

Minutes of the 56th meeting of the SEZ Board of Approval held on 18th January 2013 to consider proposals for setting up Special Economic Zones and other miscellaneous proposals

The fifty sixth (56th) meeting of the SEZ Board of Approval (BoA) was held on 18.01.2013 under the chairmanship of Shri S.R. Rao, Secretary, Department of Commerce, at 10.30 A.M. in Room No. 47, Udyog Bhawan, New Delhi, to consider proposals in respect of notified/approved SEZs. The list of participants is annexed (**Annexure -1**).

2. Addressing the Board of Approval members, the Chairman informed that so far 579 formal approvals have been granted for setting up of SEZs out of which presently 384 SEZs stand notified. He further informed that as on 17.01.2013, over Rs. 2,18,795.41 crores have been invested in the SEZs and direct employment of 9,45,990 persons has been generated in the SEZs. During the financial year 2011-12, total exports to the tune of Rs. 3,64,477.73 crores have been made from the SEZs, registering a growth of about 15.39% over the exports for the year 2010-11. Exports in the current financial year, up to 30.09.2012, have been to the tune of Rs. 2,39,628.78 crores registering a growth of about 36% over the exports of the corresponding period of FY 2011-12.

Item No.56.1: Requests for co-developer

All BoA sanctioned approvals to co-developers are subject to the condition that particular terms and conditions of lease agreement/co-developer agreement will not have any bearing on the treatment of the income by way of lease rentals/down payment/premium etc., for the purposes of assessment under the prevalent Income Tax Act and Rules. The Assessing Officer, will have the right to examine the taxability of these amounts under the SEZ Act and Income Tax Act as applicable. This is applicable to all the cases of co-developers approved by the BoA in this meeting. The Board further directed that proposals for grant of co-developer status should be accompanied by lease deed/draft lease deed which must inter-alia contain the details of financial transactions/arrangements between developer and proposed co-developer. The decisions of the BoA on the proposals are as under:-

(i) Request of M/s. MPSEZ Utilites Pvt. Ltd. (MUPL), for co-developer in the FTWZ at Village Drub, Tal-Mundra, Kutch, Gujarat, being developed by M/s. Adani Port and Special Economic Zone Ltd.

The request for grant of co-developer by MUPL was considered by the Board. DC, KSEZ clarified that there were no existing facilities in the FTWZ. After deliberations, the Board **approved** the request of M/s. MPSEZ Utilities Pvt. Ltd. (MUPL) for becoming a co-developer in the above mentioned SEZ, to provide infrastructure facilities/utilities like power, gas, water, effluent treatment plant, sewage etc, in accordance with the co-developer agreement dated 21.6.2012 entered into with the developer subject to the following conditions:-

- (i) Authorized operations may be limited to those explicitly stated in the co-developer agreement and 'any other utility services required by the incumbents in the SEZ' may be excluded.
- (ii) Any agreement entered into beyond the scope of the co-developer agreement approved must be placed before BoA for approval.

(ii) Request of M/s. HBS City Pvt. Ltd., Mumbai (formerly JB SEZ Private Limited) for co-developer in the sector specific SEZ for Pharmaceutical at Panoli near

Ankleshwar, Bharuch District, Gujarat, being developed by M/s. HBS Pharma SEZ Private Limited

The request for grant of co-developer by M/s. HBS City Pvt. Ltd., Mumbai was considered by the Board. The Board noted that the developer M/s. HBS Pharma SEZ Private Limited had taken an area of 125.04.94 hectares of the SEZ on lease from GIDC and had entered into a lease deed dated 7.10.2008 for the said land for a period of 99 years. Vide clause 3.3 of the Developer's lease with GIDC, regarding 'Utilization' it is provided that :

"The parties agree that the Lessee undertakes to utilize the Demised Premises for the development, operation and maintenance of an SEZ in accordance with the provisions of the SEZ Act, the SEZ Rules, the provisions of the Gujarat SEZ Act and further in conformity with the terms and conditions of the Letter of Approval for providing Infrastructure facilities and Infrastructure and may accordingly allocate necessary space or built up area by way of sub-lease or any other mode or provide Infrastructure related services to the approved SEZ Units therein in accordance with the terms of the respective agreements entered into by the Lessee with the Entrepreneurs of such Units and that in relation, thereto, the Lessor has no objection and that accordingly the Lessee requires to seek no further permission or consent of the Lessor."

