

**Supplementary Agenda for the 72<sup>nd</sup> meeting of the Board of Approval to be held on  
12<sup>th</sup> August, 2016, at 11.00 A.M. in Room No. 47, Udyog Bhawan, New Delhi**

**Item No. 72.7: Requests for extension of validity of formal approvals**

**(i) Request of Telangana State Industrial Infrastructure Corporation Ltd. (TSIIC) Ltd. for further extension of the validity period of formal approval, granted for setting up of sector specific SEZ for IT/ITES at Madikonda Village, Hanamkonda Mandal, Warangal District, Andhra Pradesh, beyond 25<sup>th</sup> June 2014**

**Name of the developer:** M/s. Telangana State Industrial Infrastructure Corporation Ltd. (TSIIC)

**Sector :** IT/ITES

**Location :** Madikonda village, Hanamkonda Mandal, Warangal District, Andhra Pradesh

**Extension:** The developer has been granted four extensions, validity period of which was upto 25<sup>th</sup> June, 2014.

**Basic facts:** Formal approval to the developer was granted on 26<sup>th</sup> June, 2007. The SEZ stands notified as on date.

The developer has requested for further extension so as to implement the project.

The developer has made following investments/plans.

(a) Details of business Plan:-

S. No.	Type of cost	Proposed investment
1.	Land cost	Rs. 80 lakhs
2.	Construction cost	Rs. 1122.45 lakhs
3.	Plant & Machinery	--
4.	Other overheads (annual maintenance)	--
	Total	Rs. 1202.45 lakhs

(b) Investment made so far & incremental investment since last extension

S. No.	Type of cost	Total investment made so far (Rs. In lakhs)	Incremental investment since last extension
1.	Land cost	80	
2.	Construction cost	1016.65	
3.	Plant & Machinery	--	
4.	Other overheads	--	
	Total	1096.65	

(c) Details of physical progress till date:-

S. No.	Authorized Activity	% completion as on date	% completion during last one year	Deadline for completion of balance work
1.	Land cost	100	100	--
2.	Construction cost	90	--	31.10.2016
3.	Plant & Machinery	--	--	
4.	Other overheads	--	--	

The developer submitted that they spent an amount of Rs. 11.22 crores for construction activity in the SEZ

The Secretary to Govt. of Telangana has stated that the Government of Telangana is aggressively promoting Tier II Cities as IT Hubs and it has been able to attract few large IT companies to set up their operations in IT SEZ.

DC VSEZ has recommended the request of further extension for a period of 4 years i.e. from 26.06.2014 to 01.07.2018.

The request is placed before BoA for its consideration.

**Item No. 72.8 : Requests for extension of LoP beyond 3<sup>rd</sup> Year onwards**

**(i) Request of M/s. Kirat Crafts, a unit in M/s. Mahindra World City (Jaipur) Limited at village Kalwara, Tehsil Sanganer, District Jaipur, Rajasthan SEZ for revalidation of LoP beyond 12.04.2013**

- LoP issued: 13.04.2009.
- Extensions: 1 (one) up to 12<sup>th</sup> April, 2013
- Request: For further extension.

The unit has requested for further extension so as to implement the project.

The unit has made the following investment/plans:-

S. No.	Type of cost	Proposed Investment (in March, 2009) (Rs. In lakhs)	Actual Investment (as on March 31, 2016 (Rs in lakhs)
1.	Land Cost	149.80	176.66
2.	Construction Cost	135.32	282.56
3.	Plant & Machinery	96.34	315.90

The unit has made export of Rs. 68.22 lakhs during the year 2015-16.

DC NSEZ has stated that as per para 6 of Bond-cum-Legal Undertaking (Form-H) the unit shall intimate the date of commencement of the production/service activities for export within one month of such date to the DC. In respect of a manufacturing unit, the date of Commencement of Production (DCP) can be taken when physical export is affected from SEZ. In the instant case, the extended validity period of LoA was expired on 12.04.2013, when shipping bill for first export was a filed by the unit on 02.04.2014. As such the LoA revalidation is required in this case for the intervening period from 13.04.2013 to 02.04.2014 (date of first shipping bill).

