

No. F.2/2/2019-SEZ
Government of India
Ministry of Commerce and Industry
Department of Commerce
(SEZ Section)

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Udyog Bhawan, New Delhi
Dated the 5th April, 2019

OFFICE MEMORANDUM

Subject: Agenda for the (89th) Meeting of the Board of Approval on Special Economic Zones (SEZs) scheduled to be held on 22nd April, 2019 at 11.30 A.M in Room No. 108, Udyog Bhawan, New Delhi – regarding.

In continuation of this Department's O.M of even number dated 18th March, 2019, the undersigned is directed to forward herewith the Agenda for the 89th meeting of the Board of Approval for SEZs scheduled to be held on 22nd April, 2019, for information and necessary action. Copy of the Agenda has also been hosted on the website: www.sezindia.nic.in. The addressees located outside Delhi are requested to download the Agenda from the above mentioned website.

2. The addressees are requested to make it convenient to attend the meeting.



(Sumit Kumar Sachan)

Under Secretary to the Government of India

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To

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2. Central Board of Direct Taxes, Member (IT), Department of Revenue, North Block, New Delhi. (Telefax: 23092107).
3. Joint Secretary, Ministry of Finance, Department of Financial Services, Banking Division, Jeevan Deep Building, New Delhi (Fax: 23344462/23366797).
4. Joint Secretary, Department of Industrial Policy and Promotion, Udyog Bhawan, New Delhi.
5. Joint Secretary, Ministry of Shipping, Transport Bhawan, New Delhi.
6. Joint Secretary (E), Ministry of Petroleum and Natural Gas, Shastri Bhawan, New Delhi
7. Joint Secretary, Ministry of Agriculture, Plant Protection, Krishi Bhawan, New Delhi.
8. Ministry of Science and Technology, Sc 'G' & Head (TDT), Technology Bhavan, Mehrauli Road, New Delhi. (Telefax: 26862512)
9. Joint Secretary, Department of Biotechnology, Ministry of Science and Technology, 7th Floor, Block 2, CGO Complex, Lodhi Road, New Delhi - 110 003.

10. Additional Secretary and Development Commissioner (Micro, Small and Medium Enterprises Scale Industry), Room No. 701, Nirman Bhavan, New Delhi (Fax: 23062315).
11. Secretary, Department of Electronics & Information Technology, Electronics Niketan, 6, CGO Complex, New Delhi. (Fax: 24363101)
12. Joint Secretary (IS-I), Ministry of Home Affairs, North Block, New Delhi (Fax: 23092569)
13. Joint Secretary (C&W), Ministry of Defence, Fax: 23015444, South Block, New Delhi.
14. Joint Secretary, Ministry of Environment and Forests, Pariyavaran Bhavan, CGO Complex, New Delhi – 110003 (Fax: 24363577)
15. Joint Secretary & Legislative Counsel, Legislative Department, M/o Law & Justice, A-Wing, Shastri Bhavan, New Delhi. (Tel: 23387095).
16. Department of Legal Affairs (Shri Hemant Kumar, Assistant Legal Adviser), M/o Law & Justice, Shastri Bhawan, New Delhi.
17. Secretary, Department of Chemicals & Petrochemicals, Shastri Bhawan, New Delhi
18. Joint Secretary, Ministry of Overseas Indian Affairs, Akbar Bhawan, Chanakyapuri, New Delhi. (Fax: 24674140)
19. Chief Planner, Department of Urban Affairs, Town Country Planning Organisation, Vikas Bhavan (E-Block), I.P. Estate, New Delhi. (Fax: 23073678/23379197)
20. Director General, Director General of Foreign Trade, Department of Commerce, Udyog Bhavan, New Delhi.
21. Director General, Export Promotion Council for EOUs/SEZs, 8G, 8th Floor, Hansalaya Building, 15, Barakhamba Road, New Delhi – 110 001 (Fax: 223329770)
22. Dr. Rupa Chanda, Professor, Indian Institute of Management, Bangalore, Bennerghata Road, Bangalore, Karnataka
23. Development Commissioner, Noida Special Economic Zone, Noida.
24. Development Commissioner, Kandla Special Economic Zone, Gandhidham.
25. Development Commissioner, Falta Special Economic Zone, Kolkata.
26. Development Commissioner, SEEPZ Special Economic Zone, Mumbai.
27. Development Commissioner, Madras Special Economic Zone, Chennai
28. Development Commissioner, Visakhapatnam Special Economic Zone, Visakhapatnam
29. Development Commissioner, Cochin Special Economic Zone, Cochin.
30. Development Commissioner, Indore Special Economic Zone, Indore.
31. Development Commissioner, Mundra Special Economic Zone, 4th Floor, C Wing, Port Users Building, Mundra (Kutch) Gujarat.
32. Development Commissioner, Dahej Special Economic Zone, Fadia Chambers, Ashram Road, Ahmedabad, Gujarat
33. Development Commissioner, Navi Mumbai Special Economic Zone, SEEPZ Service Center, Central Road, Andheri (East), Mumbai – 400 096
34. Development Commissioner, Sterling Special Economic Zone, Sandesara Estate, Atladra Padra Road, Vadodara - 390012
35. Development Commissioner, Andhra Pradesh Special Economic Zone, Udyog Bhawan, 9th Floor, Siripuram, Visakhapatnam – 3
36. Development Commissioner, Reliance Jamnagar Special Economic Zone, Jamnagar, Gujarat
37. Development Commissioner, Surat Special Economic Zone, Surat, Gujarat
38. Development Commissioner, Mihan Special Economic Zone, Nagpur, Maharashtra
39. Development Commissioner, Sricity Special Economic Zone, Andhra Pradesh.
40. Development Commissioner, Mangalore Special Economic Zone, Mangalore.

41. Government of Andhra Pradesh, Principal Secretary and CIP, Industries and Commerce Department, A.P. Secretariat, Hyderabad – 500022. (Fax: 040-23452895).
42. Government of Telangana, Special Chief Secretary, Industries and Commerce Department, Telangana Secretariat Khairatabad, Hyderabad, Telangana.
43. Government of Karnataka, Principal Secretary, Commerce and Industry Department, Vikas Saudha, Bangalore – 560001. (Fax: 080-22259870)
44. Government of Maharashtra, Principal Secretary (Industries), Energy and Labour Department, Mumbai – 400 032.
45. Government of Gujarat, Principal Secretary, Industries and Mines Department Sardar Patel Bhawan, Block No. 5, 3rd Floor, Gandhinagar – 382010 (Fax: 079-23250844).
46. Government of West Bengal, Principal Secretary, (Commerce and Industry), IP Branch (4th Floor), SEZ Section, 4, Abanindranath Tagore Sarani (Camac Street) Kolkata – 700 016
47. Government of Tamil Nadu, Principal Secretary (Industries), Fort St. George, Chennai – 600009 (Fax: 044-25370822).
48. Government of Kerala, Principal Secretary (Industries), Government Secretariat, Trivandrum – 695001 (Fax: 0471-2333017).
49. Government of Haryana, Financial Commissioner and Principal Secretary, Department of Industries, Haryana Civil Secretariat, Chandigarh (Fax: 0172-2740526).
50. Government of Rajasthan, Principal Secretary (Industries), Secretariat Campus, Bhagwan Das Road, Jaipur – 302005 (0141-2227788).
51. Government of Uttar Pradesh, Principal Secretary, (Industries), Lal Bahadur Shastri Bhawan, Lucknow – 226001 (Fax: 0522-2238255).
52. Government of Punjab, Principal Secretary Department of Industry & Commerce Udyog Bhawan), Sector -17, Chandigarh- 160017.
53. Government of Puducherry, Secretary, Department of Industries, Chief Secretariat, Puducherry.
54. Government of Odisha, Principal Secretary (Industries), Odisha Secretariat, Bhubaneswar – 751001 (Fax: 0671-536819/2406299).
55. Government of Madhya Pradesh, Chief Secretary, (Commerce and Industry), Vallabh Bhavan, Bhopal (Fax: 0755-2559974)
56. Government of Uttarakhand, Principal Secretary, (Industries), No. 4, Subhash Road, Secretariat, Dehradun, Uttarakhand
57. Government of Jharkhand (Secretary), Department of Industries Nepal House, Doranda, Ranchi – 834002.
58. Union Territory of Daman and Diu and Dadra Nagar Haveli, Secretary (Industries), Department of Industries, Secretariat, Moti Daman – 396220 (Fax: 0260-2230775).
59. Government of Nagaland, Principal Secretary, Department of Industries and Commerce), Kohima, Nagaland.
60. Government of Chattishgarh, Commissioner-cum-Secretary Industries, Directorate of Industries, LIC Building Campus, 2nd Floor, Pandri, Raipur, Chhattisgarh (Fax: 0771-2583651).

Copy to: PPS to CS / PPS to AS (BBS) / PA to DS (SNS).

Agenda for the 89th meeting of the Board of Approval to be held on
22nd April, 2019 at 11.30A.M. in Room No. 108 ,Udyog Bhawan, New Delhi

Item No. 89.1: Confirmation of (i) amendment in the minutes of 87th meeting of the BoA held on 9th January, 2019 and (ii) minutes of the meeting of the 88thBoA held on 25th February, 2019.

Item No. 89.2: Requests for extension of validity of formal approval (one proposal)

BoA in its meeting held on 14th September, 2012, examining such proposals observed as under: -

“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. The Board, therefore, after deliberations, extended the validity of the formal approval to the requests for extensions beyond fifth years for a period of one year and those beyond sixth year for a period of 6 months from the date of expiry of last extension”.

89.2 (i) Request of M/s. State Industries Promotion Corporation of Tamil Nadu Ltd. (SIPCOT) a sector specific SEZ for Granite Processing at Bargur, Uthangarai&PochampalliTaluk, Krishnagiri District, Tamil Nadu for further extension of the validity period of formal approval beyond 10.03.2016 for a period of four years upto 10.03.2016.

- **Name of developer:** M/s. State Industries Promotion Corporation of Tamil Nadu Ltd.
(SIPCOT).
- **Sector:** Granite processing
- **Location:** Bargur, Uthangarai&PochampalliTaluk, Krishnagiri District, Tamil Nadu.
- **Extension:** Formal approval to the developer was granted on 10.03.2010 and notified on 15.03.2010. The developer has been granted 3extensions, last extension was valid upto10.03.2016.The developer has requested for further period of 4 years i.e. upto 10.03.2020.

As informed by DC, the developer has cited introduction of MAT and DDT by Govt. of India as the reasons for the reluctance of industries to set up units in the SEZ. However, the developer has stated that they are taking effective steps to operate the SEZ through interested entrepreneurs for setting up units.

The developer has stated that they have completed the following infrastructural works in the SEZ:-

- (a) Developed internal roads, water supply system, street lights, compound wall at a cost of Rs. 36 crores
- (b) So far allotted 40.47 acres of land in the SEZ besides in-principle allotments made to many applicant; and
- (c) Also completed the TNEB sub-station in the site.

Recommended by DC:

In view of the reasons cited by the developer, DC, MEPZ has recommended this request for extension of formal approval upto 10.03.2020 for consideration of BoA.

The request is placed before BoA for its consideration.