In view of the above, the Board after deliberations approved the request of M/s. HBS City Pvt. Ltd., Mumbai for becoming a co-developer in the above mentioned SEZ, for undertaking the authorized operations which were approved to be undertaken by the developer vide DoC's letter dated 24th Nov., 2010, in accordance with the co-developer agreement entered into with the developer. BoA further directed that the Govt of Gujarat and GIDC may also be apprised of the matter.

Item No. 56.2: Request for increase/decrease in area

(i) Request of M/s. Reliance Industries Limited for de-notification of a portion of land in the multi product SEZ at Jamnagar, Gujarat

After deliberation, the Board decided to **approve** the request of M/s. Reliance Industries Limited for partial de-notification of an area of **728.43 hectares** from the SEZ thereby making the total area of the SEZ as **1035.72 hectares**. The approval is subject to the DC furnishing a certificate in the prescribed format certifying inter alia that the contiguity of the SEZ is maintained, the developer has either not availed or has refunded all the tax/duty benefits availed under SEZ Act/Rules in respect of the area to be de-notified, the State Govt has no objection to the de-notification proposal etc.

(ii) Request of Kerala State Information Technology Infrastructure Limited (KSITI Ltd) for addition of area in sector specific SEZ for IT/ITES at Nellikode and Panthirankavu village, Kozhikode, Kerala

After deliberations, the Board **approved** the request of Kerala State Information Technology Infrastructure Limited (KSITI Ltd.) for addition of land measuring **1.5637 hectares** to the notified SEZ, thereby, making the total area of the SEZ as **11.6847 hectares**. The approval is subject to the contiguity of the SEZ being maintained and the area to be added to the SEZ should be vacant.

(iii) Request of M/s. Dell International Services India Pvt. Ltd. (formerly M/s. Perot Systems TSI (India) Private Limited for increase in space allotted to him in sector specific SEZ for IT/ITES at Coimbatore, Tamil Nadu being developed by M/s. Coimbatore Hi-Tech Infrastructure Pvt. Ltd.

After deliberations, the Board **approved** the request of Co-developer M/s. Dell International Services India Pvt. Ltd. (formerly M/s. Perot Systems TSI (India) Private Limited for increasing its area of operations from originally allotted **2.91 hectares to 2.92 hectares.**

Item No. 56.3: Requests for de-notification

(i) Request of M/s. Gujarat Hydrocarbons and Power SEZ Limited for de-notification of the sector specific SEZ for Oil and Gas at village Vilayat, Taluka Vagra, District Bharuch, Gujarat, notified over an area of 139-90-46 hectares

After deliberations, the Board decided to approve the request of M/s. Gujarat Hydrocarbons and Power SEZ Limited for de-notification of the sector specific SEZ for Oil and Gas at village Vilayat, Taluka Vagra, District Bharuch, Gujarat, notified over an area of 139-90-46 hectares. The approval is subject to the DC furnishing a certificate in the prescribed format certifying inter alia that the contiguity of the SEZ is maintained, the developer has either not availed or has refunded all the tax/duty benefits availed under SEZ Act/Rules in respect of the area to be de-notified, the State Govt has no objection to the de-notification proposal etc.

Chairman of the Board directed that in all such cases information must invariably be sent to CBDT and CBEC for taking necessary action.

Item No. 56.4: Requests for withdrawal of formal approval

(i) Withdrawal of formal approval granted to Maharashtra Industrial Development Corporation for setting up of sector specific SEZ for Textile at Kagal, Dist. Kolhapur, Maharashtra

The Board decided to **approve** the request of Maharashtra Industrial Development Corporation for full withdrawal of formal approval granted to them for setting up of sector specific SEZ for Textile Kagal, Dist. Kolhapur, Maharashtra, over an area of **104 hectares.** The approval is subject to the DC furnishing a certificate in the prescribed format certifying that the developer has not availed any tax/duty benefits under SEZ Act/Rules, the State Govt has no objection to the proposal etc.