DC NSEZ has recommended the proposal.

The request is placed before BoA for its consideration.

#### Item No. 72.9 : Miscellaneous Cases

(i) **Request of M/s. Clarice Technologies India Pvt. Ltd., a unit in M/s. Neopro Technologies Pvt. Ltd. at Plot No. 2, Blue Ridge Township, Behind Cognizant, Near Rajiv Gandhi Infotech Park, Phase – I, Hinjewadi, Pune for change of name to M/s. Globant India Pvt. Ltd.**

The above mentioned unit was granted LoP on 19.12.2013. The LoA is valid upto 14.12.2019.

The unit has stated that they have decided to change the shareholding of the company and accordingly transfer 76.13% of total holding of the company to Globant S.A. & the existing shareholders of the company continues to hold balance share holding of 23.77%.

In this connection, the unit has submitted a proposal for change in its shareholding pattern as under:-

S. No.	Name	Initial application as on date 31.10.2013	Before name change (14 <sup>th</sup> may 2015)	% change
		No. of shares (% of shareholding)	No. of shares (% of shareholding)	
1.	Globant SA	--	10,200 (76.13%)	+ 76.13
2.	Sandeep Chawada	5,000 (40.13%)	1,214 (9.06%)	-31.07
3.	Shashank Deshpande	5,000 (40.13%)	1,214 (9.06%)	-31.07
4.	Hemant Joshi	1,500 (12.04%)	268 (2.00%)	-10.04
5.	Shirish Deodhar	480 (3.85%)	85 (0.63%)	-3.22
6.	Madhukar Bhatia	480 (3.85%)	85 (0.63%)	-3.22
7.	Anup Mehta	--	332 (2.49%)	+2.49
	Total	12,460	13,398	

After name change unit has allotted more shares to the existing share holders thereby increasing total paid up capital from 13,398 to 14,771 shares and the current shareholding pattern is as under:-

		After certificate of Incorporation dated 16.11.2015	
S. No.	Name of the shareholder	No. of shares	% shareholding
1.	Globant SA	11,573	78.35
2.	Sandeep Chawada	1,214	8.22
3.	Shashank Deshpande	1,214	8.22
4.	Hemant Joshi	268	1.81
5.	Shirish Deodhar	85	0.58
6.	Madhukar Bhatia	85	0.58
7.	Anup Mehta	332	2.24
	Total	14,771	100.00

With a view to promote the ease of doing business in India and that restructuring of entity/ business is a fairly common occurrence, **BOA in its 69<sup>th</sup> meeting held on 23.02.2016 decided that provisions of Rule 74A shall not apply to SEZ Units that do not exit or opt out of the SEZ Scheme by transferring its assets and liabilities to another person and the SEZ Unit continues to operate as a going concern in the situations mentioned above. The UACs concerned, may consider such requests under Rule 19(2) of the SEZ Rules, 2006.**

In so far as Business Transfer Agreement is concerned, it was explained that certain acquisitions happen globally as a result of Business Transfer Agreement which result in transfer of the SEZ unit of the Indian company on a going concern basis to the acquirer. **The BOA decided that such cases resulting in change of ownership would be decided on merits by the Board of Approvals on a case to case basis.**

The unit is not opting out from the SEZ scheme and continues to operate, since there is a change in shareholding and controlling stake to the tune of 76.13% has been transferred to Globant SA, the proposal is not covered under the powers delegated to the UAC as per the clarification issued by 69<sup>th</sup> BoA held on 23.02.2016.

DC SEEPZ has recommended the proposal.

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

**(ii) Request of M/s. Adani Food and Agro-processing Park Pvt. Ltd.(AFAPL) i.e. co-developer of multi product SEZ, Adani Ports and SEZ, over an area of 1856.5335 hectares to set up a pulses processing unit in Mega Food Park in SEZ**

M/s. Adani Food & Agro Processing Park Pvt. Ltd. have submitted that they have been approved as co-developer for developing a Mega Food Park in the APSEZ as per the scheme of Ministry of Food Processing Industry (MOFPI).

