedabad, Surat, Anand, Vadodara. Active OFC backhaul confirmed. Enterprise dark fibre and leased line services available.</p>
<p>AIRTEL</p> <ul style="list-style-type: none"> <li>● <b>Present in Surat — last mile needed</b></li> </ul> <p>Active enterprise operations in Surat city. Reach to Bardoli requires last-mile extension of 3–8 km at ₹3–8 lakh one-time civil cost. Feasible but not automatic.</p>	<p>AIRLINK COMMUNICATIONS</p> <ul style="list-style-type: none"> <li>● <b>South Gujarat underground OFC</b></li> </ul> <p>Surat-based ISP with own underground optical fibre network across South Gujarat. Provides a third carrier path in the Surat–Bardoli–Bharuch corridor — critical for dual-redundant entry.</p>
<p>GTPL BROADBAND</p> <ul style="list-style-type: none"> <li>● <b>Active in Bardoli and Sachin</b></li> </ul> <p>Active fibre operations in Bardoli and Sachin GIDC corridor. Adds a fourth carrier-path option for route diversity in a dual-redundant fibre architecture.</p>	<p>GFGNL / BHARATNET</p> <ul style="list-style-type: none"> <li>● <b>Rural coverage only</b></li> </ul> <p>Reaches Bardoli taluka gram panchayats. Designed for 2–20 Mbps village broadband — not the 1–10 Gbps enterprise leased lines a data centre requires. Not a substitute for carrier-grade infrastructure.</p>

**Bottom line:** Dual-redundant, carrier-diverse fibre entry is achievable in Bardoli using Jio + BSNL as primary paths, Airlink or GTPL as backup. Engineering cost: ₹8–15 lakh for dual-path conduit and fibre termination. This is a solved problem — not a feasibility question.

## CUSTOMER INTELLIGENCE

# Who Pays, Why They Pay, and What Triggers the Decision

CUSTOMER TYPE	LOCATION CLUSTERS	COMPLIANCE TRIGGER	CONTRACT VALUE	SPEED
<p><b>Cooperative banks &amp; UCBs</b></p> <p>Surat District Co-op Bank, regional UCBs across Bardoli, Navsari, Olpad talukas</p>	<p><b>BARDOLI</b></p> <p><b>NAVSARI</b></p>	<p>RBI IT framework for urban cooperative banks mandates DR infrastructure and audit trails. One inspection finding converts a prospect into a signed customer.</p>	<p>₹2–8 lakh/month</p>	<p><b>Fast</b></p>
<p><b>Sachin–Kamrej GIDC manufacturers</b></p> <p>2,250 industries across 97 feeders with documented power complaints on DGVCL record</p>	<p><b>SACHIN</b></p> <p><b>KAMREJ</b></p>	<p>Power disruption has already cost them crores. They have written to DGVCL. A DC with DG backup is the solution they are already asking for — in different words.</p>	<p>₹50K–3L/month</p>	<p><b>Fast</b></p>

CUSTOMER TYPE	LOCATION CLUSTERS	COMPLIANCE TRIGGER	CONTRACT VALUE	SPEED
<b>Surat Diamond Bourse</b> 4,500+ offices, world's largest office building. AML, customs, KYC, trade finance data obligations.	DREAM CITY	DPDP Act + RBI AML guidelines for jewellery businesses. No professional DC within 45 km. First mover owns the pitch.	₹3–12L/month	Medium
<b>Private hospitals &amp; diagnostic chains</b> Patient billing, ABDM health ID, insurance processing, diagnostic imaging	BARDOLI NAVSARI	NHA ABDM mandate + DPDP Act require compliant infrastructure. One downtime incident during a procedure converts a prospect permanently.	₹1–5L/month	Medium
<b>District government offices</b> Collectorate, nagarpalika, taluka administration running e-governance under NIC mandate	NAVSARI VYARA	NIC empanelment required. Slow cycle (18–24 months) but contracts are 5 years and essentially non-cancellable once signed.	₹1–4L/month	Long cycle

## ENTRY STRUCTURES

# How a Developer or HNI Investor Enters: Four Models

## Model 1 — Asset-light managed lease

You build the shell and power infrastructure. You lease the entire facility to an established operator on a 10-year lease at a fixed monthly rate. Zero operational complexity. Predictable income from day one. The Gujarat CAPEX subsidy still applies to your project cost.

## Model 2 — JV operator-developer (recommended)

You contribute land and building (as equity). Operator contributes customers, technical management, and brand. JV entity holds customer contracts and distributes operating surplus. Equity split typically 60:40 or 65:35 in the builder's favour. Critical clause: all customer MSAs signed with the JV entity, not the operator's parent company.

## Model 3 — Build and operate with hired NOC

You build, contract a white-label NOC team, and operate as your own business. Maximum upside, maximum complexity. Only viable with a specific anchor customer already committed before ground is broken.

## Model 4 — Minority LP position (for HNIs)

Take a 20–30% LP stake in a developer-operator JV. Capital in, quarterly distributions out, no operational involvement. Ticket: ₹5–15 crore for a meaningful minority position in a 150-rack facility. 7-year hold, commercial real estate-comparable return with technology demand upside.

