

Noida Special Economic Zone Authority
Noida – Dadri Road, Phase –II,
NOIDA- 201305

Minutes of the meeting of NSEZ Authority held on 23/06/2016 at 11:30 AM in the Conference Room, Service Centre, NSEZ under the Chairmanship of Dr. L. B. Singhal, Chairman & CEO, NSEZ Authority.

The following Members of the Authority were present:-

1. Shri Manvendra Singh, Jt. DGFT, Kanpur.
2. Shri S.S. Shukla, Jt. Development Commissioner, NSEZ.
3. Shri G. Srinivasan, Under Secretary, Deptt. of Commerce (Rep. of Joint Secretary, Govt. of India, Deptt. of Commerce).
4. Shri Alok Mukherjee, Director, M/s. Syscom Corporation Ltd., NSEZ
5. Shri P.K. Jain, Rep. of Sh. Rajesh Jain, CMD, M/s. Neokraft Global Pvt. Ltd., NSEZ

2. Besides, during the meeting S/ Shri Rakesh Kumar, Dy. Development Commissioner; R.K. Srivastava, Dy. Development Commissioner; Dharam Vir, Sr. Accounts Officer; R.P. Verma, Secretary, NSEZ Authority; Rajeev Sharma, FCA, M/s. Rajeev Sharma & Associates; Sh. Rohit Agarwal, Rep. of M/s. K.K. Channani & Associates and Jadhav Atul, Junior Engineer, NBCC were also present to assist the Authority.

3. At the outset, Chairman welcomed the participants and after brief introduction, each item included in the agenda were taken up for deliberations one by one. Chairman also appreciated the efforts of Sh Rajeev Sharma, FCA for getting favorable decision in the Appeal filed before the Commissioner Appeal (IT) against the demand of Rs. 5,31,87,109/- . The said demand has now been dropped.

Gist of discussion/decision is given below:

1. Ratification of the minutes of the Authority meeting held on 28/03/2016.

NSEZ Authority was informed that no reference was received against any of the decisions of NSEZA taken in its earlier meeting held on 28/03/2016. Accordingly, the Minutes of the meeting held on 28/03/2016 were ratified.

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Further, NSEZ Authority reviewed the compliance of the decisions taken in the previous meeting of the Authority in terms of sub-Rule 14 of Rule 10 of SEZ Authority Rules, 2009 and expressed satisfaction over progress made in implementation of decisions taken by the Authority in its meeting held on 28.03.2016.

2. Revision in the rates of lease rent and other user charges:

Committee noted that user charges were revised by the Authority in its meeting held on 29/06/2015. In pursuance of the decisions of DoC taken in a meeting held on 01/05/2013 under the Chairmanship of the Additional Secretary, Deptt. of Commerce, NSEZ Authority, after due deliberations, approved the revision in lease rent of SDF/Plot and various user charges w.e.f. 1st July,2016 as under:-

(Amount in Rupees)

<u>Lease rent</u>	<u>Existing Rates</u>	<u>Approved Rates</u>	<u>Increment</u>
<u>SDF</u>	Rs.1600/-	Rs.1712/-	7.00%
<u>Plot</u>	Rs. 115/-	Rs. 123/-	7.00%
<u>Maintenance</u>	Rs. 17/-	Rs. 19/-	11.76%
<u>Water charges</u>	<u>Per quarter</u>	<u>Per quarter</u>	
<u>Plots up to 1000 sqr mtrs</u>	Rs.770/-	Rs.850/-	10.39%
<u>Plots up to 5000 sqr mtrs</u>	Rs. 1100/-	Rs. 1200/-	9.09%
<u>Plots above 5000 sqr mtrs</u>	Rs. 2200/-	Rs. 2400/-	9.09%
<u>SDF</u>	Rs. 1460/-	Rs. 1600/-	9.59%

3. Approval & discussion on Audited Accounts, Finalization of Balance Sheet & Annual Reports for the year 2015-16 in accordance with Rule 6(1) & 12(1) of SEZ Authority Rules, 2009: Audited statement of Accounts/ Balance sheet & Annual Reports for the year 2015-16 was placed before the Authority for approval in terms of Rule 6(1) & 12(1) of SEZ Authority Rules, 2009. After due deliberations, the Authority approved the same. The Chairman & CEO, NSEZ Authority directed Secretary, NSEZ Authority to forward the copies of Annual Accounts/Reports for the year 2015-16 to CAG for statutory audit and DOC for their perusal.