The said unit will be involved in procurement of pulses from DTA, processing the same into Split Dal and Besan, selling Split Dal to DTA buyers and exporting Besan within the framework of SEZ Rules as long as the unit is able to achieve NFE as per Rule 53 of the

SEZ Rules. They have further submitted that their proposed unit does not intend to export pulses/split Dal till export of these goods is prohibited by GoI and as such, its activities will fall within the permitted activities.

M/s. Adani Food & Agro Processing Park Pvt. Ltd. have submitted that the capacity of Dal processing unit will be 800 tonnes/day and ITC (HS) Code of Besan is 11061000 and the ITC(HS) code of Dal is 07131000. The SEZ unit will be located in Adani Agro Food Park, which is being set up in the new notified 1856 hectares multi product SEZ and the co-developer i.e., Adani Food & Agro Processing Park Pvt. Ltd. is already approved by BoA.

It transpires that any goods supplied to SEZ unit from Domestic Tariff Area is consider as export. In this connection, it is submitted that as per ITC (HS), 2012, schedule 2 – Export Policy, the items having ITC(HS) code as 07131000 has been classified into the category of prohibited and therefore not permitted to be exported. Further as per Rule 45 of the SEZ Rules, 2006;

In the instant case unit will be processing pulses procured from DTA to sell Besan (ITC HS 11061000) which is freely exportable. This activity can be done by any DTA units but to do it in SEZ requires special dispensation of permitting DTA procurement by SEZ unit from items prohibited for export.

DC KASEZ has recommended the proposal.

The request is submitted for consideration of BoA.

**(iii) Request for change of entrepreneurship from Aachvis IT SEZ Infra Private Limited (“Amalgamating company 1’/co-developer) and Standard IT Web Solutions Private Limited (‘Amalgamating company 2’/co-developer) to Oxygen Business Park Private Limited (‘Amalgamated company’/Developer pursuant to the Scheme of Amalgamation approved by Hon’ble High Court of Allahabad vide order dated May 16, 2016**

M/s. Oxygen Business Park Private Limited (formerly M/s. Aachvis Softech Pvt. Ltd) stands notified on over an area of 10.0498 hectares.

Now the developer has proposed to entered into between M/s. Aachvis IT SEZ Infra Pvt. Ltd. and M/s. Standard IT Web Solutions Pvt. Ltd. and M/s. Oxygen Business Park Pvt. Ltd. as per the scheme M/s. Aachvis IT SEZ Infra Pvt. Ltd. (co-developer) and M/s. Standard IT Web Solutions Pvt. Ltd. (Co-developer) were proposed to be amalgamated with M/s. Oxygen Business Park Pvt. Ltd.

As per the Hon’ble High Court of Allahabad vide order dated 16.05.2016 M/s. Oxygen Business Park Private Limited has submitted for the amalgamation.

As per letter of developer & the enclosed scheme of amalgamation inter alia the following points have been incorporated in the above mentioned scheme:-

- (i) That M/s. Aachvis IT SEZ Infra Private Limited (AIPL) is a wholly subsidiary of Oxygen Business Park Pvt. Ltd. (OBPPL) i.e. 100 percent shares in AIPL are held by OBPPL.

- (ii) That M/s. Standard IT Web Solutions Private Limited (SWPL) is a wholly owned subsidiary of OBPPL i.e. 100 percent shares in SWPL are held by OBPPL.
- (iii) That since the entire issued, subscribed and paid up share capital of amalgamating company 1 and amalgamating company 2 is already held by the amalgamated company, no shares of the amalgamated company shall be allotted in lieu or exchange of its holding in either of the amalgamating companies and the share capital of the amalgamating companies shall stand cancelled.
- (iv) That the amalgamation is that of two wholly owned subsidiary companies (i.e. AIPL and SWPL) into its parent company (i.e., OBPPL), there is no change in the overall control or management of the Oxygen SEZ.
- (v) Pursuant to the sanctioned scheme of amalgamation, inter alia, all assets, liabilities, right and obligation (including sub leases allotted by NOIDA and SEZ Approvals from BoA, DoC and DC NSEZ in relation to the co-development of SEZ) of amalgamating company 1 and amalgamating company 2 will be transferred to the amalgamated company i.e. OBPPL.

