

Supplementary Agenda for the 51st meeting of the Board of Approval to be held on 13th March 2012 at 10.30 A.M. in the Room No. 47, Udyog Bhawan

Item No. 51.23: Proposals for setting up of SEZs

S. No	Name of the Developer	Location	Sector	Area (in ha)	Land Possession	SGR	Status of application
(i)	M/s. M.P. Audyogik Kendra Vikas Nigam (Indore) Limited	Village Rangwasa, District Indore, Madhya Pradesh	Gems & Jewellery	10.924	Yes	Yes	New
(ii)	M/s. Impetus Infotech (India) Private Limited	Indore, Madhya Pradesh	IT/ITES	10	No*	Yes	New
(iii)	M/s. Tata Consultancy Services Limited	Tubarahalli & Siddapura village, Varthur Hobli, Bangaluru East Taluk, Bangaluru, Karnataka	IT/ITES	11.03	No	Yes	New

*The Government of M.P has taken an in-principle decision to allot 25 acres of land to the developer.

Item No.51.24: Requests for co-developer

(i) Request of M/s. Virtus IT Services Private Limited for co-developer in the sector specific SEZ for IT/ITES at Attipra, Taluk and District Thiruvananthapuram, Kerala, being developed by M/s. Electronics Technology Parks - Kerala

The above mentioned SEZ was notified on 19th November, 2009 over an area of 11.8765 Hectares. M/s. Virtus IT Services Private Limited has submitted a proposal for becoming a co-developer in the aforesaid SEZ for providing infrastructure facilities and development of IT sector industry, over an area of 50.2 cents was considered in the BoA meeting held on 24th January, 2012 and was deferred. The minutes are as under:-

*The representative of CBDT pointed out that the lease agreement had been signed well before the co-developer agreement. A report in this regard was sought from the DC CSEZ. The proposal was, therefore, **deferred**.*

A report dated 01.03.2012 from DC CSEZ has been received [**Annexure – 1 (page no.5-6)**]. The request is, therefore, placed before BoA.

(ii) Request of M/s. Infosys Limited for co-developer in the multi product SEZ at Nagpur, Maharashtra being developed by M/s. Maharashtra Airport Development Company Limited

The above mentioned SEZ stands notified over an area of 1597.16 hectares M/s. Infosys Limited has submitted a proposal for becoming a co-developer in the aforesaid SEZ for development of infrastructure facilities for IT/ITES, over an area of 57.56 hectares. Co-developer agreement dated 4th March, 2012 entered into with the developer has also been provided. The draft lease agreement proposed to be executed has also been provided. The draft lease agreement proposed to be executed has also been provided. DC SEEPZ/MIHAN SEZ has recommended the proposal. The request of the co-developer is submitted for consideration of BoA.

Item No. 51.25: Requests for increase/decrease in area

(i) Request of M/s. Infosys Limited for addition of land in the sector specific SEZ for IT/ITES at villages Boorgunte, Sarjapur and Billapur, Taluka Anekal, District Bangalore, Karnataka

The above mentioned SEZ stands notified over an area of 24.446 hectares. In order to expand the total SEZ area for development, the developer has requested to add a part of land admeasuring 78.082 hectares to the already notified SEZ, thereby making the total area of the SEZ as 102.528 hectares. The land proposed to be added is vacant, contiguous and is in possession of the developer. DC, CSEZ has recommended the proposal.

The request of the developer for increase in area is submitted for consideration of the BoA.

Item No. 51.26: Requests for grant of second extension of in-principle approval.

S. No.	Name of the Developer	Sector and area	Location of the SEZ	Percentage of land in possession of developer as on expiry of validity of in-principle approval
1.	M/s. Trac Technologies India Limited	Multi Services, 1182.19	Krishnagiri District, Tamil Nadu	In-principle approval was granted vide LoA dated 27 th February 2009. The developer has already been granted two extensions. The validity of last extension was up to 26 th February, 2012. The developer has stated that due to the voluminous work involved in acquisition of land for the SEZ, there has been delay in implementation of the project. Further, the developer expects to complete the land acquisition formalities by December, 2012. The developer has, therefore, sought one year's extension of the validity of the in-principle approval. DC, MEPZ has recommended grant of further extension for a period of 1 years beyond 26 th February, 2012.

Item No.51.27: Request of M/s. ONGC Petro additions Limited (OPaL) a unit in Dahej SEZ for permission for establishing a Training Academy in the processing area

DC Dahej SEZ has informed that M/s. OPaL had constructed a guest house and barrack for security personnel in its premises, without approval of the UAC for the authorized operations. Accordingly, a Show Cause was issued to a unit on 24.11.2010. After granting personal hearing to unit an adjudication dated 12.04.2011 was passed by DC KASEZ, the operative portion of which is as under:-

“After hearing the presentation made by the Unit, it was informed to the unit that guest house and barracks for security personnel cannot be permitted inside the processing area of the SEZ. Therefore, the unit should immediately close the same

and/or put them to alternative use and refund all the financial benefits availed for construction of these facilities”.