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4. Framing of guidelines for Transfer, Re-allotment and Sharing of SDF:

Different situations for sharing/transfer/re-allotment of SDF was explained before the Authority as per agenda. After due deliberation, NSEZ Authority, approved the following guidelines to be followed with prospective effect:-

S.No.	Situations	Decision
i)	Unit has been allotted SDF(s) in the Zone to implement an LOA issued to it but has not commenced commercial activity. If such Unit makes an application for exit and requests for transfer of SDF allotted to it to some other unit having a valid LOA holder.	Such request shall not be considered and Unit will have mandatorily to surrender the SDF to NSEZ Authority.
ii)	Unit has been allotted SDF(s) and has commenced commercial production but has now applied to exit from NSEZ and requests for transfer the SDF to its sister concern which has agreed to take over their assets/liabilities.	Such request shall not be considered. Unit will have to surrender the SDF to NSEZ Authority.
iii)	Unit was allotted more than one SDF as per its requirement at the time of setting up. The unit is working unit but due to recession or lack of requirement or other reasons, wants to transfer one/more SDF(s) to its sister concern.	Request may be considered but this will be treated as sharing by sister concern and may be permitted subject to payment of lease rent @125% of normal rent for shared area
iv)	Sharing of the same SDF by sister concern.	May be permitted subject to payment of lease rent @125% of normal rent for shared area and also sharing with not more than one unit may be allowed.



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5. Sharing permission to M/s. Om Nanotech Pvt. Ltd., NSEZ (Trading unit) with M/s. Om Nanotech Pvt. Ltd. (Manufacturing), NSEZ at SDF No. -E-04:

Authority, after deliberations, decided to extend the sharing permission to M/s Om Nanotech Pvt. Ltd. (Trading unit), NSEZ with M/s. Om Nanotech Pvt. Ltd. (Manufacturing unit) at SDF No. E-04 for a period of one year subject to payment of lease rent @ 125% of normal lease rent in respect of shared area w.e.f. 23.6.2016.

6. Intimation regarding Sharing of Space by 2 units of M/s. complete surveying Technologies Pvt. Ltd. within approved limit of 25% of total built up space:

Authority took note of the decision taken on file for approval of sharing of space by their sister concern units. After due deliberation, Authority approved that sharing permission on plots may be granted to sister concern units up to a maximum against two LOAs only and also subject to a maximum of 25% of built up area on payment of lease rent @ 150% of normal lease rent.

7. Guidelines for handing over the possession of plots/SDF after execution of sublease deed or tenancy agreement (Presently, we first, hand over the possession of space then advise unit to execute the deed/agreement):

The existing procedure for handing over the possession of plots/SDFs was explained before the Authority. After due deliberation, NSEZ Authority has decided to adopt the following guidelines in future:

1. Applicant has to deposit an amount equivalent to 3 months lease rent at the time of application which shall be adjustable in their regular lease rent.
2. Possession shall be taken over by the allottee within 15 days from the date of offer.
3. Sub-lease deed / tenancy agreement will have to be executed by the allottee within forty five days from the date of possession failing which allotment shall stand cancelled and amount deposited shall stand forfeited without further reference.

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8. Registration of Tenancy agreement in case of SDF:

NSEZ Authority after deliberations decided not to insist units to get the Tenancy Agreements registered, but in case unit on its own opts for registration, their tenancy agreement would be got registered.

9. Approval for differential amounts in estimates submitted by NBCC

NSEZA had approved provisional estimate of Rs. 1035.16 lakhs for three items of work viz. i) Repairing/Minor work in CWC ii) Construction of Public convenience and iii) Repair/reconstruction of road for the year 2016-17 in its meeting held on 28.3.2016 submitted by NBCC. Later on, NBCC submitted final estimates of Rs. 1097.98 which shows difference in the provisional estimates as per details given below:

(Rupees in Lakhs)

S.No	Description of work	Provisional estimate approved by Authority (Rs. in lacs)	Final estimate submitted by NBCC	Difference
1.	Repairing/Minor work in CWC	67.05	70.83	3.78
2.	Construction of Public convenience.	66.93	71.51	4.58
3.	Repair/reconstruction of road.	1035.16	1097.98	62.82
			Total	71.18

NSEZ Authority reviewed the final estimate submitted by NBCC and approved the deferential amounts of Rs. 71.18 Lakhs as mentioned above.

10. Review of ongoing Projects by NBCC:

Authority reviewed the projects executed/to be executed by NBCC. Chairman directed JE, NBCC to expedite the completion of various works awarded to it.

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11. Request of UP Jal Nigam for condonation of delay in completing the works relating to tube wells

NSEZ Authority had approved following projects to UP Jal Nigam on 03/04/2014, 25/06/2014 and 08/09/2014.

