

**Office of the Development Commissioner, Sri City SEZ (Multi Product),
Project Office, N. H. 5, Tada – 524 401, Nellore District, A.P.**

**MINUTES OF THE MEETING OF THE UNIT APPROVAL COMMITTEE FOR
M/S. SRI CITY (P) LIMITED, MULTI PRODUCT SEZ.**

The Meeting of the Unit Approval Committee was held on **10.09.2014** at 02.30 PM at Business Centre, Sri City SEZ, Satyavedu Mandal, Chittoor District, A.P. Pin – 517 588.

Members Present:

- 1) Shri V. Murugesan, ITS, Asst. DGFT., O/o the Addl. DGFT, South Zone, Shastri Bhavan, 4th Floor(Annexe), No. 26, Haddows Road, Chennai – 600 006.
- 2) Shri A. Ramalingeswara Raju, General Manager, District Industries Centre, Industries Department, Govt. of A. P., Chittoor District, Chittoor-517001 A.P.
- 3) Shri V.Madan Mohana Reddy, Dy. Environmental Engineer, A.P.P.C.B., Regl. Office, Narasimha Teertham Road, Tirupathi-517501.
- 4) Shri A. Gnanendra Prasad, Asst. Labour Officer, Govt. of A.P., Department of Labour, Srikalahasti, Chittoor District. A.P.
- 5) Shri K. V. Ramana, Specified Officer, Sri City SEZ,
- 6) Shri R. Nagarajan, C. F. O., M/s. Sri City Pvt. Ltd., (Rep. of the Developer)

Shri A. K. Choudhary, ITS, Development Commissioner, Sri City SEZ (Multi Product) and **Chairperson**, Unit Approval Committee welcomed the Members and appraised them briefly about the proposals placed before the Committee for their consideration. The items listed in the **Agenda and Supplementary Agenda** were discussed and following decisions were taken.

AGENDA Item No. 1: Ratification of the Minutes of the Meeting of the Unit Approval Committee held on **16.07.2014**.

The Approval Committee **ratified** the Minutes of the Meeting of the Unit Approval Committee held on **16.07.2014**.

AGENDA: 2 (a)

Proposal from M/s. Sri City Pvt. Ltd., Developer: NIL.

AGENDA: 3 (a) & Suppl. Agenda No. 1

No proposal has been received for setting up an unit in Sri City SEZ till the finalization of Agenda on 02.09.2014.

However, proposal/application of M/s.Vermeiren India Rehab Pvt. Ltd., Bangalore for grant of Letter of Approval for setting up an Unit for manufacture of Manual Wheel Chairs in **1st Phase(2014-15)**, Electronic Wheel Chairs, Walkers, Hospital Beds and Scooters for handicapped/old age, Comfort and Commode Chairs in **2nd Phase(2017-18)** in the Sri City SEZ, received on 05.09.2014 has been placed before the UAC as supplementary agenda with the prior approval of the Development Commissioner.

The Unit Approval Committee observed the requirements for the **Phase 1 of the project as under:**

1st Phase: Item of manufacture : Manual Wheel Chairs - 80,000 Pcs per annum.

Investment on Building : Rs. 2925 lakhs (Phase 1 - Rs. 1325 lakhs + Phase 2 Rs. 1600 lakhs).

Requirement of Plant & Machinery :

Imported CG – Rs. 600 lakhs + Imported Raw Materials etc. for 5 years - Rs. 8000 lakhs.

Indigenous CG – Rs. 800 lakhs. + Indigenous Raw Materials etc. for 5 years – Rs. 11000 lakhs.

FOB value of Exports for 5 years : Rs. 219 Crores / US \$ 365 lakhs.

Total Foreign Exchange Outgo(inclgd.other FE outgo) for 5 years: Rs. 90 Cr. / U S \$ 150 lakhs.

Net Foreign Exchange earnings for 5 years: Rs. 129 Crores / US \$ 215 lakhs.

Production capacity and additional requirement of CG, RM etc. for other items of manufacture in 2nd phase will be considered as & when the unit proposes.

The Unit Approval Committee discussed and **approved** the above proposal.

AGENDA: 4 (a):-

M/s. Sri City Private Limited, Developer have submitted half yearly report for the period October, 2013 to March, 2014 in the Form – E duly certified Chartered Engineer, as required under Rule 12 (6) read with Rule 15 of SEZ Rules, 2006 for material consumption & utilization of goods. The Developer has also submitted utilization of goods statements for completed works as advised in the UAC Meeting held on 15.10.2013.