Item No.56.5: Requests for extension of validity of formal approvals beyond 5th & 6th year

The Board advised the Development Commissioners to recommend the requests for extension of formal approval beyond 5th year and onwards only after satisfying that the developer has taken sufficient steps towards operationalisation of the project and further extension is based on justifiable reasons. Board also observed that extensions may not be granted as a matter of routine unless some progress has been made on ground by the developers. Accordingly, the decisions of the requests are as under:-

(i) Request of M/s. Tata Consultancy Services Limited for further extension of the validity period of formal approval, granted for setting up of sector specific SEZ for

IT/ITES at Adibatla Village, Ibrahimpatnam Mandal, Ranga Reddy District, Andhra Pradesh, beyond 3rd February, 2013 (beyond 5th year)

The Board after deliberations extended the validity of the formal approval up to 3rd February, 2014.

(ii) Request of M/s. J.T. Holdings Private Limited for further extension of the validity period of formal approval, granted for setting up of sector specific SEZ for IT/ITES at Maheshwaram Mandal, District Ranga Reddy, Andhra Pradesh, beyond 25th October 2012 (beyond 6th year)

The Board after deliberations extended the validity of the formal approval up to 25th October, 2013

(iii) Request of M/s. Bagmane Builders Private Limited for fourth extension of the validity period of formal approval, granted for setting up of IT/ITES SEZ at KR Puram, Bangalore North, Karnataka beyond 25th October 2012 (beyond 6th year)

The Board after deliberations extended the validity of the formal approval up to 30th June, 2013 during which period the developer must commence construction of the project failing which no further extension would be considered by the Board.

(iv) Request of M/s. G.P. Realtors Private Limited for fourth extension of the validity period of formal approval, granted for setting up of sector specific SEZ for IT/ITES at village Behrampur, District Gurgaon, Haryana, beyond 13th November 2012 (beyond 6th year)

After deliberations, the Board observed that the State Government was yet to give environmental clearance for the project as the same was pending with the State Environmental Committee. The Board directed DC, NSEZ to check with the State Govt in this regard. Accordingly, the Board decided to **defer** the proposal.

(v) Request of M/s. Stargaze Properties Private Limited for further extension of the validity period of formal approval, granted for setting up of sector specific SEZ for IT/ITES at Raviriyal village, District Ranga Reddy, Andhra Pradesh, beyond 25th October 2012 (beyond 6th year)

The Board after deliberations extended the validity of the formal approval up to 30th June, 2013

(vi) Request of M/s. Parsvnath SEZ Limited for further extension of the validity period of formal approval, granted for setting up of sector specific SEZ for IT/ITES at Aluva Taluk, Ernakulam, beyond 26.10.2012 (beyond 6th year)

The Board after deliberations extended the validity of the formal approval up to 30th June, 2013 during which period the developer must commence construction of the project failing which no further extension would be considered by the Board.

Item No. 56.6: Request of the developer M/s. Mumbai Futuristic Economic Zone Pvt. Ltd. for 3rd extension of the validity period of the In-principle approval dated 15.11.2006 for setting up of sector specific SEZ for Engineering at Alibag, Raigad, Maharashtra, over an area of 250 hectares

After deliberations, the Board observed that no infrastructural development/financial investment had been made in the project till date. Accordingly, the Board decided to **reject** the proposal. The Board observed that the developer was at liberty to apply for a fresh LoA once the requisite conditions are met in this regard.

Item No. 56.7: Request of the developer M/s. Taneja Aerospace and Aviation Limited for 4th extension of the validity period of the In-principle approval dated 21.11.2008 for setting up of sector specific SEZ for Airport/Aviation including MRO at Denkarukottai Taluk, Hosur, Tamil Nadu, over an area of 101.1714 hectares

During the discussions, the representative of the State Government of Tamil Nadu emphasized the importance of the project for the State Government and requested for extension of the validity period of the In-principle approval. The Board after deliberations directed the State Government to convey its remarks on the above project to the DoC within 6 days so as to enable it to decide upon giving extension to the instant project.

Item No. 56.8: Request from M/s. Posco-India Private Limited for grant of extension of in-principle approval for 7th year.

The Board noted that the State Government has recommended the proposal for grant of extension of in-principle approval for 7th year for the project. The Board after deliberations extended the validity of the In-principle approval up to 24th October, 2013.