Item No. 89.3 Request for extension of LoA beyond 3rd Year onwards (six proposals)

- *As per Rule 18(1) of the SEZ Rules, the Approval Committee may approve or reject a proposal for setting up of Unit in a Special Economic Zone.*
- *Cases for consideration of extension of Letter of Approval (LoA)s i.r.o units in SEZs are governed by Rule 19(4) of SEZ Rules.*
- *Rule 19(4) states that an LoA shall be valid for one year. First Proviso grants power to DCs for extending the LoA not exceeding 2 years. Second Proviso grants further power to DCs for extending the LoA for one more year but subject to the condition that two-thirds of activities including construction, relating to the setting up of the Unit is complete and a Chartered Engineer's certificate to this effect is submitted by the entrepreneur.*
- *Extensions beyond 3rd year (in cases where two-third activities are not complete) and 4th year are granted by BoA.*
- *BoA can extend the validity for a period of one year at a time.*
- *There is no time limit up to which the Board can extend the validity.*

89.3(i) Request of M/s. Shantha Biotechnics Pvt. Ltd. (u-2) in the M/s. Shantha Biotechnics Pvt. Ltd. SEZ at Muppireddypalle Village, Toopram Mandal, Medak District, Telangana for extension of the Letter of Approval (LoA) beyond 3rd Year upto 16.04.2020.

- LOA issued on (Date) : 17.04.2014.
- Nature of business of the unit : Manufacture and export of Insulin.
- No. of Extensions : 4 (four) by DC, VSEZ.
- LoA valid upto : 16.04.2019.
- Request : For further extension of one year upto 16.04.2020.

Present Progress:

a) Details of Business Plan:

Sr No	Type of Cost	Proposed Investment (Rs. inCrore)
1	Building	48.24
2	Plant & Machinery	377.82
3	Project related cost	146.06
	Total	572.12

b) Incremental Investment made so far and incremental investment since last extension:

Sr No	Type of Cost	Total Investment made so far (Rs in Cr)	Incremental Investment since last extension (Rs. in Cr)
1	Land cost	393.28	2.76
2	Material procurement	48.24	0
	Total	441.52	2.76

c) Details of the physical progress till date:

Sr No	Activities	% completion	% completion during last one year	Deadline for the Completion of the Balance work
1	Design	100	100	Q2 2019
2	Procurement (capital)	100	100	
3	Construction	99.95	99	

Recommendation by the DC:-

DC, VSEZ has recommended the proposal for consideration of BoA as per Rule 19(4) of SEZ Rules, 2006 since 5th extension is not in his purview.

The request is placed before BOA for its consideration.

89.3(ii) Request of M/s. Ana Industries Private Limited, a unit in Dahej SEZ for extension of Letter of Approval (LoA) beyond 4th year for one year upto 15.04.2020.

- LOA issued on (date) : 16.10.2014.
- Nature of business of the unit: Manufacture and export of goods, encapsulated solids, encapsulated liquids, absorbed liquids, encapsulated absorbed liquids, mixtures/blend, chemicals purified by recrystallization.
- No. of extensions: 2 by DC Dahej SEZ 01 by BOA (18 months).
- LOA valid upto (date): 15.04.2019.
- Request : For further extension for one year upto 15.04.2020.

Present Progress:

(a) Details of Business plan:

Sr.No.	Type of Cost	Proposed Investment (Rs. in crores)
1	Land Improvements	1.50
2	Building	0.75
3	Plant and machinery	0.95
	Others	0.25
	TOTAL	3.45

(b) Incremental Investment made so far and incremental investment since last extension:

Sl. No.	Type of Cost	Total investment made so far (Rs. in crores)	Incremental Investment since last extension (Rs. in crores)
1	Land improvement	1.6349	0.136
2	Others	0.02	0.02
	TOTAL	1.6549	0.156

(c) Details of physical progress till date:-

S. No.	Activity	% Completion	% Completion during last one year	Deadline for completion of balance work
1	Land Improvement	99	49	May, 2019
2	Building	-	-	December, 2019
3	Plant & Machinery	-	-	April, 2020

Detailed reasons for delay:-

- Possession of larger tract of land was given on 29.12.2018.
- After taking possession of land, the unit has applied for GPCB consent to establish and also submitted Development Plan for approval which were awaited to start construction.

The group has a unit in operation in Dahej SEZ in the name and style of M/s. Annie Chemie Pvt. Ltd. at plot No.Z/40, which is already into commercial export since 01.04.2015. The LoA for this unit was issued on 14.02.2014 and in about 1 year only, they have implemented the project. The cumulative value of exports is Rs.3519.30 lakhs and cumulative Net Foreign Exchange Earnings is Rs.2069.91 lakhs upto March, 2018.

Recommendation by DC:

DC, Dahej SEZ has recommended the proposal to the Board of Approval for extension in validity of LOA for a further period of one year i.e. upto 15.04.2020 in terms of Rule 19(4) of SEZ Rules, 2006.

The request is placed before BOA for its consideration.

89.3(iii) Request of M/s. Metacube Solutions Pvt. Ltd. a unit in Mahindra World City (Jaipur) Ltd., Multi-Product SEZ at Village Kalwara, Tehsil- Sanganer, Jaipur for extension of Letter of Approval (LOA) for a further period of One year i.e. upto 17.03.2020.

Name of Unit: Metacube Solutions Pvt. Ltd.

LOA issued on: 18.03.2016

Nature of Business of the unit: IT/IT Enabled Products and Services- Service including computer software services, Including information enabled services such as content development or animation, Data processing, Engineering and design, Graphic information system services, Support centers and web-site services.

No. of Extensions: Unit had been granted two extensions.

LOA valid upto: 17.03.2019

Request: Unit has requested for one year extension i.e. upto 17.03.2020.

Present Progress:

(a) Details of business plan:-

S. No.	Type of Cost	Proposed Investment (Rs. in Crore)
1	Land Cost	3.42
	Total:	3.42

(b) Investment made so far & incremental investment since last extension, in respect of Evolve premises:

S. No.	Type of Cost	Total Investment made so far (Rs. in Crore)	Incremental investment since last extension (Rs. in Crore)
1	Land Cost	3.42	-
2	Material Procurement	0.44	0.44
3	Service Cost	0.07	0.07
4	Other Overheads	0.59	0.59
	Total:	4.52	1.10

(c) Details of Physical progress till date:-

S. No.	Authorised activity	% completion as on date	% completion during last one year	Deadline for completion of balance work
1	Interior, HVAC, Work Stations Electrical works etc.	85%	75%	31.05.2019

Detailed reasons for delay:-

As informed by DC, NSEZ, the unit has stated that subsequent to receiving the LOA in 2016 there have been certain changes in the global IT market that have forced them to take a conservative approach with respect to their expansion plan. Hence, in 2017 they decided to take a conservative approach and divided the expansion plan into two phases. In Phase one they will set up a production facility in a rented premise in SEZ, and once that facility is operational and viable, they will start work on Phase two where they will construct second production facility on the plot of land located at IT-A-019 of SEZ. Unit has further mentioned that they have completed 85% of the work with respect to Phase One, and they will be starting production in the rented production facility in the coming months. Further, they have assured that in the coming six months they will commence production activity from their SEZ unit.

DC, NSEZ has further stated that the unit has informed that they have also done the initial architectural planning for the production facility to be constructed at plot No. IT-A-019 of SEZ and they will start the construction for the second production facility as soon as the first facility starts reaching its peak capacity.

In terms of proviso 2 of sub rule 4 of Rule 19 of SEZ Rules, 2006 *"The Development Commissioner may grant further extension of one year subject to the condition that two-thirds of activities including construction, relating to the setting up of the Unit is complete and a chartered engineer's certificate to this effect is submitted by the entrepreneur"*.

However, as informed by DC, the unit has not yet started the construction activity from Plot No. IT-A-019 allotted to them. The CE Certificate regarding completion of 2/3rd activities belongs to Built-up premises i.e. Ground Floor, Tower-B1, Evolve Building, constructed and allotted to them by the SEZ Developer.

Recommendation by DC:

DC, Noida SEZ has recommended the extension of LOA for a further period of one year i.e. upto 17.03.2020.

The request is placed before BOA for its consideration.

89.3(iv) Request of M/s. Tweaking Technologies Pvt. Ltd., a unit in Mahindra World City (Jaipur) Ltd., a Multi-Product SEZ at Village Kalwara, Tehsil- Sanganer, Jaipur for extension of Letter of Approval (LOA) for a further period of one year i.e. upto 07.04.2020.

Name of Unit:	Tweaking Technologies Pvt. Ltd.
LOA issued on:	08.04.2016
Nature of Business of the unit:	BPO, Customer Support Centre, Software Development and Allied Services related to Software Development.
No. of Extensions:	Unit had been granted two extensions.

LOA valid upto: 07.04.2019

Request: Unit has requested for one year extension i.e. upto 07.04.2020.

Present Progress:

(a) Details of business plan:-

S. No.	Type of Cost	Proposed Investment (Rs. in Crore)
1	Land Cost	2.5616
2	Construction Cost	9.4000
3	Plant & Machinery	5.6030
4	Other Overheads	2.9300
	Total:	20.4946

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

S. No.	Type of Cost	Total Investment made so far (Rs. in Crore)	Incremental investment since last extension (Rs. in Crore)
1	Land Cost	2.5616	-
2	Material Procurement	0.0868	0.005
3	Service Cost	0.1300	-
4	Other Overheads	-	-
	Total:	2.7784	0.005

(c) Details of Physical progress till date :-

S. No.	Authorised activity	% completion as on date	% completion during last one year	Deadline for completion of balance work
1	Ground Development	40%	40%	15.03.2020

Detailed reasons for delay:-

The unit has stated that initially the plot of land allotted to them had large ditches, which had to be levelled. After that, the design of the building could not be finalised even after completing detailed discussions with two reputed architecture and designing firms. The unit has informed that they have completed boundary wall of the plot allotted to them. The unit has mentioned timeline for implementation of the project as follows:

- Selection of architect dt. 15.03.2019.
- Selection of Constructors dt. 15.06.2019.
- Construction of Building dt. 15.01.2020.
- Planned of Plant & Machinery dt. 15.03.2020.
- Commencement of Building dt. 31.03.2020.

Recommendation by DC:

DC, Noida SEZ has recommended the extension of LOA for a further period of one year i.e. upto 07.04.2020.

The request is placed before BOA for its consideration.

89.3(v) Request of M/s. Krushna Casual Wears Pvt. Ltd., a unit in Ahmedabad Apparel Park-SEZ (Sector Specific SEZ for Textiles & Textile Article), Khokhra, Ahmedabad for extension of LoA upto 23.03.2019.

Name of Unit:	Krushna Casual Wears Pvt. Ltd.
LOA issued on:	26.03.2016
Nature of Business of the unit:	Textile and Textile articles
No. of Extensions:	Unit had been granted two extensions.
LOA valid upto:	23.03.2019
Request:	Unit has requested for one year extension i.e. upto 23.03.2020.

As informed by DC, Kandla, the unit has submitted that due to some financial crisis post Oct. 2017, their construction was badly disturbed. However, now, they have finished more than 2/3rd construction work and they are sure to finish the remaining construction work soon and they have also submitted Chartered Engineer's certificate in support of the same.

Recommendation by DC

Development Commissioner, KASEZ has recommended the proposal for grant of extension of Letter of Approval for a further period of one year.

The proposal is placed before BoA for consideration.