The Unit Approval Committee discussed and **reviewed** the performance of the Developer.

AGENDA : 4 (b):

Units, which have completed one year of operation as on 31.03.2014 (for 2013-14) from the date of commencement of commercial production, have been monitored as per Rule 54 of SEZ Rules, 2006, as under.

1. M/s. Venture Automotive Tooling India P Ltd - **Positive NFE achieved for 2013-14 & Cumulative Period of 4 years.**
 - The UAC **reviewed** and noted the performance of the Unit.
2. M/s. BFG International Pvt. Ltd - **Positive NFE achieved for 2013-14 & Cumulative Period of 4 years 7 months.**
 - The UAC **reviewed** and noted the performance of the Unit.
3. M/s. Control Components India Pvt. Ltd - **Positive NFE achieved for 2013-14 & Cumulative Period of 3 years 4 months.**
 - The UAC **reviewed** and noted the performance of the Unit.
4. M/s. TIL Health Care Pvt. Ltd - **Positive NFE achieved for 2013-14 & Cumulative Period of 2 years.**
 - The UAC **reviewed** and noted the performance of the Unit.
5. M/s. Rockworth Systems Furniture (India) P Ltd – **APR submitted but Deficiency Letter issued for variation of figures.**
 - The UAC **deferred** the review for the next UAC Meeting.
6. M/s. Nui Pulp & Paper Industries Pvt. Ltd - **APR submitted but Deficiency Letter issued for variation of figures.**
 - The UAC **deferred** the review for the next UAC Meeting.
7. M/s. Pina Abrasives India Pvt. Ltd - **Positive NFE achieved for 2013-14 & Cumulative Period of 3 years**
 - The UAC **reviewed** and noted the performance of the Unit.
8. M/s. Sutures India Private Limited - **Positive NFE achieved for 2013-14 & Cumulative Period of 1 year 2 months.**
 - The UAC **reviewed** and noted the performance of the Unit.
9. M/s. Shan Solar Private Limited - - **Negative NFE achieved for 2013-14 & Cumulative Period of 2 years 9 months. May be kept under watch as per Annexure-I under Rule 54 of SEZ Rules, 2006.**
 - The UAC **reviewed** the performance and decided to issue **caution** letter to the unit.

10. M/s. Satyavedu Reserve Infotech Pvt. Ltd., - **A P R furnished during the meeting. Positive NFE achieved for 2013-14 (1 year only completed)**
 - The UAC **reviewed** and noted the performance of the Unit.
11. M/s. Pals Plush India Private Limited – **APR submitted but Deficiency Letter issued for variation of figures.**
 - The UAC **deferred** the review for the next UAC Meeting.
12. M/s. Everton Tea India Private Limited - **Positive NFE achieved for 2013-14 & Cumulative Period of 2 years 2 months.**
 - The UAC **reviewed** and noted the performance of the Unit.
13. M/s. Premium Ingredients Food Services India Pvt.Ltd. - **Positive NFE achieved for 2013-14 & Cumulative Period of 1 year 5 months.**
 - The UAC **reviewed** and noted the performance of the Unit.
14. M/s. Astrotech Steels Private Limited - **Positive NFE achieved for 2013-14 & Cumulative Period of 1 year.**
 - The UAC **reviewed** and noted the performance of the Unit.
15. M/s. Vital Paper Products Pvt. Ltd., - **Positive NFE achieved for 2013-14. Negative NFE achieved for the Cumulative Period of 1 year 1 month due to more DTA sales in 2012.13 during the trial production period.**
 - The UAC **reviewed** the performance of the Unit and decided to keep the unit **under watch as per Annexure-I under Rule 54 of SEZ Rules, 2006.**
16. M/s. Sure Cargo Control Private Limited - **Positive NFE achieved for 2013-14 & Cumulative Period of 3 years 2 months.**
 - The UAC **reviewed** and noted the performance of the Unit.
17. M/s. Splash Water Traders P Ltd : **Positive NFE achieved for 2013-14 & Cumulative Period of years months.**
 - The UAC **reviewed** and noted the performance of the Unit.
18. M/s. Siddhartha Logistics Co. Pvt. Ltd. - **Positive NFE achieved for 2013-14 & Cumulative Period of 1 year 3 months.**
 - The UAC **reviewed** and noted the performance of the Unit.