S. No.	Description of work	Work award date	Estimated cost	Payment made	Date of completion of work	Delay work in days	Penalty @ 1% on the estimated cost after every 15 days	If we take completion as on 09/11/2015 as per report of UP Jal Nigam
1.	Development of 1 no tube well	03/04/14	3865264/-	2898948/-	31/12/15	498	1275537/-	1120927/-
2.	Development of 02 nos. New Tube well	25/06/14	7730528/-	7731228/-	31/12/15	415	2087243/-	1855327/-
3.	Rising main line of 03 nos. new tube wells	13/10/14	3597022/-	1798505/-	31/12/15	274	647464/-	503583/-
Total			15192814/-	12428681/-			4010244/-	3479837/-

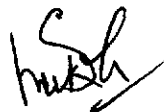
Besides the Authority was informed as under:-

- i.) Initial cost of work awarded :- Rs. 1,51,92,814/-
- ii.) Actual cost of work awarded :- Rs. 140,92,389/-
- iii.) Amount paid to UP Jal Nigam Ltd. :- Rs. 1,24,28,681/-
- iv.) Pending Bill :- Rs. 16,63,708/-

NSEZ Authority was informed that UP Jal Nigam had requested that delay in completion of the project may be condoned and decision to impose penalty against it on account of delay may be reconsidered. The UP Jal Nigam had further requested to release the payment amounting to Rs. 16,63,708/-. UP Jal Nigam had also mentioned that work was actually completed on 09/11/2015 and possession was handed over on 31.12.2015. Therefore, date of completion of above works may be taken as 09/11/2015 only. The reasons for delay, explained by UPJN is as under:

1. Searching of site for Tube well
2. Delay in supply of material by casting co. at Kolkata
3. Non availability of gravel due to rainy season.

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NSEZ Authority was informed that in reply to a Audit Para of C&AG, this office has given in writing that provision of penalty provision for delay in completion of work would be invoked at the time of settlement of final bill. In the circumstances NSEZ Authority decided to maintain decision of this office regarding invoking provision of imposition of penalty for delay in completion of the project. Authority, however agreed with the contention of UP Jal Nigam that work was actually completed on 09/11/2015 and decided to impose penalty upto the date as intimated by UP Jal Nigam for completion of works i.e. 9.11.2015. Accordingly, the Authority decided that the penalty amounting to Rs. 34,79,837/- may be recovered from UP Jal Nigam. The amount to be paid may be adjusted and remaining amount of Rs. 18,16,129/- (Rupees Eighteen Lacs Sixteen Thousand One Hundred Twenty Nine Only) may be demanded from UP Jal Nigam .

12. Renovation of SDF- F, G, H & I and Trading block:

SDF- F,G,H&I blocks were constructed during 1992 and trading block was constructed in the year 2007 and no minor/painting work has been carried out in said blocks. All the blocks are in shabby look. The condition of SDF-F block is worst. Authority after due deliberations decided to renovate and strengthen all above SDF blocks. Authority also decided to get the work completed in respect of one block (the worst one) during the current financial year and directed to obtain estimate for renovation and strengthening of the said four SDF Blocks. NBCC may be requested to submit estimate for financial approval.

13. Representation of M/s. Heuer International for waiver off transfer charges:

The NSEZ Authority was informed that M/s Heuer International was issued LOA dt. 07.07.2006 for Manufacturing of medical /surgical devices, including manufacturing of orthopedic implants, instruments accessories, orthotics aids, resuscitator silicon project(2) Trading of 52 items. Unit commenced its exports activities w.e.f. 27.07.2007 and was allotted Plot No. 142A/52 (measuring 450 sq. mtr.). LOA of the unit is valid up to 26.07.2017.

2. It was further informed that M/s Heuer International had submitted that M/s G.S.T. Corporation Ltd. had acquired M/s Heuer International as M/s. Heuer International-A division of GST Corporation and taken over all its assets & liabilities. Details of both units are as under:-

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i.) Heuer International

Partner's profit sharing ratio:

Taking into account the information provided in the year 2012, following information has been discovered:

<u>Capital</u>	<u>Profit Sharing %</u>	
• Raghu Nathrai Grover	₹ 21,50,000.00	25%
• Shaily Grover	₹ 5,88,000.00	25%
• Ashish Grover	₹ 8,38,000.00	25%
• Manu Grover	₹ 14,24,000.00	25%

ii.) G.S.T Corporation Limited

Shareholding Pattern:

The Paid Up Capital of G.S.T Corporation Limited as displayed on the MCA website is ₹ 8,33,70,000.00 as on 18-05-2016. Taking into account the information provided in the year 2012, the following shareholding has been discovered