Item No. 56.9: Requests for extension of LoP of units beyond 4th year

(i) **Request of M/s. KSK Surya Photovoltaic Venture Private Limited, a unit in the sector specific SEZ for Semiconductors being developed by M/s. FAB City SPV (India) Private Limited at Raviryala village, Maheswaram Mandal, Ranga Reddy District, Andhra Pradesh, for extension of Letter of Permission (LOP) beyond 11th November 2012 (beyond 4th year)**

The Board after deliberations extended the validity of the LoP for the above unit up to 11th November, 2013.

(ii) **Request of M/s. Embedded IT Solutions (India) Private Limited, a unit in the sector specific SEZ for Semiconductors at Raviryala village, Maheswaram Mandal, Ranga Reddy District, Andhra Pradesh being developed by M/s. FAB City SPV (India) Private Limited, SEZ, for extension of Letter of Permission (LOP) beyond 22nd December, 2012 (beyond 4th year)**

The Board after deliberations extended the validity of the LoP for the above unit up to 30th September, 2013.

(iii) **Request of M/s. Anjani Udhyog Pvt. Ltd., a unit in APSEZ, for extension of LoP beyond 27th March 2012 (beyond 4th year)**

The Board after deliberations extended the validity of the LoP for the above unit up to 30th September, 2013.

(iv) Request of M/s. Dynamic Powertech Pvt. Ltd. a unit in M/s. Mahindra World City (Jaipur) Ltd. SEZ, sector specific SEZ on Engineering, for extension of LoP beyond 22.06.2012 (beyond 4th year)

After deliberations, the Board decided that there did not exist sufficient grounds for permitting extension of validity of LOP of the unit beyond 22.06.12. The BoA accordingly **rejected** the request of the unit.

(v) Request of M/s. Torrent Pharmaceuticals (Dahej), a unit in M/s. Dahej SEZ Limited, Gujarat for extension of LoP beyond 2nd December, 2012 (beyond 4th year)

The Board after deliberations extended the validity of the LoP for the above unit up to 2nd December, 2013.

(vi) Proposal of DC MEPZ for seeking extension of validity of LoP of M/s Trishiraya recycling Pvt. Ltd. a unit in MEPZ and approval for its capacity enhancement

The Board after deliberations decided to approve the request for extension of validity of LoP of the unit subject to condition that no DTA sale will be permitted to the unit.

On the issue of request for capacity enhancement the Board **deferred** the issue and sought specific comments from MSME in this regard.

(vii) Proposal of DC FSEZ for extension of validity of LoP of M/s Gujarat Textiles a unit in FALTA SEZ

After deliberations, the Board decided to approve the extension of LOP of the unit till 31st March, 2013, subject to finalization of the policy on units in the business recycling of used/worn clothing.

Item No. 56.10: Request for relocation/transfer of a SEZ unit in respect of M/s. Maveric Systems Ltd. , Chennai from L&T Arun Excello IT SEZ (Now L&T Chennai Projects Pvt. Ltd.), Vallancheri village, Chengalpattu Taluk, Kancheepuram District, Tamil Nadu to sector specific IT/ITES SEZ of DLF Info City Developers (Chennai) Limited, Manapakkam, Chennai, Tamil Nadu

BoA after deliberation **approved** the request for relocation/transfer of a SEZ unit in respect of M/s. Maveric Systems Ltd. , Chennai from L&T Arun Excello IT SEZ (Now L&T Chennai Projects Pvt. Ltd.), Vallancheri village, Chengalpattu Taluk, Kancheepuram District, Tamil Nadu to sector specific IT/ITES SEZ of DLF Info City Developers (Chennai) Limited, Manapakkam, Chennai, Tamil Nadu, subject to condition that the assessing office under the Income Tax Act, 1961, shall have the right to assess the taxability arising out of the transfer of the unit and also subject to the condition that duty/tax benefits availed in respect of items utilized for setting up/running of the unit, and which are not being shifted, being repaid.

Item No. 56.11: Request from M/s. Meghmani Industries Limited for establishment as a unit in Dahej SEZ for trading in Chemical and Agro-Chemical products

BoA noted that no representative of the Ministry of Agriculture was present in the meeting nor any comments had been furnished on the issue under consideration. The Board observed that this goes against the process of single window mechanism envisaged under the

SEZ policy. After deliberations, the matter was **deferred** with a direction that necessary inputs in this regard may be made available by M/o Agriculture in the next BoA meeting failing which the matter would be decided on merits.