In respect of 3 units viz., M/s. Saakar Printing, Design & Engineering Pvt. Ltd., M/s. Lovepac Converting Pvt. Ltd., and M/s. Amphenol Mobile Communications Products India Pvt. Ltd., which are under exit, the UAC decided to advise the Authorized Officer to take necessary action to complete the process from Customs Wing of DC's office as per Rule 74 of SEZ Rules, 2006.

Supl. AGENDA No. 2

Proposal of M/s. A. S. Cargo Movers Pvt. Ltd., Co-Developer of Sri City SEZ vide letter dtd. 05.09.2014 for approval for transfer of the Co-Developer status to their Joint Venture Company viz., M/s. Indo Space AS Industrial Park Private Limited, for the same area of land and RBF developed and allotted to M/s. Control Components India Pvt. Ltd., a functional unit in Sri City SEZ. In the new company the M D of M/s. A.S. Cargo Movers Pvt. Ltd., will have 17% of share holding, as stated by them. The joint venture has not been formed by merger of both the companies. The proposal is for exit of M/s. A.S. Cargo Movers Pvt. Ltd., from Co-Developer Status from Sri City SEZ.

On scrutiny of the proposal and Half Yearly Return in Form-E for the period October, 2013 to March, 2014 and Quarterly Return in Form E for the period from April, 2014 to June, 2014 of the Co-Developer and after deliberations the UAC observed the following :-

1. The Co-Developer vide letter dtd. 23.01.2014 submitted the proof of payment of Customs Duty with Interest as per assessment of Authorized Officer vide TR 6 Challan dtd.23.01.2014 of SBI, Srikalahasti Branch for Rs. 3,84,440(Duty Rs. 2,62,524 + Interest Rs.1,21,916) **and therefore complied** the decision of the UAC meeting held on 19.10.2012(Suppl.Agenda No.3).
2. There is no closing stock of un-utilized duty free material as per half yearly and quarterly returns for OM-2014 and AJ-2014 respectively.
3. The UAC noted that M/s. A S Cargo Pvt. Ltd., the Co-Developer has already been advised vide e mail dtd. 15.04.2014 to follow the procedure as laid down in the Minutes of the earlier Meetings of the Board of Approval, No. 59.12 (iii) dtd. 30.08.2013 and 61.9 (xiii) dtd.10.03.2014, reproduced below.
 - (i) Seamless continuity of the SEZ activities with unaltered responsibilities and obligations for the altered developer entity;
 - (ii) Fulfillment of all eligibility criteria applicable to developers, including security clearances etc., by the altered developer entity and its constituents;
 - (iii) Applicability of and compliance with all Revenue / Company Affairs /SEBI etc. rules which regulate issues like capital gains, equity change, transfer, taxability etc.
 - (iv) Full financial details relating to the transfer of equity shall be furnished immediately to the Member (IT) CBDT, Department of Revenue.
 - (v) The assessing officer under the Income Tax Act, 1961, shall have the right to assess the taxability of the amount arising out of the transfer of equity.

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(vi) The applicant shall comply with relevant State Government laws, including those relating to lease of land, as applicable.

4. As the Member from Income Tax Department has not turned up for the meeting, the UAC decided to defer the proposal for want of comments from the Member. It has also been decided to refer the proposal to the Commissioner of Income Tax, Tirupati for his comments on the issues mentioned above (wherever applicable) :

The UAC also decided to advise M/s. A.S. Cargo Movers Pvt. Ltd., Co-Developer to follow the procedure as given below:

1. The New Co-Developer required to enter into an agreement with the Developer.
2. The New Co-Developer required to apply to the DC as per Application form A-1 along with copy of agreement with the Developer. They shall also apply simultaneously for approval of BoA for Authorized Operations through DC.
3. M/s. A S Cargo Movers Pvt. Ltd., have to get No Objection Certificate from the Developer to the effect that Lease Hold rights on Assets and Liabilities as Co-Developer will be transferred to new Co-Developer.
4. M/s. A. S. Cargo Movers Pvt. Ltd., have to get No Due Certificate from Customs Wing of this office.
5. No Objection Certificate from M/s. Control Components India Pvt. Ltd., on Rs. 100/- Non-Judicial stamp paper for change of Co-Developer/Lesser.

Accordingly the UAC decided to **defer** the proposal of the Co-Developer for the next UAC Meeting.

This issues with the approval of **the Development Commissioner, Sri City SEZ and Chairperson**, Unit Approval Committee.

(P.S.B.SASTRY)
Asst. Development Commissioner
E.Mail : psb.sastry@nic.in