DC NSEZ has stated that the proposal for change of entrepreneurship from Aachvis IT SEZ Infra Private Limited ('Amalgamating company 1'/co-developer) and Standard IT Web Solutions Private Limited ('Amalgamating company 2'/co-developer) to Oxygen Business Park Private Limited ('Amalgamated Company'/Developer) pursuant to the Scheme of Amalgamation approved by Hon'ble High Court of Allahabad vide order dated May 16, 2016 is forwarded herewith for consideration by the Board of Approval.

DC NSEZ has recommended the proposal (**Annexure-1**).

The request is submitted for consideration of BoA.

**(iv) Request for change-in-sector specific nature of the SEZ from "Apparel" to "Textiles & Articles of Textiles" submitted by Chairman & Managing Director, Gujarat Industrial Development Corporation, (GIDC) Gandhinagar**

The proposal for change-in-sector specific nature of the SEZ from "Apparel" to "Textiles & Articles of Textiles" submitted by Chairman & Managing Director, Gujarat Industrial Development Corporation, (GIDC) Gandhinagar.

Vice Chairman & Managing Director, GIDC, Gandhinagar has mentioned in the representation that they had mooted a proposal for change-in-sector specific nature of the SEZ from "Apparel" to "Textiles & Articles of Textiles". Their proposal was considered in the 43<sup>rd</sup> meeting of BOA held on 18/11/2010 and the matter was 'deferred' mentioning that *"The Board noted that the SEZ Rules have been amended to provide for broad banding the category of "apparel" with "Textiles and Articles of Textiles" in respect of Annexure -II category SEZs. Representatives of the D/o Revenue, however indicated that approving such proposals would require the approval of EGoM (Empowered Group of Ministers). The board noted that for the DOC, EGoM is yet to set up and as when the EGoM is set up these cases can be placed before it for consideration. Till then, these proposal stand deferred"*.



The matter was placed earlier for the consideration of BOA and decided that EGoM when constituted may be approached for a decision. Now that the EGoMs system have been discontinued wef 31/5/2014.

**Broad-banding:** Sectoral broad-banding provisions have been introduced for categories of sectors to encompass similar/related areas with each broad-banded sector treated as a single sector for the purposes of minimum land area criteria. The principle of broad-banding would be applied taking into account the fact that no additional environmental externalities be required for the additional units which would come up on account of such broad-banding. Some illustrative examples of such broad banded category comprising a sector would include:

- Textile, apparel, hosiery, fashion garments, wool and carpet
- Leather, leather handicrafts, leather garments and sports goods
- Auto components/parts, light engineering
- Biotechnology, Pharmaceuticals and chemicals
- IT, ITES, Electronic components and hardware manufacturing, nonconventional energy, BPO (including legal, medical and similar services), KPO and R&D

Related ancillary services of the sector and R&D services will be included and treated as an integral part of the sectoral broad-banding. Board of Approval (BoA) will have the discretion to allow additional categories to be broad-banded into a sector based on compatibility of area requirement etc.

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

#### **Item No. 72.10 : Cancellation of Formal Approvals**

In terms of Rule 6(2)(a) of SEZ Rules, Formal Approval is valid for a period of three years by which time at least one unit has to commence production and the SEZ becomes operational from the date of commencement of such production. Proviso to this rule provides for extension of this Formal Approval by Board of Approval, for which the Developer will submit his application in Form C1 to the concerned DC, who shall, within 15 days forward it to the Board with his recommendations.

In the following cases, formal approval has been granted by the DoC. However, since there is no significant progress made by the Developer, the concerned DC has proposed for cancellation of formal approval granted to the Developer. The details of cases are as under:-

Sr. No.	Name of the Developer/co-developer	Sector	Date of formal approval	Zone	Remarks
1.	M/s. Muttha Realty Pvt. Ltd.	IT /ITES Sector	6.11.2006	SEEPZ	The formal approval granted to the developer has expired on 05.11.2009.  The developer had applied for extension of the validity period 08.10.2013. The developer has not furnished the document and certificates in the prescribed format covered under Rule &(1) & 7(2) of SEZ Rules, 2006 issued by the Revenue authorities.