89.3(vi) Request of M/s. Fibrofit Industries a unit in AMRL Hi Tech City Ltd., multi product SEZ at Nanguneri, Tirunelveli District, Tamil Nadu SEZ for extension of Letter of Approval (LoA) from 17.11.2018 to 16.07.2020 for 18 months

- LoA issued on (date) : 24.05.2010
- Nature of Business of the unit : Manufacture of filter media
- No of extensions : 2 by DC, MEPZ and 1 by BoA
- LoP valid up to (date) : 16.11.2018
- Recommended: for further extension from 17.11.2018 to 16.07.2020.

Present Progress:

(a) Details of business plan:-

S. No.	Type of cost	Proposed investment (in lakhs)
1.	Plant & Machinery	600.00 lakh
2.	Raw material	100.00 lakh
Total		700.00 lakh

(b) Incremental investment since last extension

S. No.	Type of cost	Total investment made so far (in lakh)	Incremental investment since last extension (in lakh)
1.	Land	95.00 lakh	0.00 lakh
2.	R&D	0.00 lakh	15.00 lakh
	Total	95.00 lakh	15.00 lakh

As informed by DC, the unit has stated that they had to undergo a re-organization internally and globally there was a sea change in technology. Because of this they had to change their manufacturing plans so as to align the products to the requirements of the export market. Currently they use Microfiberglass mini pleat filters in 'V' Bank construction instead of synthetic pocket filter media. They had to invest Rs. 15 lakhs and significant time in studying the new technology to upgrade their manufacturing process. This took almost two years. Their strong Research and Development team has made it possible to make the product suitable for Green Building initiatives and making it Environmental friendly. Since they are ready with the new technology, they are well prepared to start the production facility at AMRL SEZ. After extension of LoA, their facility will be up and running within a period of 18 months.

Recommendation by DC:

DC, MEPZ has requested that the proposal may be placed before BoA for its consideration.

The request is placed before BoA for its consideration.

Item No. 89.4 : Requests for extension of validity of in-principle approval (one proposal)

89.4(i) Proposal of M/s. Raj Build Infra LLP for extension of the validity of in-principle approval for setting up of FTWZ at Bhiwandi, Thane, Maharashtra, beyond 04.02.2019.

In-principle approval was granted to the developer for setting up of FTWZ at the above location on 05.02.2018 over an area of 300 hectares.

As informed by DC, SEEPZ the developer has stated that as per the regulations of Maharashtra Government, permission from Directorate of Industries is required for acquiring

such a land with stamp duty exemption, which was applied for the proposed land on 21.02.2018. The Directorate of Industries granted approval dated 12.12.2018.

The developer has also stated that after the said permission, adjudication/verification of the proposed transactions of land is required to be done from the Joint District Registrar, so that the applicant can start registration of documents with existing land owners for acquisitions/possession of the land, which may take some time. Hence, the developer has applied for extension of in-principle approval.

Rule position:

Rule 6(2)(b) of SEZ Rules, 2006 states that “The letter of approval of a developer granted under clause (b) of sub-rule (1) shall be valid for a period of one year within which time, the developer shall submit suitable proposal for Formal Approval in Form A as prescribed under the provisions of rule 3:

Provided that the Board may, on an application by the developer, for reasons to be recorded in writing, extend the validity period:

Provided further that the developer shall submit the application in Form C2 to the concerned Development Commissioner, as specified in Annexure III, who, within a period of fifteen days, shall forward it to the Board with his recommendation.

DC’s Recommendation:-

DC, SEEPZ SEZ has recommended the proposal for in-principle approval for a period of one year beyond 04.02.2019.

The request is placed before BoA for its consideration.

Item No. 89.5 Proposal for setting up of an FTWZ (In-principal approval) (one proposal)

89.5 (i) Request of M/s. NDR Infrastructure Pvt. Ltd. seeking in-principle approval for setting up of a FTWZ at Nandiyambakkam Village, Minjur Panchayat, Ponneri Taluk, Tiruvallur District, Tamil Nadu in an area of 40 Ha (100 acres).

The prescribed documents for setting up of new SEZ for the consideration of the BoA and the status thereof are as follows:-

S. N.	Condition/Documents required	Status
A.	Documents required for setting up of SEZ in terms of Rule 3 of SEZ Rules, 2006:	
(i)	Completed Form A (with enclosures)	-
	a) Total Proposed Investments :	Rs. 29224.04 Lakhs
	b) In case of FDI amount & Source of origin :	Nil
	c) Proposed Employment (in Nos.) :	The facility is likely to generate significant direct & indirect employment. While the FTWZ operations would require a man

		power of 50-60 people, the units in the facility, labour requirement, delivery personnel, agents etc would have significant scope for employment. Atleast 1000+ unskilled man power and about 300 skilled man power would be working at the facility.
	d) Proposed Exports (in US\$) :	Figures not available.
(ii)	DC's Inspection Report	Yes
(iii)	State Government's recommendation	The Industries Department, Government of Tamil Nadu has recommended the proposal for "in principle approval" subject to the prescribed conditions and that the company should submit land records and ownership documents including Tahsildar Certificate once it completes the land purchase based on which recommendation for formal approval will be sent to DoC
(iv)	Recommendation for National Security Clearance (NSC) from Ministry of Home Affairs as per Rule 3 of SEZ Rules, 2006	Not available
B.	Minimum area requirements in terms of Rule 5 of SEZ Rules, 2006:	Yes, (condition met)
	Fulfillment of minimum land area requirement in terms of the Rule 5 of the SEZ Rules, 2006 (40 hectares)	
C.	Details to be furnished for issue of notification for declaration of an area as SEZ in terms of Rule 7 of SEZ Rules, 2006:	
	Certificate from the concerned State Government or its authorized agency stating that the Developer(s) have;	
(i)	Legal possession	Provided for 34.22 Ha land in possession of developer. The company has entered into agreement with the land owners for purchase of 18 acres. Details not provided.
(ii)	Irrevocable rights to develop the said area as SEZ	Not provided
(iii)	that the said area is free from all encumbrances	Translation of Certificate of encumbrance certificate (Tamil) not provided.
(iv)	Where the Developer has leasehold right over the identified area, the lease shall be for a period not less than twenty years	Not provided.
(v)	The identified area shall be Contiguous, Vacant and No public thoroughfare	Not provided

Recommendation of DC:

DC, MEPZ has recommended the proposal for "in-principle approval" for consideration of BoA.

Item No. 89.6 Requests for co-developer (3 proposals)

89.6(i) Request of M/s. Cella Warehousing Private Limited for co-developer status in M/s. J. Matadee Free Trade Zone Private Limited at Sriperumbudur Taluk, Kancheepuram District, Tamil Nadu.

The above mentioned SEZ was notified on 23.05.2007 over an area of 84.7412484 hectares.

M/s. Cella Warehousing Private Limited has submitted an application for co-developer status in M/s. J. Matadee Free Trade Zone Private Limited for development of the SEZ area specifically to undertake construction-development of warehouses on the co-developer land area and to provide other infrastructure facilities for the operation and maintenance of the completed warehouse(s) in the FTWZ as contracted under co-development agreement. The co-developer proposes to develop a part of the FTWZ by acquiring 7.91 acres in the already notified area of the FTWZ.

Co-developer agreement dated 11.02.2019 entered into with the developer has been provided. The company has committed to bring an investment of Rs.82.89 Crores over a period of five years.

Recommendation by DC:

DC, MEPZ SEZ has recommended the proposal for placing before the Board.

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

89.6(ii) Request of M/s. ANSR Global Corporation Pvt. Ltd for co-developer status in the M/s. Laxmi Infobahn Pvt. Ltd SEZ at Kokapet Village, Gandipet Mandal, Ranga Reddy District, Telangana for development, operation and maintenance of the SEZ and other activities.

The above mentioned SEZ stands notified on 8.11.2016 over an area of 2.22 hectares.

M/s. ANSR Global Corporation Pvt. Ltd has submitted a proposal for becoming a co-developer in the aforesaid SEZ for development of SEZ area specifically to undertake the authorized operations of conversion of bare shell buildings into warm shell buildings and to lease the built-up space in the SEZ as contracted under the de-developer agreement.

Co-developer agreement dated 21.2.2019 entered into with the developer has been provided. The proposed amount of investment by the co-developer in the SEZ is Rs. 35.41 Crores.

Recommendation by DC:

DC VSEZ has recommended the proposal

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

89.6(iii) Request of M/s. ANSR Global Corporation Pvt. Ltd for co-developer status in the M/s. Mildstone Buildcon Pvt. Ltd. SEZ at Chokkanahalli Village, Bengaluru, Karnataka

The above mentioned SEZ stands notified on 27.09.2010 over an area of 10.11 hectares.

M/s. ANSR Global Corporation Pvt. Ltd has submitted a proposal for becoming a co-developer in the aforesaid SEZ for development of the SEZ area specifically to undertake the authorized operations of conversion of bare shell buildings into warm shell buildings and to lease the built-up space in the SEZ as contracted under the co-development agreement.

Co-developer agreement dated 13.2.2019 entered into with the developer has been provided. The proposed amount of investment by the co-developer in the SEZ is Rs. 14.42 Crores.

Recommendation by DC:

DC CSEZ has recommended the proposal

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

Item No. 89.7: Change of Shareholding Pattern/Change of name (five proposals)

In terms of DoC's Instruction No. 89 dated 17.05.2018 read with Instruction No. 90 dated 03.08.2018, re-organization including change of name, change of shareholding pattern, business transfer arrangement, court approved mergers and demergers, change of constitution in respect of developers and co-developers may be undertaken by the Board of Approval.

89.7 (i) Request of M/s. DLF Assets Private Limited, co-developer in DLF Commercial Developers Limited, an IT/ITES SEZ at Gachibowli Village, Serilingampally Mandal, Ranga Reddy District, Telangana for change in shareholding pattern.

The above mentioned SEZ stands notified over an area of 10.617 hectares. M/s DLF Assets Pvt. Ltd. (DAPL) was approved as Co-developer as per formal approval dated 01.05.2007 in the above SEZ.

As informed by DC, VSEZ, DAPL has stated that the Hon'ble NCLT, Chandigarh Bench, Chandigarh vide its order dated 27.09.2018 has approved the merger/amalgamation of M/s. Caraf Builders & Constructions Pvt. Ltd. (Caraf) with its Holding company viz., M/s. DLF Cyber City Developers Limited (DCCDL) with effect from the appointed date i.e. closing hours of 31.03.2016. It has been mentioned that M/s. DLF Assets Private Ltd. was 100% subsidiary of M/s. Caraf Builders & Constructions Pvt. Ltd. (CARAF) and was 100% subsidiary of DCCDL.

Details of shareholding pattern of the company are given below:

Pre-merger/amalgamation equity shareholding pattern		Post-merger/amalgamation equity shareholding pattern	
Name of the shareholder	% shareholding	Name of the shareholder	% shareholding
Caraf Builders & Constructions Pvt. Ltd (along with its 6 Nominees)	100%	DLF Cybercity Developers Ltd (Along with its 6 Nominees)	100%

Recommendation by DC:

DC, VSEZ has requested BoA to consider the case and accord approval as per extant instructions.

The request is placed before BOA for its consideration.

89.7(ii) Request of M/s. Festus Properties Pvt. Ltd. at Powai, Mumbai for change in shareholding pattern of the company.