Item No. 56.12: Appeals before BoA

(i) Appeal of M/s. Flextronics Technologies (India) Private Limited, against permission/denial for undertaking reengineering/remanufacturing of used cartridges for multi-functional printer and devices and supply in DTA

The Board heard the authorised representative of the appellant. After deliberations the Board decided to **reject** the appeal as the same is not permissible under the SEZ Act/Rules.

(ii) Appeal of M/s. E.I. Dupont Services Centre India Private Limited, a unit in VSEZZ being developed by M/s. DLF Commercial Developers Limited, IT/ITES SEZ at Gachibowli, Village, Serilingampally Mandal, Ranga Reddy District, Andhra Pradesh against rejection of its request to 'Rent a Cab Services' services'.

The Board after hearing the appellant and deliberating on the subject decided to **reject** the appeal as the same is not permissible under the SEZ Act/Rules.

(iii) Appeal of M/s. Mayar Infrastructure Development Pvt. Ltd. (MIDPL), against the decision made in UAC NSEZ dated 25.10.2012.

The Board after hearing the appellant and deliberating on the subject decided to **reject** the appeal as the same is not permissible under the SEZ Act/Rules.

(iv) Appeal of M/s. Raheja SEZs Limited against rejection of its LoA extension, for a period of one year w.r.t setting up of sector specific SEZ for Engineering at Village Hamipur, Khetawas, Saidpur & Wazirpur, District, Gurgaon, Haryana

The matter was deferred on the request of the appellant.

Decisions on Supplementary Agenda

Item No. 56.13: Proposal for setting up of SEZs.

(i) Proposal of M/s. Manipur IT SEZ Project Development Company Limited, an SPV of Department of Information Technology, Government of Manipur, for setting up of a sector specific Special Economic Zone for IT/ITES at Imphal, Manipur, over an area of 10.85 hectares.

The Board noted that the SEZ project for in principle approval was submitted by Government of Manipur vide their letter dated 31.12.2013. DC FSEZ informed the Board that after his inspection of the site and considering the commitment expressed by the State Government it was recommended to the Board that formal approval may be granted for the SEZ project. The Board after deliberations decided to grant **formal approval** to the proposal of M/s. Manipur IT SEZ Project Development Company Limited, an SPV of Department of Information Technology, Government of Manipur, for setting up of a sector specific Special Economic Zone for IT/ITES at Imphal, Manipur, over an area of 10.85 hectares.

Item No. 56.14: Requests for extension of LoP of units beyond 4th & 5th year

(i) **Request of M/s. Comtech Exports Ltd., a unit in the sector specific SEZ for Electronics/Telecom Hardware and Support services, including Trading and logistics activities being developed by SIPCOT Ltd. at Sriperumbudur, Tamil Nadu, for extension of Letter of Permission (LOP) beyond 04.12.2011 (beyond 4th year & 5th year)**

The Board after deliberations extended the validity of the LoP for the above unit up to 4th December, 2013.

(ii) **Request of M/s. Tata Consultancy Services Limited, a unit in MIHAN SEZ, Nagpur, Maharashtra for extension of Letter of Permission (LOP) beyond 23rd April, 2013 (beyond 5th year)**

The Board after deliberations extended the validity of the LoP for the above unit up to 30th June, 2013.

Item No. 56.15: Request for reconsideration of the decisions of BoA

(i) **Request of M/s. Meghmani Unichem LLP, a unit in Dahej SEZ for re-consideration of the decision of the BoA rejecting its request for extension of Letter of Permission (LOP) beyond 25th September, 2012 (beyond 4th year)**

The Board after deliberations extended the validity of the LoP for the above unit up to 30th June, 2013.

Item No.56.16: Request of M/s. Smart City (Kochi) Infrastructure Private Limited for addition of land in the sector specific SEZ for IT/ITES at Kanayanoor Taluk, Ernakulam District, Kerala

The Board noted the presentations given by the representatives of the Government of Kerala and took into considerations the comments of Department of Revenue. After deliberations the Board decided to approval the request of M/s. Smart City (Kochi) Infrastructure Private Limited for addition of 46.3773 hectares land to the notified sector specific SEZ for IT/ITES over a land of 53.1809 hectares, at Kanayanoor Taluk, Ernakulam District, Kerala subject to the following :

- 1) The Developer was to ensure establishment of contiguity within the two parcels of land by way of construction of over bridge.
- 2) Such contiguity was to be established within a period of 18 months
- 3) No tax/duty benefits will be permissible on account of expenses incurred towards establishment of contiguity.
- 4) Till the time contiguity is established, setting up of units will be approved only in the processing area of the SEZ which is already notified.