					<p>The Colour Map was not self explanatory and also land statement was not duly certified by land authority.</p> <p>Inspite of DCs letter dated 22.04.2015, 17.06.2015 and 29.04.2016, the developer has not appeared for the Personal Hearing granted on 09.06.2016 and also not furnished the requisite document for extension of validity period of formal approval.</p> <p>Hence, the DC, SEEPZ SEZ vide 07.07.2016 has recommended the proposal to BoA for cancellation.</p>
2.	M/s. Broadway Integrated Park Pvt, Ltd. Pune, Maharashtra.	IT/ITES	06.11.2006	SEEPZ	<p>The formal approval granted to the developer has expired on 05.11.2009.</p> <p>The developer had applied for Notification of SEZ and accordingly, DC SEEPZ SEZ after scrutiny of the documents it was found that the land was Agricultural Zone and there was a thoroughfare in the SEZ. However, the developer had approached Govt. of Maharashtra for conversion of the Zone and provided an undertaking stating that they would diver the road from outside the plot periphery and if required they would provide a small road for passerby adjoining their property.</p> <p>Further DC SEEPZ SEZ vide letter dated 18.05.2016 has intimated developer to provide an up-to-date status of implementation of the SEZ. However, the developer was not appear for personal hearing or intimate the present status of the zone.</p> <p>DC SEEPZ SEZ vide letter dated 21.11.2014 and 09.06.2016 for personal hearing, however the developer has not turned up for personal hearing. Thus the DC has recommended the above matter to the BoA for cancellation.</p>
3.	M/s. Veritas Infrastructure Development Ltd. (village Shahbaez, Taluka Aligbaug District Raigad, Maharashtra)	Biotechnology	31.12.2009	SEEPZ	<p>The formal approval granted to the developer has expired on 30.12.2012.</p> <p>The developer vide letter 25.02.2013 &amp; 03.06.2013 was requested to furnish details of the business plan and action plan/measures that would be taken to maintain the contiguity of the SEZ land in low level area where water logs.</p> <p>No reply was received from the developer. Subsequent reminder letters were sent on 17.10.2013 and 28.08.2014. The developer did not provide the details asked by this office.</p> <p>Further DC SEEPZ SEZ vide letter dated 19.01.2016 asked to furnish the plan/measures to maintain the contiguity and also the certificate from Local Revenue Authority of the State Government, stating that there is no water body/public thoroughfare passing the SEZ.</p>



					<p>The developer vide letter 06.04.2015 asked for the extension of formal which had expired on 30.12.2012. However, after scrutiny it was found that the business and action plan/measures that would be taken by the developer to maintain the contiguity of the land is in low level area where water logs were not enclosed by the developer.</p> <p>Again the developer was granted personal hearing on 06.06.2016 and on 29.07.2016, and asked to submit the requisite documents within one month. However, the developer has not produce the desired documents and the DC SEEPZ has recommended the above proposal to BoA for cancellation.</p>
4.	M/s. Saloni Business Park Pvt. Ltd. (village Kharivli and Bhopivali, Thane, Maharashtra)	Biotechnology Park	22.11.2007	SEEPZ	<p>The SEZ was notified on 31.07.2008. The formal approval granted to the developer has expired on 21.11.2010.</p> <p>DC SEEPZ has requested the developer to submit the present status of the development of infrastructure for the extension of formal approval. Again DC SEEPZ SEZ vide letter dated 27.10.2014 and 26.12.2014 has requested to the developer to furnish detail business plan, investment made till date, incremental investment and physical progress since last extension.</p> <p>However, the developer did not reply and furnish the above documents. The developer was again called for a personal hearing on 22.08.2015 and again on 06.11.2015. However, the developer did not turn up for hearing nor did he intimate the reason for not appearing the personal hearing. Hence DC SEEPZ SEZ vide letter 07.04.2016 has intimated the developer for recommending the proposal for cancellation of formal approval.</p> <p>DC has recommended the proposal to BoA for cancellation.</p>

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