M/s. HGP Community Pvt. Ltd. (earlier known as M/s. Hiranandani Builders) was granted formal approval on 19.06.2006 and the SEZ stands notified on 13.04.2007. Subsequently, the name of the SEZ was changed from M/s. HGP Community Pvt. Ltd. to M/s. Festus Properties Pvt. Ltd. vide DoC's letter dated 31.01.2019 after approval of BoA in its 87th meeting held on 09.01.2019.

Details of shareholding pattern of the company are as follows:

Present shareholding pattern		Post shareholding pattern	
Name of the shareholder	% shareholding	Name of the shareholder	% shareholding
Aardvark Constructions LLP	10.00	Kairos Property Managers Private Limited	99.999
Aardvark Properties & Infrastructure LLP	10.00	BSREP II India Office Holdings II Pte Ltd.	1 (one) equity share
Aardvark Realty LLP	19.50		
Armadillo Constructions LLP	10.00		
Armadillo Properties LLP	10.00		
Armadillo Realty LLP	19.50		
Porus Developers Private Limited	1.00		
Kamal Hiranandani	10.00		
Alka Hiranandani	10.00		
Total	100		

The present and proposed list of directors is as follows:

Present list of Directors	Proposed list of Directors
Shridhar Narayan	Alok Aggarwal
Arun Vasu Shetty	Sanjeev Sharma

Recommendation by DC:

DC, SEEPZ SEZ has recommended the proposal for consideration of BoA as per Instruction No. 89 & 90.

The request is placed before BOA for its consideration.

89.7(iii) Request of M/s Mariapps Marine Solutions India Private Limited, Mumbai, Co-Developer of Smartcity (Kochi) Infrastructure Private Limited Special Economic Zone, Kochi for Change in Shareholding Pattern.

M/s. Mariapps Marine Solutions India Private Limited, Mumbai, was granted Formal Approval on 16.4.2018 as a Co-developer in SmartCity (Kochi) Infrastructure Pvt. Ltd. SEZ, Kochi for development of IT/ITeS infrastructure and its operation and maintenance in SmartCity Kochi, SEZ. The construction work of their IT building ‘MariApps’ is progressing. The total projected investment is Rs.87 crore. They have so far invested Rs.21 crore in the project.

M/s. Smart City (Kochi) Infrastructure Pvt. Ltd. SEZ stands notified vide notifications dated 01.03.2011 and 26.02.2014 respectively and is operational w.e.f.17.06.2016.

As per DC, SEEPZ, the details of existing and proposed shareholding pattern as informed by the Co-developer are as follows :

Existing Shareholding Pattern of the company before issue of Shares			Proposed change in Shareholding Pattern of the company (Subsequent to issue of Shares)		
Name of Shareholder	No. of shares held	% of Shareholding	Name of Share-holder	No. of shares held	% of Shareholding
Schulte Maritime Services Pte. Ltd	19, 20,662	99.99%	Schulte Maritime Services Pte. Ltd	22,66,412	99.99%
Deepak Kantilal Degadwala	1	0.01%	Deepak Kantilal Degadwala	1	0.01%
Total	19,20,663	100%	Total	22,66,413	100%

The Co-developer has also intimated regarding appointment of Mr. Thomas John, as an additional Director (non-executive), pursuant to Board Resolution dated 20.6.2018.

Recommendation by DC:

DC, CSEZ has recommended the proposal.

The request is placed before BOA for its consideration.

89.7(iv) Request of M/s. ETA Technopark Limited SEZ, Developer located at Old Mahabilipuram Road, Kancheepuram District, Chennai, Tamil Nadu for change in shareholding pattern, change of Board of Directors and change of name of the SEZ.

The above mentioned SEZ stands notified over an area of 10.37 hectares.

The request of the developer is for change of shareholding pattern, change of Board of Directors and change of name to M/s. Bayline Infocity Limited.

Details of shareholding pattern of the company are as under:

Present Shareholding pattern		Proposed Shareholding Pattern	
Name of the shareholder	% shareholding	Name of the shareholder	% shareholding
KKN Holdings Private Limited (formerly Foundation Outsourcing India Private Limited)	73.9960	KKN Holdings Private Limited (formerly Foundation Outsourcing India Private Limited)	93.99
Uniply Industries	26.0000	K. Balasubramanian	0.29
Keshav Narayan Kantamneni*	0.0008	BVM Sarma*	
SethuramanSrinivasan*	0.0008	B. BharathanKanthimathinathan*	
N. Iyyappan*	0.0008	RaghuramNath*	
RaghuramNath*	0.0008	SethuramanSrinivasan*	
Bharathan K. Balasubramanian*	0.0008	IyyappanNithyanandam*	
		TarbirShahpuri	5.70

*Nominee Shareholders on behalf of KKN Holdings Private Limited (formerly Foundation Outsourcing India Private Limited)

Consequent to the change of shareholding pattern/ownership, the present Directors representing the ETA Group have resigned as the Board of Directors of ETA Technopark Limited and a new list of Board of Directors has been submitted by the company. The details are as follows:

Present list of Directors (now resigned)		Proposed new Directors (as per new list)	
Name	Designation	Name	Designation
Abdul Qadir	Director	Keshav Narayan Kantamneni	Additional Director
Hadijath Shinaz	Director	BVM Sarma	Director
Mohamed Mahboob	Whole Time Director	Sethuraman Srinivasan	Additional Director
Nooriya Thahseen Anwar Husain	Director		
Ahamed Shakir	Director		

It has been stated that after the change of ownership, the new owners have changed the name of the company to Bayline Infocity Limited.

Recommendation by DC:

DC, MEPZ SEZ has recommended the request of the developer for change in shareholding pattern, change in Board of Directors and Change in the name of the company to M/s Bayline Infocity Limited for consideration of BoA.

The request is placed before BOA for its consideration.

89.7 (v) Request for approval from the Board of Approval pursuant to the merger of M/s. Risk Technology International Limited (RTIL) (co-developer in MIDC SEZ, Hinjewadi, Pune) and M/s. Hexaware Technologies Limited (HTL) and their respective shareholders (Scheme of Amalgamation) and change in name post the merger from RTIL to HTL.

RTIL was granted co-developer status on 17.03.2015 in MIDC SEZ, Pune for IT/ITES related development over an area of 97,010 sq. mt.

As informed by DC, SEEPZ, the Board of Directors of RTIL and HTL have decided to merge RTIL with HTL as per the Scheme of Amalgamation approval by NCLT, Mumbai Bench. However, the Scheme of Amalgamation is subject to requisite consent, approval or permission of any Government Authorities, which by law may be necessary for the implementation of this Scheme. The NCLT, Mumbai Bench order was passed on 06.07.2017. The effective date of NCLT order is from 01.04.2016.

Further, as per the Scheme of Amalgamation of RTIL and HTL, the share capital of RTIL shall stand cancelled pursuant to the merger and also the name of the co-developer will change to Hexaware Technologies Limited.

The Board of directors before and after the amalgamation is as follows:-

S No.	Full Name	Designation
1.	Mr. Atul K. Nishar	Non-Executive Chairman
2.	Mr. P.R. Chandrashekar	Director
3.	Mr. Srikrishna Ramakarthykeyan	Non-Executive Director
4.	Mr. Jimmy Mahatani	Non-Executive Director
5.	Mr. Kosmos Kolliarekos	Non-Executive Director
6.	Mr. Bharat Shah	Independent Director
7.	Mr. Dileep Choksi	Independent Director
8.	Mr. Basab Pradhan	Independent Director
9.	Mr. Christian Oecking	Independent Director
10.	Mrs. Meera Shankar	Independent Director

Board of Directors of RTIL before amalgamation

S. No.	Full Name	Designation
1.	Mr. P.R. Chandrashekar	Director
2.	Mrs. Amberin Menon	Director
3.	Mr. Ashok Harris	Director
4.	Mr. Nilay Jhala	Director

The Board of directors of HTL after amalgamation and name change

S No.	Full Name	Designation
1.	Mr. Atul K. Nishar	Non-Executive Chairman
2.	Mr. P.R. Chandrashekar	Director
3.	Mr. Srikrishna Ramakarhikeyan	Non-Executive Director
4.	Mr. Jimmy Mahatani	Non-Executive Director
5.	Mr. Kosmos Kolliarekos	Non-Executive Director
6.	Mr. Bharat Shah	Independent Director
7.	Mr. Dileep Choksi	Independent Director
8.	Mr. Basab Pradhan	Independent Director
9.	Mr. Christian Oecking	Independent Director
10.	Mrs. Meera Shankar	Independent Director

Recommendation by DC

DC, SEEPZ has recommended the proposal for Amalgamation of Risk Technology International Ltd. (RTIL) and Hexaware Technologies Limited (HTL) and their respective shareholders (Scheme of Amalgamation) and name change from M/s. Risk Technology International Ltd. to M/s. Hexaware Technologies Limited for approval of the BoA as per Instruction no. 89 dated 17.05.2018 issued by DoC.

The matter is brought to the notice of BoA for consideration.

Item No. 89.8 Proposals for renewal of LoP for worn and used clothing units (three proposals).

89.8(i) Proposal of M/s Kandla Exim Pvt. Ltd. for renewal of LOA for next five years in terms of Rule 18(4) of SEZ Rules, 2006.

M/s Kandla Exim Pvt. Ltd. had been issued LOA dated 1440.2002 for "Manufacture of all types of Shoddy Yarn, Carpet Yarn, Synthetic Yarn, Worsted/Non worsted Yarn and Blankets & home furnishing articles (all above products manufactured out of raw material recovered)". The unit commenced its production w.e.f. 21.07.2003 and its LOA is valid till 30.04.2019.

The BoA earlier in its 86th meeting held on 22.11.2018 has approved renewal of 15 worn and used clothing units for further period of one year whose validity was expiring on 30.11.2018. The BOA also directed to constitute a Committee to examine all the issues related to used/Worn clothes as well as plastic recycling units, the larger policy objectives, environment, social and domestic industries concern in consultation with major stakeholders including representatives of the various industries for its consideration. The recommendations of the Committee are still awaited.

DC, KASEZ has stated that however, M/s Kandla Exim Pvt. Ltd. was not covered in the above list of 15 such worn clothing units-because of its different renewal period of expiring of LoA validity i.e. 30.04.2019. Now the unit has requested to renew their LoA.

DC, KASEZ has further informed that the unit has filed form F-1 for renewal of their LoA on 26.02.2019 before 60 days of expiry of their LoA as per Rule 19 (6A)(1) of SEZ Rules. According to F-1, the details of current block is as under:-

Annual performance of the unit is past 5 years.

(In Lakhs)

Year	Free on board value of Export	*Foreign Exchange	Net Foreign Exchange Earnings
2014-15	0	0	0
2015-16	26.00	27.66	-1.66
2016-17	27.35	11.18	10.17
2017-18	63.59	9.41	54.18
2018-19 (Upto 20.02.2019)	230.34	150.00	80.34
Total	347.28	198.25	149.03

The unit has shown projection for next five years as mentioned below-

(In Lakhs)

Year	Free on board value of Export	*Foreign Exchange Outgo	Net Foreign Exchange Earnings
1 st year	800	640	160
2 nd year	1000	800	200
3 rd year	1250	1000	250
4 th year	1563	1250	313
5 th year	1953	1563	390
Total	6566	5253	1313

Further in terms of criteria laid down under Rule 19 (6B) for evaluation of performance of the unit as provided by the DC is as under-

- (i) Employment generated- That presently, they employ around 50 (Men 25 + Women 25) unskilled and skilled labours. The employment will increase to 250 (Men 100 + Women 150) labours in the next block of five years.
- (ii) Instance of violation of applicable statutes related to the functioning of the unit- The unit has failed to achieve 40% physical export of total turnover at the end of 2nd year and hence SCN was issued for non-achievement of physical export obligation, the case is presently under adjudication process.
- (iii) Cases of default, if any, of statutory payments- The unit has pending rental dues of Rs. 32,976/- on account of Lease Rent to KASEZ Authority till 31.03.2019.
- (iv) Undertaking of any activity not sanctioned or approved by the Development Commissioner- A show cause notice from F.No. KASEZRA/1888/02-03/Vol.11 dated 29.11.2018 was issued to the unit for not carrying out the operation authorized as per their LoA, the case is presently under adjudication process.