Department of Revenue sought permission to submit its final comments after seeking due approval from competent authority.

Decisions on Table Agenda

Item No.56.16: Extension of LoP plastic recycling units in SEZ

The Board was informed that it had in its 55th meeting held on 23.11.2012 ratified the extension of “LoP of the plastic re-processing units” up to 31.12.2012, pending finalization of the policy on plastic re-cycling units.

As the policy is still pending finalization, the Board approved the proposal to extend the LoP of the plastic re-cycling units upto 31.03.2013, subject to the condition that the draft policy, will be circulated by DoC at the earliest, allowing two weeks time for feedback from various stakeholders, if any, before finalizing the policy.

The meeting ended with a vote of thanks to the Chair.

Annexure - 1

List of Participants for the Meeting of the Board of Approval for Special Economic Zones held on 18th January, 2013 under the Chairmanship of Commerce Secretary, Department of Commerce

1. Shri S. R. Rao, Chairman BOA & Secretary, Department of Commerce.
2. Ms. Deepshikha Sharma, Deputy Secretary (ITA 1), CBDT, Department of Revenue, Ministry of Finance
3. Shri Ram Tirath, DGEP, Department of Revenue, Ministry of Finance
4. Shri Vivek Ranjan, Additional Director, Department of Revenue, Ministry of Finance
5. Shri Jitendra Kumar, Additional Director (DGEP), Department of Revenue
6. Ms. Surabhi Sharma, Under Secretary, (ITA 1), CBDT, Department of Revenue, Ministry of Finance
7. Dr. L. B. Singhal, Additional DGFT, Director General of Foreign Trade
8. Shri G. Manjunath Gouda, Resident Director, Karnataka Udyog Mitra Karnataka Bhavan – 3, Khelgaon Marg, New Delhi
9. Shri O.P. Kapoor, Deputy DG, EPCES
10. Ms. Sudha Rani, Deputy Legislative Counsel, Ministry of Law & Justice, New Delhi
11. Shri S.K. Sharma, Director (EP), Office of Development Commissioner (MSME), Ministry of MSME, Nirman Bhawan.
12. Shri T.A. Khan, (RO), TCPO, Ministry of Urban Development, E-Block, Vikas Baan, New Delhi
13. Shri Gyanesh Kumar, Resident Commissioner, Government of Kerala
14. Shri R.D. Meena, Research Assistant, TCPO, Ministry of Urban Development

LIST OF DEVELOPMENT COMMISSIONERS

15. Shri Sanjeev Nandwani, Development Commissioner, Falta, Kolkata
16. Shri Jayant Misra, Development Commissioner, Noida SEZ, Uttar Pradesh
17. Shri N.P.S. Monga, Development Commissioner, SEEPZ SEZ
18. Shri Vijay N. Shewale, Development Commissioner, Surat SEZ, Surat
19. Shri Mahendra Jain, Development Commissioner, NMSEZ and KASEZ
20. Shri S. Kishore, Development Commissioner, APSEZ
21. Shri K.L. Sharma, Development Commissioner, Sterling SEZ, Gujarat
22. Smt. Lata Shukla, Development Commissioner, Mundra SEZ
23. Shri Ved Prakash, Development Commissioner, Mihan SEZ
24. Shri Anil Bamba, Development Commissioner, Sricity SEZ
25. Shri. S.N. Patil, Joint Development Commissioner, Dahej SEZ

LIST OF PARTICIPANTS OF DEPARTMENT OF COMMERCE

26. Shri Rajeev Arora, Joint Secretary, Department of Commerce.
27. Shri Sanjeet Singh, Director, Department of Commerce

28. Shri Kabiraj Sabar, Under Secretary, Department of Commerce
29. Shri S.S. Kumar, Under Secretary, Department of Commerce
30. Shri Pankaj Gangwar, Section Officer, Department of Commerce
31. Shri R.K. Dutta, Section Officer, Department of Commerce.