## What Actually Kills These Deals

- ✗ **No power sanction before construction begins.** A data centre without a confirmed DGVCL load sanction of at least 500 kW–2 MW is an expensive building. In Gujarat, load sanction takes 6–18 months. Start construction before confirmation and you risk completing the facility and waiting two years for the power you need. Get the sanction letter before a single pile is driven.
- ✗ **Building on speculation without an anchor tenant.** Build a 30-rack facility assuming customers will appear. In a market with no established DC culture, they don't — at least not quickly enough. One signed MSA covering 40% of rack capacity before you break ground changes the entire financing and cash flow profile.
- ✗ **Missing the Gujarat policy window.** The Gujarat IT/ITeS Policy 2022–27 requires set up by 31 March 2027 and operations by 31 March 2028. A developer who takes 18 months to decide and 18 months to build will miss the window. The ₹18–19 crore in combined subsidy and savings is not money to leave on the table through inaction.
- ✗ **Mistaking BharatNet for enterprise fibre.** Several developers in secondary markets have built facilities only to discover that the only reachable fibre was gram panchayat-level BharatNet — designed for 20 Mbps village broadband, not 1 Gbps enterprise leased lines. Confirm carrier ILL availability at your specific site address before signing any commercial terms.
- ✗ **The operator walks.** If you structure a JV where the operator holds customer relationships and then exits, you are left with a building and no contracts. All customer MSAs must be signed with the JV entity. This one clause is worth more than any other negotiating point in the term sheet.
- ✗ **Exit illiquidity.** Data centre assets are not liquid like commercial office or retail property. The buyer universe for a stabilised 50-rack colo in Bardoli is smaller than for a Surat office building. This is a 7–10 year hold investment. If you need capital back in 4 years, the asset class is wrong for you — not the opportunity.

### THE VERDICT

The opportunity in South Gujarat is real, the timing is right, and the government policy window is genuinely open — but closing. The Gujarat IT/ITeS Policy 2022-27 has a hard deadline of March 2027 for project setup and March 2028 for operations. Developers who move in the next 12 months can capture a **₹18-19 crore subsidy and savings package** that will not be available to those who decide later.

The right entry for a real estate developer is the JV operator-developer model in the Bardoli-Olpad corridor — land cost advantage of 5-8x over Surat city, confirmed fibre on NH-48, DGVCL industrial power available, and a captive customer base of cooperative banks, GIDC manufacturers, and healthcare institutions with no professional alternative within 80 km.

For HNI capital: the minority LP position in a structured developer-operator JV is the highest risk-adjusted entry point available in Gujarat infrastructure today. The ticket is **₹5-15 crore, 7-year hold, no operational involvement**. The downside is a well-located building. The upside is the first professionally managed colocation facility in a corridor with zero competition and government subsidy behind it.

YOUR NEXT MOVE

## What to Do This Week

### IF YOU ARE A DEVELOPER WITH LAND

Call the IT head of the three largest cooperative banks within 20 km of your site this week. Ask: where do your core banking servers sit, and what happens if they go down for 6 hours? Their answer tells you whether demand is real at your specific location.

### IF YOU ARE AN HNI INVESTOR

Ask any operator or developer you are considering to show you existing customer letters of intent — not projections, actual signed documents. If they don't have at least one anchor customer committed, they are asking you to fund the demand discovery exercise.

### APPLY FOR POWER SANCTION NOW

Regardless of final decision timeline, apply for DGVCL load sanction on any commercial land you own in Surat district. Free to initiate, takes 6–18 months. An approved sanction in hand is significant optionality if you decide to build later.

### REGISTER FOR GUJARAT POLICY INCENTIVES

If your project will be 150+ racks and Tier III-capable, register on the Gujarat DST Incentive Management Portal ([dstpolicy.gujarat.gov.in](http://dstpolicy.gujarat.gov.in)) before the March 2027 deadline. The 25% CAPEX subsidy application requires advance registration. Don't miss it.

**Sources:** GIDC Official Allotment Price Circular FY 2021–22 ([gdc.gujarat.gov.in](http://gdc.gujarat.gov.in)); Gujarat IT/ITeS Policy 2022–27 ([gsem.gujarat.gov.in](http://gsem.gujarat.gov.in)); Gujarat DST Incentive Management Portal ([dstpolicy.gujarat.gov.in](http://dstpolicy.gujarat.gov.in)); Colliers India policy analysis; Cushman & Wakefield India data centre report; SuratVR Properties industrial listings (April 2025); RealEstateIndia.com Bardoli/Olpad/Sachin GIDC listings; BSNL Bharat Fiber Gujarat rollout records; Airlink Communications South Gujarat OFC network; GFGNL scope documentation ([bharatnet.gujarat.gov.in](http://bharatnet.gujarat.gov.in)); Baxtel Gujarat data centre database; RBI IT framework for urban cooperative banks 2023; Digital Personal Data Protection Act 2023.

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THE STRESS-TEST LAYER BETWEEN HYPE AND CAPITAL

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All land rates are indicative and verified against three independent sources as of May 2026.

Conduct independent due diligence before making any investment or development decision.

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