DC, KASEZ has informed that LOA of the unit was last renewed for the period up to 30/04/2019 after approval of BOA granted in its 61st meeting held on 03.04.2014. The said permission was subject to following conditions:

- a) All conditions stipulated as per DOC's policy Guidelines of 17th September, 2013 are to be made applicable while granting such approval.
- b) As per Rule 18(4)(c) of the SEZ Rules, the authorized operations are restricted to the unit to carry out the business of reprocessing of garments or used clothing or secondary textiles materials and other recyclable textile materials into clipping or rags or industrial wipers or shoddy wool or yarn or blankets or shawls.
- c) The Unit's operations shall be restricted to the premises authorized to it and reasonably required for the quantity exported by the unit. The unit shall not be permitted to avail any additional space from the date of issue of this LoP through allotment/warehousing/ any other mode.

DC, KASEZ has further mentioned here that Worn and Used Clothing units had earlier filed Special Civil Applications before the High Court of Gujarat in the year 2015 the policy guidelines dated 17.09.2013 and release of their past unutilized accrued DTA sale of worn clothing quota of 15% CTP' value of the import. The Single Bench Judge of Hon'ble High Court vide its order dated 14.02.2017 quashed the said policy guidelines and directed to allow the Units to clear their past accrued entitlement of DTA sale of unutilized worn clothing to the extent of 15% of their CIF value. The department's appeal (LPA) against the aforesaid High Court order is decided by the Divisional Bench of the High Court of Gujarat. The Hon'ble High Court of Gujarat in its order dated 20.03.2019 has allowed department's appeal and quashed and set aside the directions and impugned judgments dated 24.01.2017 and 14.02.2017 of learned single judge.

Recommendation by DC

The request of M/s Kandla Exim Pvt. Ltd, for renewal of LOA for next five years beyond 01/05/2019 has been forwarded by DC, KASEZ for placing before BOA in terms of Rule 18(4) of SEZ Rules, 2006, with the following recommendations: -

1. Their extension of validity be considered only upto a period of 30.11.2019 as decided in the case of such other 15 worn clothing units for the sake of uniformity.
2. Any further extension may be considered subject to the report of committee of DC's constituted by the BOA and unit's performance.

The request is placed before BoA for its consideration.

89.8(ii) Proposal of M/s Texool Spinners for renewal of LOA for next five years in terms of Rule 18(4) of SEZ Rules, 2006.

M/s Texool Spinners had been issued LOA dated 22.06.2004 for "Manufacture of woolen and synthetic yarn". The unit commenced its production w.e.f. 01.06.2005 and its LOA is valid till 31.05.2019.

As informed by DC, KASEZ, as per the condition of the original LOA of M/s Texool Spinners, they were not allowed to direct import of the used and worn clothing and instead was granted approval subject to the condition that they will procure their raw

material only on the basis of intra zone purchase from their sister concern M/s Texool Weastseavers (now name changed to M/s Lotus Recyclers or from other reprocessing of worn clothing units of KASEZ). Therefore, they were not earlier treated as worn and used clothing reprocessing unit. The unit's request for deletion of the above condition of non direct import of used and worn clothing was rejected by UAC in its 97th meeting held on 06.06.2016 on the ground that deletion of the said condition would mean grant of new LoA for worn and used clothing under which the said unit will import second hand used clothing which will violate the Rule 18 (4)(c) of SEZ Rules, 2006.

Aggrieved with the above decision of the UAC M/s. Texool Spinner went into appeal before the BoA and the BoA in its 72nd meeting held on 12.08.2016, rejected the appeal of the unit with the observation that the activity proposed by the appellant falls under the restriction imposed by Rule 18 (4)(c) of SEZ Rules, 2006.

Aggrieved with the above decision of BoA the unit has filed SCA No. 18626 of 2016 before the Hon'ble High Court of Gujarat. The said appeal is pending before the Hon'ble High Court of Gujarat.

DC, KASEZ has further informed that in the meanwhile since such procurement of imported used and worn clothing on intra zone purchase basis was also covered in the definition of import under Section 2(o) of SEZ Act, 2005 and as such they were also required to comply with the DoC Policy Guidelines dated 17.09.2013. The matter was taken up in the UAC in its 121st meeting held on 13.12.2017 wherein it was held that M/s Texool is also a worn clothing unit and that they were also required to comply with the DoC Policy Guidelines dated 17.09.2013.

Aggrieved with the decision of the UAC, the unit went into appeal before BoA and the BOA in its 81st meeting dated 05.02.2018 has upheld the decision of the UAC and also rejected the appeal of the unit. Minutes of the BoA is reproduced as under-

"The Board, after hearing the Appellant noted that as per the original WA dated 22.06.2004, the unit was authorized to export all its items excluding rejects and sales in the DTA as per provisions of the SEZ Scheme. It was also noted that the Appellant had approached the UAC KASEZ for approval for allowing DTA clearance of rejects i.e. wipers on the ground that they were not importing the worn/used clothing from outside India. However, as per Section 2 (a) of SEZ Act, 2005 procurement from units in SEZs are also import. Therefore, the contention of the unit that they are different from other units operating under Policy Guidelines dated 17.09.2013 in respect of Used and Worn Clothing Units is not tenable. Therefore, the Board, decided that the appeal is liable for rejection."

In the meanwhile, LoA validity of M/s Texool Spinners is expiring on 31.05.2019. DC has informed that the unit vide its letter dated 06.03.2019 has requested to renew their LOA for another five years. Details of unit are as under:

(i) The unit has filed form F-1 for renewal of their LoA on 06.03.2019 before 60 days of expiry of their LoA as per Rule 19 (6A)(1) of SEZ Rules. According to F-1, the details of current block is as under-

Year	In lakhs		
	Free on board value of Export	*Foreign Exchange Outgo	Net Foreign Exchange Earnings
2014-15	324.57	327.67	-3.10
2015-16	267.61	192.64	74.97
2016-17	624.93	185.17	439.76
2017-18	600.59	451.50	149.09
2018-19 (Upto 28.02.2019)	602	615.67	-13.67
Total	2419.70	1772.65	647.05

The unit has shown projection for next five years as mentioned below-

Year	In lakhs		
	Free on board value of Export	*Foreign Exchange Outgo	Net Foreign Exchange Earnings
1 st year	500	450	50
2 nd year	550	500	50
3 rd year	600	550	50
4 th year	650	600	50
5 th year	750	700	50
Total	3050	2800	250

Further in terms of criteria laid down under Rule 19 (6B), evaluation of performance of the unit is as under-

- (i) Employment generated- That presently, they employ around 122 (Men 80 + Women 42) unskilled and skilled labours.
- (ii) Instance of violation of applicable statutes related to the functioning of the unit- No such case noticed in the last five years.
- (iii) Cases of default, if any, of statutory payments- The unit has pending dues of Rs. 1,20,297/- on account of Lease Rent and user charges to KASEZ Authority till 31.03.2019.
- (iv) Undertaking of any activity not sanctioned or approved by the Development Commissioner- No such case noticed in the last five years.

Recommendation by DC

The request of M/s Texool Spinners for renewal of LOA for next five years beyond 01/06/2019 has been forwarded by DC, KASEZ for placing before BOA in terms of Rule 18(4) of SEZ Rules, 2006, with the following recommendations:-

- a. Their extension of validity be considered only upto a period of 30.11.2019 as decided in the case of such other 15 worn clothing units for the sake of uniformity.
- b. Any further extension may be considered subject to the report of Committee of DC's constituted by the BOA and unit's performance.

89.8(iii) Request of M/s. Atlas Mill Supply for extension of validity of LoP dated 20.07.1994 for manufacturing of Readymade Garments, Reprocessing/Reconditioning of old and Used Worn Clothing and Rags which expired on 19.07.2000.

M/s. Atlas Mill Supply has requested for extension of validity of its LoP dated 20.07.1994 for manufacturing of readymade garments, reprocessing/reconditioning of old and used worn clothing and rags. The LoP of the unit had expired on 19.07.2000.

DC, Falta SEZ has informed that the matter was placed before the 109th & 110th UAC Meeting held on 08.01.2019 & 29.01.2019 respectively.

After deliberation, the UAC has recommended to forward the matter to Department of Commerce for placing their request in BoA for extension of LoA for manufacturing and exports of readymade garments, reprocessing/reconditioning of old and used worn clothing and rags.

The firm has submitted its projected physical export for 5 years and foreign exchange balance sheet. The details are as follows:-

Projected Physical Export for 5 years

S. No.	Year	FOB Value of exports in INR (lacs)
1.	2019-2020	8100.00
2.	2020-2021	10200.00
3.	2021-2022	15400.00
4.	2022-2023	17900.00
5.	2023-2024	24000.00
	Total	75600.00

Projected Foreign Exchange Balance Sheet

		1 st	2 nd	3 rd	4 th	5 th	Total (5 yrs) in Lakhs	Total (5 yrs) in Thousand USD
1.	FOB Value of exports in first five years	8100	10200	15400	17900	24000	75600	108000
2.	Foreign Exchange outgo on for the first five years	2025	2550	3920	4475	5930	18900	27000
3.	Net Foreign Exchange earnings for the first five years	6075	7650	11480	13425	18070	56700	81000

Recommendation by DC

Based on the recommendation of the 109th & 110th UAC Meetings held on 08.01.2019 & 29.01.2019 respectively and Projected Exports, positives Foreign Exchange earnings and employment generation both skilled and unskilled labours, DC, Falta has recommended the matter for consideration of BoA for extension of LoA for manufacturing and exports of readymade garments, reprocessing/reconditioning of old and used worn clothing and rags.

The Board of Approval in its 85th meeting held on 02.11.2018 and 86th meeting held on 22.11.2018 constituted a Committee to examine the extension of LOP of Plastic Recycling Units and worn and used clothing units and issues related thereto. The recommendations of the Committee are awaited.

The request is placed before BOA for its consideration.

Item No. 89.9 Miscellaneous Cases (five proposals)

89.9(i) Proposal of M/s. M&G Impex (India) Pvt. Ltd. for setting up of unit in the Multi-Products SEZ of M/s Mahindra World City (Jaipur) Ltd. located at Jaipur (Rajasthan) for manufacturing of 'Granite Slabs'.

M/s. M&G Impex (India) Pvt. Ltd. had submitted proposal for setting up of unit in the Multi-Products SEZ of M/s Mahindra World City (Jaipur) Ltd. located at Village Kalwara, Jhai, Bhamboriya, Bagru Khurd & Newta, Tehsil-Sanganer, Distt- Jaipur (Rajasthan) for manufacturing of 'Granite Slabs- 2131000 Sqft.'. The proposal was placed before the Approval Committee in its meeting held on 18.03.2019.