The unit has now requested convert the existing guest house to the training academy stating following reasons:-

- (a) The primary and essential aspect of M/s. Opal is that all the executives need to be trained continuously for engineering, design, simulation and also on the job training in running plant to effectively operate the plant in economical way and to maintain quality and safety standards of international repute. Even during the commissioning and operations of plant i.e. after October/December 2013, the training of Human Resources is a continuous process to safe guard the environment as well as people working in the plant.
- (b) As per standards and statutory requirements also, the training needs to be repeated periodically to all the employees of Opal in different aspects as well as in different packages. Again the petrochemical industry is such an industry which is prone to human attrition at large extent. Even at the stage of plant design engineering and construction stage, Opal has observed 9-10% attrition in one year due to competitive environment. Overall attrition is up to 21% till date since 2008.
- (c) OPaL's Petrochemical Complex is one of the largest where licensor of international repute i.e. Linde, Lurgi, Eneos, Mitsui etc have been awarded different packages with latest technology and such hi-tech plant need continuous training to the operation and maintenance crew.
- (d) The security barracks will be used as “Security Office/Duty Change Room”.

DC Dahej SEZ has forwarded the request for consideration of the Board. The request of the developer is submitted for consideration of BoA.

Item No.51.28: Request for clarification regarding qualification of sales of Cash Dispenser Machines (CDM) from SEZ units to Domestic Tariff Area (DTA) as deemed exports

Perto S.A is a leading manufacturer of ATM and CDM is interested in establishing a manufacturing facility in an SEZ in India. M/s. Perto has stated that the SEZ unit shall achieve positive NFE to be calculated cumulatively for a period of 5 years from the commencement of production according to the following formula:-

$$\text{Positive NFE} = A - B > 0$$

Where A is Free on Board value of exports, including exports to Nepal and Bhutan against freely convertible currency, by the Unit and the value of supply of Information technology Agreement items and notified zero duty telecom or electronic items, namely, Color Display Tubes for monitors and Deflection components for colour monitors or any other items as may be notified by the Central Government [Rule 53 (1)];

M/s. Perto has mentioned that the ITA agreement was executed between WTO member nations and later accepted by India. From the agreement, they are of the view that ATM machines (classified under Customs Tariff Heading 8472.90 of the India Customs Tariff) are specifically treated as an ITA item and therefore eligible for positive NFE benefit under Rule 53.

The Cash Dispenser Mechanisms (CDM), which are basically Automatic Teller Machines, without one or two functions less, and which are also classified under Customs Tariff Heading 8472.90 are not specifically mentioned in the list of ITA items. The unit has requested for clarification as to whether sales of CDM from SEZ units to DTA will qualify as 'deemed exports'

The matter needs to be clarified as what are the specific HS Codes (Harmonized System Codes) and the related products which are exempted under Custom Notification No. 25 dated 01.03.2005. It lists ATMs under HS Code 847290 which lists "Other office Machines" and not specifically ATMs. Other related HS Codes are also listed. Cash Dispensing Machines (CDMs) are not listed in Notification 25; but in Custom Notification 24 dated 01.03.2011, it is again listed under HS Code 847290. The pertinent issue here is whether CDM machines are covered under ITA which would then affect the treatment of sale of such goods into DTA under Rule 53 of SEZ Rules for calculation of NFE (treated as deemed exports). There is zero duty on ATMs as well as CDMs. The constitution of ATMs and CDMs submitted by M/s. Perto indicates the two be identical except for the Envelope Depository Module being absent in the case of a CDM.

The request of M/s. Perto is at **Annexure – 2 (page no. 7-14)**.

The matter is placed before BoA for consideration.

Item No.51.29: Request for setting up of an additional entry/exit gate in sector specific SEZ for Engineering Goods at District Amreli, Gujarat, for movement of Over Dimensional Cargo (ODC)

The above mentioned SEZ by M/s. E-Complex Private Limited was notified on 2nd January 2008 over an area of 124.1199 hectares. The SEZ has a unit namely M/s. Pipavav Defence & Offshore Engineering Company Limited which is holding LoP for manufacture of Ships, Vessels, Hulls, Offshore Structures includes FPSO, Rigs, Platforms etc and has started its commercial production with effect from 01.04.2009.

The parts of ships/vessels are manufactured in SEZ premises however, the dry dock where the final products i.e. Ships, Vessels, Hulls, Offshore Structures includes FPSO, Rigs, Platforms etc. are finally assembled/manufactures is in the EOU premises (job worker of the SEZ) of the same developer.

The gate approved during notification of the SEZ is being utilized for normal movement of men and material. However, the movement of the semi-finished parts of ships/vessels which are over dimensional cargos, cannot take place through this gate. The developer has, requested for additional gate for the movement of ODC cargo as per the provisions of Rule 11(2) of the SEZ Rules 2006.

DC KASEZ has recommended the proposal.

The request of the developer is submitted for consideration of BoA.