As informed by DC, NSEZ, during the meeting, Sh. Praveen Tekriwal, Managing Director of M/s. M&G Impex (India) Pvt. Ltd. appeared before the Approval Committee and informed that approx. 70% of raw materials i.e. rough blocks of Granite, will be procured from DTA and approx. 30% is proposed to be imported.

The Approval Committee observed that import of proposed raw material i.e. 'Rough Block of Granite' is 'Restricted' as per Exim Code 2516 of ITC(HS) 2017 Schedule 1 (Import Policy) issued by DGFT, as given below:-

Exim Code	Item Description	Policy
2516	Granite, Porphyry, Basalt, Sandstone and Other Monumental or Building Stone, Whether or Not Roughly Trimmed or Merely Cut, by Sawing or otherwise, into Blocks or Slabs of a Rectangular (Including Square) Shape	
	Granite:	
25161100	Crude of roughly trimmed.	Restricted
25161200	Merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape.	Restricted

The Approval Committee further observed that as per Point No. (iii) of Instruction No. 47 dated 04.03.2010 issued by DOC, "In respect of supply of Restricted items by a DTA unit to SEZ Developer / Unit, the DTA unit can supply such items to a SEZ Developer or unit

for setting up infrastructure facility or for setting up of a unit. It can also supply raw material to SEZ unit for undertaking a manufacturing operation except refrigeration, cutting, polishing and blending. However, it will require prior approval of BOA". In view of the Instruction No. 47 and the fact that unit would be both importing / procuring Granite from DTA, the approval of BoA is required.

The Approval Committee has decided to recommend the proposal to the Board of Approval for consideration, in terms of Instruction No. 47 dated 04.03.2010 issued by DOC, in respect of import / procurement of 'Rough Granite blocks' as raw material which is Restricted under Exim Code 2516. The Committee has further decided that in case LOA is granted to the unit by BoA, the unit would fulfill Environment & Pollution Control Norms for Air & Water. The Approval Committee has also decided that the proposed SEZ unit, if issued LOA, may sell / supply finished 'Granite' in DTA subject to payment of applicable duties and fulfillment of positive NFE subject to the condition that it can sell only those Granite slabs which are freely importable in view the policy restrictions of DGFT contained in ITC(HS) Classification.

Recommendation by DC

The proposal of M/s. M&G Impex (India) Pvt. Ltd. for import / procurement of 'Rough Granite blocks' as raw material, which is Restricted under Exim Code 2516, in respect of its proposed unit in the Multi-Product SEZ of M/s Mahindra World City (Jaipur) Ltd. located at Village Kalwara, Jhai, Bhamboriya, Bagru Khurd & Newta, Tehsil-Sanganer, Distt- Jaipur (Rajasthan) for manufacturing of 'Granite Slabs'[ITC(HS) 68029300], has been forwarded by DC, NSEZ for consideration by the Board of Approval in terms of Instruction No. 47 dated 04.03.2010. The Approval Committee has recommended this proposal.

The request is placed before BoA for its consideration.

89.9(ii) Proposal of M/s. Orvi Design Studio for import / procurement of 'Mother of Pearl' as raw material in respect of its unit located in the Multi-Product SEZ of M/s. MahindraWorld City (Jaipur) Ltd. at Village Kalwara, Jhai, Bhamboriya, Bagru Khurd & Newta, Tehsil-Sananer, Distt- Jaipur (Rajasthan).

M/s. Orvi Design Studio had been granted LOA on 28.02.2011 & subsequent amendment letters dated 13.07.2017 & dt. 08.03.2018 for setting up of unit in the Handicraft SEZ (now merged as Multi-Product SEZ) of Mahindra World City (Jaipur) Ltd. at Jaipur (Rajasthan) for manufacturing of following items:-

(i)	Handicraft Stone Tiles
(ii)	Handcrafted Raku Ceramic Tiles (HS Code-69010030)
(iii)	Handcrafted Shattered Glass tiles (with & without inlay work) (HS Code-70169000)
(iv)	Handcrafted Wooden with Metal Tiles (HS Code-44219190)
(v)	Handcrafted Glass with Metal Tiles (HS Code-70200090)
(vi)	Handcrafted Liner with Copper, Brass & Steel (HS Code- 74071030, 74199930, 73269099)
(vii)	Handcrafted Marble (With & without Inlay Work) (68022190), Limestone

(25210090), Sandstone (25162000), Granite (With & Without Inlay Work) (68022310), Slate Stone(68030000) Quartzite (25062090)

Further, the Approval Committee in its meeting held on 17.12.2018 had approved the proposal of the unit for inclusion of following items of manufacture in LOA:-

- (i) Handicrafts all type of stone with inlay work with semi precious stones.
- (ii) Handicrafts glass tiles with inlay work with semi precious stones.
- (iii) Handicrafts wooden tiles with inlay work with semi precious stones.
- (iv) Handicrafted raku ceramic tiles with inlay work with semi precious stones.

DC, NSEZ has informed that the unit had executed Bond-cum-Legal Undertaking which had been accepted by the Competent Authority. The unit had commenced its operation w.e.f. 01.11.2013 and after completion of first five years, the LOA of the unit has been renewed upto 31.10.2023. While considering the proposal of the unit for inclusion of above additional items of manufacture in LOA, the Approval Committee in its meeting held on 17.12.2018 clarified that import of Mother of Pearl (ITC HS Code 96019090) is 'Restricted', hence import of Mother of Pearl shall not be allowed. However, Approval Committee pointed out that import of the restricted item i.e. Mother of Pearl can be allowed by Board of Approval.

DC, has further informed that the unit vide its letters dated 21.02.2019 has submitted request to forward its proposal to BOA for import / DTA procurement of 'Mother of Pearl (ITC HS Code 96019090)' as raw material for carrying out manufacture of following final product using Mother of Pearl:-

Item name to export & sale in local market	ITC(HS) Code
(i). Handicrafts all type of stone with inlay work with Mother of Pearl & semi precious stones.	68029900
(ii). Handicrafts glass tiles with inlay work with Mother of Pearl & semi precious stones.	70169000
(iii). Handicrafts wooden tiles with inlay work with Mother of Pearl & semi precious stones.	44209010
(iv). Handicrafted raku ceramic tiles with inlay work with Mother of Pearl & semi precious stones.	69149000

It has also been informed that the unit has also submitted manufacturing process (flow-chart) in respect of 'Mother of Pearls' for manufacturing of tiles. The Unit has also submitted copy of letter No. 3/2/Auth. Ltr./Psi/(JPR)14-15/643 dated 26.10.2018 issued to them by O/o. DC (Handicrafts), Jaipur certifying that following items falls under the category of Handicraft items:-

- i) Handicrafts all types of stone with inlay work of Mother of Pearls and other semi-precious stones – HS Code 71031023- Agate, HS Code 71031019 – Malachite, HS Code 71031019- Lapis Lazuil, HS Code 96019090- Mother of Pearls.
- ii) Handicrafts Glass tiles with inlay work of Mother of Pearls and other semi-precious stones – HS Code 71031023- Agate, HS Code 71031019 – Malachite, HS Code 71031019- Lapis Lazuil, HS Code 96019090- Mother of Pearls.

- iii) Handicrafts Wooden tiles with inlay work of Mother of Pearls and other semi-precious stones – HS Code 71031023- Agate, HS Code 71031019 – Malachite, HS Code 71031019- Lapis Lazuli, HS Code 96019090- Mother of Pearls.
- iv) Handicrafted Raku Ceramic tiles with inlay work of Mother of Pearls and other semi-precious stones – HS Code 71031023- Agate, HS Code 71031019 – Malachite, HS Code 71031019- Lapis Lazuli, HS Code 96019090- Mother of Pearls.

In this regard, it may be mentioned here that as per Point No. (iii) of Instruction No. 47 dated 04.03.2010 issued by DOC, *“In respect of supply of Restricted items by a DTA unit to SEZ Developer / Unit, the DTA unit can supply such items to a SEZ Developer or unit for setting up infrastructure facility or for setting up of a unit. It can also supply raw material to SEZ unit for undertaking a manufacturing operation except refrigeration, cutting, polishing and blending. However, it will require prior approval of BOA.”*

Recommendation by DC

DC, NSEZ has forwarded the proposal of M/s. Orvi Design Studio for import / DTA procurement of ‘Mother of Pearl’, as raw material which is ‘Restricted under ITC(HS) Code 96019090 and subject to permission and NOC for the non-violation of CITES/Wildlife Crime Control Bureau for consideration by BoA in terms of Instruction No. 47 dated 04.03.2010.

The request is placed before BoA for its consideration.

89.9(iii) Request of M/s. L&T Hydrocarbon Engineering Ltd., - a SEZ Unit for grant of special permission for movement of goods from Port of Import to Job-worker's premises before its entry into SEZ

M/s. ONGC has awarded a contract for Engineering, Procurement, Construction, Installation and Commissioning of Subsea Production Systems and Subsea Umbilicals, Risers and Flowlines. The scope of work involves the tie-in of 34 subsea wells in water depths ranging from 400 meters to 1300 meters for oil and gas production facilities. This involves procurement and coating of seamless line pipes, onshore installation of pipelines and fabrication of subsea structure and stalk fabrication of lines pipes for reeling.

In order to execute the project, they intend to manufacture goods at their SEZ Unit located in L & T Shipbuilding SEZ, Kattupalli, Tamil Nadu. Specifically, the stalk fabrication and reeling which would be undertaken in the Unit involves the joining of seamless carbon steel line pipes, each measuring 12.2 meters in length to manufacture a stalk of 1300 meters. These stalks are then reeled onto a reel-lay vessel which will subsequently lay the reeled pipe lengths in the deepwater offshore site. The linepipes needed for this process need to be imported from Italy and Argentina.

It is further submitted that the Unit intends to Import inter alio 257 km length of seamless linepipes which would undergo anti-corrosion coating in India. These pipelines are proposed to be imported through Mundhra Port, Gujarat, since the Unit had identified two vendors (job-workers) viz. Mis. Jinclal Saw Limited and Mis. Welspun Corp Limited both located in Mundhra, Gujarat, to carry out the process of anti-corrosive coatings on the imported pipelines.

It is further submitted that the Unit had requested for special permission for directly moving the imported goods (257 km length of seamless linepipes) from Mundhra Port to the jobworkers' premises for carrying out the anti-corrosive coatings, instead of transporting the same from the Port of Import (Mundra Port) to the SEZ in Tamil Nadu and then remove these pipelines from the SEZ to Job workers' premises for coating purposes and bringing back them to their SEZ Unit, after completion of the jobwork: It is claimed by the Unit Moving the pipelines directly from Port of Import to jobworkers' premises will reduce transportation time and elimination of risk of material handling damages and that this would enable them to execute the project within the tight schedule. The Unit proposes to generate the sub-contract challan (on SEZ online) after clearing these linepipes at Mundra Port, which would be squared off after receipt of coated pipes into the SEZ from the jobworker.

Rule position:

The SEZ Rules has not laid a procedure for such movement of imported goods viz. direct movement of goods from the port to job-worker's premises and thereafter (after undergoing certain production process) the goods are moved into SE unit.

SEZ Rules 41 and 42 do not have any proviso to deal with such requests from the units. It is submitted that permitting such movement of imported goods on a case to case basis would be in the interest of facilitating export trade whereby the logistical delays and the attendant cost could be minimized, if not eliminated.

Recommendation by DC

DC, MEPZ has requested to place the request of M/s. L & T Hydrocarbon Engineering Ltd. — SEZ Unit located in L & T Shipbuilding Ltd., Kattupalli, Tamil Nadu, before the ensuing BoA meeting for consideration.

The request is placed before BoA for its consideration.

89.9(iv) Proposal for cancellation of Letter of Approval in respect of M/s Swarnim Dahej Spring Desalination P Limited, Co-Developer, Dahej SEZ.

M/s.Swarnim Dahej Spring Desalination P Ltd (SDSDPLAR) was granted co-developer status on 25.04.2014 for providing infrastructure facilities to develop, operate and maintain desalination plant of 336 MLD capacity for supply of desalinated water to developer, co-developer and SEZ unit, over an area of 60 hectares.

As stated by DC, Dahej SEZ, the co-developer has informed that proposed project of desalination plant of 336 MLD capacity for supply of desalinated water to Dahej SEZ could not be taken forward as per present water supply scheme of Gujarat Industrial Development Corporation (GIDC). GIDC had made it compulsory for all the users to recycle and reuse the water to the maximum extent. ONGC Petro addition Limited (OPaL) is not in a position to put on additional funds to meet their specification. Hence, they will not be lifting their desalination water. GIDC are supplying water @ Rs.24.04 per kilo ltr while the proposed desalination water rate is about Rs.73/- per kilo ltr. In the absence of buy back commitment from the end users, it is impossible to take this project forward. It is not possible for GIDC or OPaL to take the burden of take or pay agreement of the desalinated water. Therefore, the co-

developer requested to initiate the cancellation of proceedings of the project and refund the amount of deposit on account of change in ground realities.

DC, Dahej has further stated that M/s DSL has informed that no work has been carried out of M/s SDSDPLAR and requested to take suitable action against the co-developer. M/s DSL vide their email dated 08/03/2019 confirmed that M/s SDSDPL has paid the amount of Rs.60,50,000/- towards application fees and deposit and requested to do needful on Letter of Approval issued to M/s SDSDPLAR.

Recommendation by DC:

DC, Dahej SEZ has recommended the proposal for cancellation of Letter of Approval in respect of M/s Swarnim Dahej Spring Desalination P Limited, Co-Developer for consideration of Board of Approval.

The request is placed before BOA for its consideration.

89.9(v) Irregularities and compliance issues in the Port based SEZ developed by Cochin Port Trust in Puthuvypeen, Ernakulam District, Kerala.

The Puthuvypeen SEZ, developed by Cochin Port Trust was granted LoA on 18.04.2006 and subsequently notified on 02.11.2006 over an area of 285.8413 hectares. Later, three Co-Developers were granted permission for infrastructural development as follows.

- | | | | |
|----|---------------------------------------|---|---|
| 1. | M/s Petronet LNG Limited | - | Approval dated 14/02/2007 for providing infrastructure facilities. |
| | | | Approval dated 11/05/2007 – authorized operation – Operation and maintenance of an LNG re-gasification terminal of 2.5 MMTPA capacity for providing re-gasification services for LNG and <u>marketing and distribution of the re-gasificafied LNG there from.</u> |
| 2. | M/s Bharat Petroleum Corporation Ltd. | - | Approval dated 27/02/2009 – for providing infrastructure facilities. |
| 3. | M/s Indian Oil Corporation Ltd. | - | Approval dated 17/06/2011 for providing infrastructure facilities. |

M/s Gas Authority of India Ltd (Later on GAIL (India) Limited) is the only Unit in the Puthuvypeen SEZ issued with LoA No. 37/4/2010: Puthuvypeen SEZ dated 27/07/2010 with authorized operation as 'Regasified LNG transmission and distribution'. The Unit started the operation on 25.08.2013 thereby making the SEZ operational. The validity of LoA expired on 24.08.2018. The Development Commissioner extended the validity of LoA for a period up to 31 March 2019 considering the fact that if the LoA were not renewed, the Zone would lose the 'operational' status. The study of their operational model indicates that there is no scope

for achieving positive NFE. However, M/s. GAIL (India) Ltd. has so far not given any cogent.

DC, CSEZ has informed that the Developer has approached their office to grant permission for a tourism project in the SEZ. To ascertain the exact nature of the project and the intended location, a team of officers from their office visited the Zone along with the representatives of the Developer, three Co-Developers and the Unit. The group toured the entire Zone area and the intended project site. It was seen that the proposed activity was in the processing area and it breached the contiguity of the Zone. The team also came across some serious lapses in the Puthuvypeen SEZ, which is given below:

(1) The Zone is not secured by a compound wall, which is violation of Rule 11(2) of SEZ Rules. The Rule mandates that the Developer shall construct a compound wall as stipulated therein or take measures for securing the processing area with the approval of BoA, Only two of the Co-developers and the Unit have secured the area allotted to them with a compound wall. Rest of the Zone is freely accessible to anyone. The main road inside the Zone is being used by the people residing on one side for their daily commuting.

(2) The Zone has no contiguity. Two wide thoroughfares and a path cut across the Zone make it different parcels of land. This violates Rule 5(2) (b) (i) and Rule 7(2) of SEZ Rules which mandates Contiguity in the SEZ area.

(3) The Co-developer, M/s IOCL has not started any work in their area allotted to them, even though the Letter of Approval was issued on 17.06.2011. The authorised operation of M/s IOCL is "providing infrastructure facilities such as (1) Development of storage facilities for liquefied petroleum gas (LPG), (ii) Laying inter-connecting pipeline, (iii) setting up an inland LPG container (Tanker) station". However, no work is done till date by M/s. IOCL in their allotted area. It seems that no work is possible in the proposed area as the public is protesting against any work there. In fact, there is no access to the area allotted to the Co-Developer as the Public residing on the other side of the road is not allowing any person to access that area.

(4) Another Co-developer, M/s BPCL — Kochi Refinery, is operating like a Unit without any valid Letter of Approval as a Unit and without fulfilling the NFE obligations. As per the authorised operations approved by BoA, M/s BPCL is to develop infrastructure facilities inside the SEZ area. However, the Co-Developer is also involved in the pumping of crude oil from the Zone to their refinery located in the DTA, which is an activity of a Unit for which no approval is taken till date.

(5) The only Unit in the Zone, M/s GAIL (India) Ltd, completed 5 years of operation on 24.08.2018 and during the processing of renewal application, it was noticed that the Unit has not achieved positive Net Foreign Exchange (NEE). Their operational model was studied in detail and it turns out that there is no scope for obtaining positive NFE. As an interim measure, this office had extended the validity of the Letter of Approval of M/s GAIL (INDIA) Ltd. upto 31.03.2019. Though a letter was issued to them seeking clarification in the matter, no valid explanation for achievement of NFE is received from them. When the extended Letter of Approval lapses in March 2019, there is no other Unit in the Zone to make it operational. The letter issued to them seeking clarifications is enclosed for your reference. M/s GAIL(India) Limited vide their letter dated 29.03.2019 has requested for exit from the Zone, when the

validity of their LoA expires on 31.03.2019.

Considering the seriousness of the lapses, and the fact that all stake holders are public sector entities, the office of DC, CSEZ addressed a D.O. letter to Chairman, Port Trust, the Developer. In their explanation, the developer expressed their inability to ensure contiguity and construct compound wall. It is their contention that since the products dealt with are petroleum products and their movement is through pipelines there is no scope for pilferage and loss of revenue

As mentioned above, the Developer, Co-Developers and the Unit are Central PSUs. Already an investment of approximately 10000 crore have been made in the Zone with duty/tax concessions. However, disruptions in the working of the Zone may have far reaching repercussions for the petroleum and natural gas sectors.

Recommendation by DC:-

DC, CSEZ has requested that the case may be placed before the BoA for considering the following issues:

- (i) M/s GAIL 'India Ltd., the only Unit in Puthuyppeen SEZ, has submitted application for exit from SEZ scheme w.e.f.1 March 2019. The Zone will lose its operational status once the Unit exit. The Co-Developers are procuring duty free materials for the Operation and maintenance of the infrastructure facilities. Can they allow duty free procurement in future?
- (ii) The developer has expressed their inability to ensure contiguity and construct compound wall. It is their contention that since the products dealt with are petroleum products and their movement is through pipelines there is no scope for pilferage and loss of revenue and hence compound wall is not required. However, most part of the Zone is freely accessible to public. The main road inside the Zone is being used by the people residing on one side for their daily commuting. Similarly, two wide thoroughfares and a path cut across the Zone, which is used by the fishermen community for taking their boats to the sea. These thoroughfares are used by the fishermen community for their access to the Sea and hence it would not be feasible for ensuring contiguity as any step towards closure of the path would result in public protest. The total area of the Zone which is open and inaccessible is 174 hectares (61% of the notified area), which includes the area allotted to M/s IOCL, the Co-Developer. Can they permit the Zone to continue without contiguity and compound wall?
- (iii) The Co-Developers and the Unit are Central PSUs. Already an investment of approximately 10000 crore have been made in the Zone with duty/tax concessions. Similarly, disruptions in the working of the Zone may have far reaching repercussions for the petroleum and natural gas sectors.

The request is submitted for consideration of the Board of Approval.

**89.10 Proposals for Provisional LoA pending Industrial License / Industrial Licence
(two proposals)**

89.10 (i) Request of M/s L&TMBDA Missile Systems Ltd., under MEPZ for issuance of provisional LOA pending receipt of Industrial license under Arms Act, 1959 by the DPIIT.

M/s L&T MBDA Missile Systems Ltd., a proposed SEZ unit at M/s. Aspen Infrastructures Ltd. SEZ, Coimbatore, Tamil Nadu had submitted an application for grant of Letter of Approval (LOA) for setting up an SEZ unit in M/s. Aspen Infrastructures Ltd. SEZ, for engaging in Assembly, Integration, Functional Testing of Missile Sub Systems and Missile Weapon Systems to DC, MEPZ.

It was, however, noted that the said items required licence under Arms Act, 1959. As the proposed activity was covered under the Arms Act, 1959, the proposal was referred by Development Commissioner, MEPZ to Department of Commerce for placing before the Board of Approval (BOA).

The BOA in its 85th meeting held on 02.11.2018 directed that the proposal for grant of license under the Arms Act, 1959 may be expeditiously processed on file after receiving necessary application/documents from the unit and clearances from relevant Departments. Subsequently, in terms of DPIIT's O.M. No. F. No. - 2(54)/2018-IL dated 02.01.2019, the proposal of the unit for grant of industrial license under Arms Act, 1959 was transferred to DPIIT vide DoC O.M dated 30.01.2019. Proposal of the unit for grant of Industrial Licence under Arms Act, 1959 is under consideration in DPIIT.

It is to be mentioned that unit is continuously pressing hard for grant of Letter of Approval (LoA) for their SEZ Unit pending issuance of Industrial License (IL) by DPIIT under Arms Act, 1959 which will enable the unit to enter into lease agreement with SEZ developer and undertake construction of the manufacturing facilities. The unit also assured that the manufacturing operations will not be commenced until the grant of license under Arms Act, 1959 by DPIIT. Unit also assured that it will abide by conditions as required by DOC.

Meanwhile, unit mentioned that it has already received export orders with critical delivery timelines. The missile sub-assemblies to be produced by the unit are to be exported to France for integration into the missiles by the units customer i.e MBDA, which will supply the missiles to the Indian Armed Forces. To meet the delivery timeline, unit need to construct specific manufacturing facility for execution of these export orders.

It is to be mentioned that the matter of the unit was examined in Department of Commerce and it was decided to place the request of M/s L&T MBDA Missile Systems Ltd. for grant of Letter of Approval (LoA) for their SEZ Unit pending issuance of Industrial License (IL) by DPIIT under Arms Act, 1959 before next BOA whenever it is convened. Hence, the proposal of the unit is placed before BOA for consideration.

Recommendation of DC:-

DC, MEPZ had earlier while forwarding the proposal for consideration of 85th BoA had recommended issue of provisional LOA to the unit pending grant of license under Arms Act, 1959.

Specific issue on which BOA's decision is required:

BOA may consider the request of the applicant for grant of LOA pending the grant of Licence under Arms Act, 1959 by DPIIT.

89.10(ii) Proposal of M/s Tata Power Company Ltd.– Strategic Engineering Division (SEZ unit under CSEZ for grant of license under IDR Act, 1951.

M/s Tata Power Company Ltd., SEZ unit, had applied for Industrial License in 2016 for manufacture of following defence products, at Bangaluru Aero Space SEZ Industrial Area:

- (i) Armoured or protective equipments for Ballistic protection for military systems;
- (ii) Manufacturing of radar equipment, detection, navigation specially designed for military applications;
- (iii) Imaging or countermeasure equipment i.e. Recorders and Image processing equipments, image intensifier equipment, infrared or thermal imaging equipments, imaging radar sensor equipment, countermeasure or countermeasure equipment.
- (iv) Misc-concealment-detection equipment for military application.
- (v) Tanks and other armoured fighting vehicles including Ground vehicles a and b to provide ballistic protection to level III (NIJ 0108.01, Sep 1985, or comparable national standard or above);
- (vi) Arms-ammunition-allied items of defence equipment part accessories thereof;
- (vii) Defence aircraft for military application;**

After receiving clearances from various departments concerned i.e. MHA, D(DIP), Civil Aviation, State Govt. & CSEZ, the proposal of the unit was placed before 83rd meeting of BOA dated 19.06.2018 for consideration. The BOA approved the proposal of the unit for grant of industrial license for manufacture of the following items i.e. items No. (i) to (iv) covered under the ID(R&A) Act, 1951.

Since the items No. (v) to (vii) were covered under the Arms Act, 1959 at that time, the Board referred the proposal in respect of these items to Secretary, DPIIT for grant of licence under Arms Act, 1959. Meanwhile, DPIIT intimated Department of Commerce that item No. (vii) i.e. "**Defence aircraft for military application**" is now covered under IDR Act, 1951 as per DPIIT's Press Note No. 1(2019) dated 01.01.2019.

Relevant Provision: As per section 9(e) of the SEZ Act, 2005, the Board has powers and functions of granting, notwithstanding anything contained in the Industries (Development and Regulation) Act, 1951, a license to an industrial undertaking referred to in clause (d) of section 3 of that Act, if such undertaking is established, as a whole or part thereof, or

proposed to be established, in a Special Economic Zone.

Therefore, proposal is placed before BOA for grant of Industrial Licence under IDR Act, 1951 for “Defence aircraft for military application.”

Item no. 89.11: Appeal before BoA (one appeal)

89.11(i) Appeal of M/s. Eence International against the order dated 22.12.2018 of UAC/NSEZ for non-renewal of LoA.

Gist of order appealed against

M/s. Eence International, Plot No. 158, NSEZ was granted LoA on 30.04.2002 for manufacture and export of plain gold jewellery. The unit started export production w.e.f. 05.08.2002 and commenced export of gold jewellery. The LoA was renewed from time to time. The last renewal of LoA was valid till 04.08.2017.

The Approval Committee was informed that the unit has been lying non-functional and has not made any export during previous block of five years since 2012-13. The unit had submitted application for renewal of LoA on 17.09.2018 i.e. after delay of more than one year.

That due to illness of Shri Rajnish Kumar Jain, the working partner of Eence International, the LoA could not be renewed before its expiry on 04.08.2017.

The Approval Committee, after due deliberations, observed that,

- (i) The unit has not done any export from 2012-13.
- (ii) The unit was indulged in un-authorized activities as reported by NSEZ Customs based on their visit of the factory premises on 29.08.2018 (ShriRajnish Kumar Jain was unable to disclose the proper source of procurement of yellow metal and acquired in contravention of the provisions of Customs Act, 1962 read with SEZ Rules, 2006 on reasonable belief that the goods liable to confiscate under Customs Act, 1962 were seized under Seizure Memo dated 06.09.2018 under Section 110 of the said Act after appraisalment by the Jewellery Appraiser, NSEZ, Noida).
- (iii) LoA of the unit had already expired on 04.08.2017 and consequently lease deed in respect of Plot No. 158, NSEZ also stand expired in terms of Rule 11 (5) of SEZ Rules, 2006.
- (iv) The unit has not applied for extension of LoA in time.

In view of the above, the Approval Committee was of the view that there was no merit in the case for grant of extension of LoA and decided unanimously not to renew the LoA which had already expired on 04.08.2017 taking into account the facts of the case and Rule 19(6)(B) of SEZ Rules, 2006.

The Approval Committee also observed that the lease rights of Plot No. 158, NSEZ being co-terminus with the validity of LoA also cease to exist on 04.08.2017 in terms of provisions of Rule 11(5) of SEZ Rules, 2006. The Approval Committee directed the Estate

Management section to take necessary action against the unit as appropriate under provisions of P.P.Act to takeover possession of space allotted to it.

Contents of Appeal

The letter dated 21.12.2018, conveying to the Appellant that the Approval Committee's view that there is no merit in the case for grant of extension of LoA which has already expired on 04.08.2017, is harsh, not legal, not proper and is liable to be quashed on the following grounds:-

- (i) That the letter is quasi-judicial order having serious adverse consequences upon Appellant's right to earn his livelihood. Such an order should be passed after issuing a notice to the Appellant by the competent authority. In this case the Appellant did not receive any notice proposing the harsh action of not renewing the LoA. The letter dated 21.12.2018 conveying the observations of the Approval Committee appealable under Rule 55 r/w Rule 56 of SEZ Rules 2006 doesn't contain details of members of the Approval Committee the signatures or even the copy of the proceedings of the Approval Committee duly signed by the members of the Approval Committee. Such an order is not legal and proper and is liable to be quashed on this ground alone.
- (ii) That during the period of its operation, the unit has been a positive foreign exchange earner. In as much as imported gold valued at Rs. 56,85,81,561/- was imported (free of cost) by utilizing the said gold, the Appellant exported manufactured gold jewellery valued at Rs. 60,00,45,850/-, thus there has been a positive foreign exchange earning of Rs. 3.15 crores.
- (iii) That there is no allegation whatsoever against the Appellant that any goods imported or procured under SEZ scheme was unauthorizedly used for removed or even attempted to be removed clandestinely without payment of duty. The gold imported without payment of duty was fully accounted for by manufacturing and exporting jewellery utilizing the imported gold.
- (iv) That not being able to export in the previous block of 5 years does not amount to misuse or unauthorized use of the goods imported availing concessions/exemptions under SEZ scheme. The Appellant has been paying the lease rent regularly. There is no evidence whatsoever on record to suggest that there was any fiscal loss to the Government of India or to the SEZ Authorities.
- (v) That the only alleged contumacious act highlighted in the impugned letter dated 21.12.2018 is the seizure of 2471 grams of gold recovered from the Appellant's NSEZ unit. In this connection the Noticee's submissions are as under:-
 - That the Customs Department has not till date issued any SCN alleging contraventions of the provisions of SEZ Act and Rules.
 - The investigating officer could not collect any evidence whatsoever on record to suggest that there was any attempt to remove gold from SEZ into DTA without payment of duty in contravention of any provisions of SEZ Act or Rules. In any event, relying on the evidence collected by the Customs Department during investigation after the visit of the Customs Officers to the unit on 29.08.2018 is pre-mature as even the SCN containing allegation highlighting contraventions of law, has not

- been issued. The Appellant emphatically submit that the Appellant have not contravened any of the provisions of the Customs Act, 1962 or the SEZ Act, 2005. There is no allegation of fraud, financial loss to the Government or any administrative inconvenience.
- That submission of belated application for renewal of LoA particularly when such an application was submitted as per the instructions of the DDC, NSEZ vide letter dated 01.11.2018 cannot be a ground warranting cancellation of LoA having serious consequences on the livelihood of the Appellant. All the conditions specified in the last extension in validity of LoA letter dated 30.01.2013 were followed. Even failure to achieve positive NFE as per condition no. 1 provide for penal action under FTDR Act, 1992 and not the harsh action of cancellation of LoA.
 - That it is a well settled law that for minor procedural violations substantive right cannot be denied. In the case of CCE, Kanpur Vs. Ram Shree Steel Pvt. Ltd. reported in 2011(274) E.L.T. 30 it was held that procedural requirements could be dispensed with if sufficient explanation was given, and if there was no allegations of fraud or administrative inconvenience – On facts, held that failure to intimate reading of electricity meter to Assistant Commissioner could not lead rejection of abatement as meter was replaced and meter room was locked by Electricity Department, and there was evidence on record for same. Similarly the Hon'ble Court in the case of Commissioner of Sales Tax, U.P. Auriaya Chamber of Commerce, Allahabad report in 1986 (25) E.L.T. 867 (S.C.) has held that one should not get entangled in the cobweb of procedures but do substantial justice. In the present case, no mala fide intention can be attributed to the Appellant for not applying for extension before the expiry of LoA or to undertake job work of another NSEZ unit within the same SEZ. There is no evidence whatsoever on record as discussed in the impugned order to suggest any mala fide intention on the part of Appellant.

Rule Position

Rule 19 (6B) of the SEZ Rules, 2006 as amended on 19.09.2018 stipulates that the renewal of Letter of Approval shall be based on the evaluation of the following criteria, namely:-

- (i) Export performance of the Unit in the last block vis-a-vis the initial export projection submitted by the Unit.
- (ii) Projected employment with reference to actual employment generated.
- (iii) Instance of violation of applicable statutes related to the functioning of the Unit.
- (iv) Cases of default, if any, of statutory payments.
- (v) Undertaking of any activity not sanctioned or approved by the Development Commissioner.
- (vi) The decision of the Development Commissioner or Approval Committee in this regard shall be final and binding on the Unit except in cases where the Unit prefers an appeal before the Board of Approval, in accordance with rule 55.

Rule 11(5) of the SEZ Rules, 2006 states that the land or built up space in the processing area or Free Trade and Warehousing Zone shall be given on lease only to the entrepreneurs holding a valid Letter of Approval issued under rule 19 and the lease period shall not be less than five years but notwithstanding any other condition in the lease deed, the lease rights would cease to exist in case of the expiry or cancellation of the Letter of Approval:

Provided that the Developer may, with the prior approval of the Approval Committee, grant on lease land or built up space, for creating facilities such as canteen, public telephone booths, first aid centres, creche and such other facilities as may be required for the exclusive use of the unit.

The appeal was placed before the Board of Approval in its 88th meeting held on 25.02.2019. The appellant did not appear before the Board. The case was deferred for consideration in the next meeting. Hence, the appeal is placed before the Board of Approval.