<u>Name of shareholder</u>	<u>%</u>
• Raghu Nathrai Grover	22.63 %
• Shaily Grover	06.36 %
• Ashish Grover	09.75 %
• Manu Grover	16.62 %
• Indu Grover	0.514 %
• Meera Grover	0.514 %
• Deepali Grover	0.514 %
• Anisha Grover	0.514 %

3. The proposal for change of entrepreneur /name of the unit from M/s Heuer International to M/s Heuer International-A division of G.S.T. Corporation was approved by UAC in its meeting held on 09.04.2013 (Minutes enclosed).
4. Thereafter the matter relating to levy of transfer charges was examined by the Estate Management Section and the competent Authority had decided as under: -

“Change of entrepreneurship in the event this having been approved would be an agreement of transfer of assets and liabilities of the unit taken over. However this land is unavailable even though the building being asset would get transferred. Thus transfer of land transfer charges would be payable” Accordingly decision was conveyed to unit on 24.06.2013.

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5. It is mentioned that transfer policy approved by NSEZ Authority in its meeting held on 04.09.2012 was as under:-

“In case of Company/partnership, even if the LOA is same, No transfer charges shall be levied if there is change /transfer of equity up to 50%, but transfer charges shall be levied if more than 50% share /promoters/Directors/partners are changed. In case of Proprietary concerns, if there is change of hands, transfer charges shall be levied. In case there is change in name only with no changes in constitution and ownership, no transfer charges shall be levied. The above shall come into effect prospectively”

6. The unit represented against levy of transfer charges and stated that it is merely a change in constitution only as all the partners of the Heuer International are shareholders in GST Corporation Ltd and all the original entrepreneur still exist there. In view of this, the competent Authority has decided to take legal opinion. The legal opinion which was received is reproduced below for ready reference: -

“From the perusal of the file it has been revealed that the issue involved is not of a transfer from one entity to another. It is to be observed that Heuer International is a partnership concern and GST Corporation Ltd is a private company and in this case both the companies have the same directors who are in fact part of the same immediate family. Furthermore, from the agreement filed by them with NSEZ authority it is revealed that what is being undertaken is not a transfer but one parent company is taking over a wholly owned subsidiary. Hence in effect no transfer between two different legal entities as such is taking place and thus the argument adopted by the unit can be said to be sustainable”

7. The above legal opinion was placed before the Competent Authority which was of the view that Transfer charges is applicable as unit is transferring its assets and liability to M/s G.S.T. Corporation Ltd. In view of above the request of the unit for waiver of Transfer charges was rejected.
8. NSEZA was informed that the unit has again vide their letter dated 28.3.2016 represented against the levy of transfer charges. As per given details M/s G.S.T Corporation Ltd. has taken over M/s Heuer International as a whole with all assets, liabilities, rights, claims, entitlements and obligations on going concern and running the same business and same entrepreneur continues with 98% shareholding and requested to waive- off Transfer Charges.

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9. The above facts are placed before the NSEZA for taking a view in the matter, as to whether transfer charges are to be levied against M/s. Heuer International. Chairman and CEO, NSEZ Authority informed the members of the Authority that he himself was also part of the decision of levying transfer charges and requested the members to take an independent view in the matter.

Thereafter an opportunity was provided to the unit for Personal Hearing. Mr. Manu Grover, MD of the unit appeared before the Authority members and made his submission. Authority heard his submissions and went through the guidelines approved by Authority for levy of transfer charges. After deliberations, Authority decided not to levy transfer charges for change of constitution, as the change /transfer of equity is within 50% and major shareholding (98 %) continued to be with the same promoters.

14. Construction of ETP/STP in the Zone Complex:

The NSEZ Authority was informed that NSEZ Authority in its meeting held on 28.03.2016 had constituted a Committee under the Chairmanship of Joint Development Commissioner, NSEZ and comprising Sh. Rajesh Jain and Sh. Rajeev Sharma FCA as member to examine all aspects feasibility, legal requirements etc for establishing STP/ETP and directed to submit their report for taking a final view for setting of STP/ETP. Accordingly a meeting of the Committee was held under the Chairmanship of Joint Development Commissioner, NSEZ on 07.06.2016 and all aspects, feasibility, legal requirements etc. for establishing STP/ETP was examined and thereafter the Committee submitted its report. The report of the Committee headed by Joint Development Commissioner, NSEZ was placed before Authority. The recommendations of the Committee headed by Joint Development Commissioner, NSEZ are reproduced below for ready reference :-

1) Setting up of Effluent Treatment Plant(ETP):

It was informed that Effluent Treatment Plants (ETPs) are used by leading companies in the pharmaceutical and chemical industry to purify water and remove any toxic and nontoxic materials or chemicals from it. It was also informed that at present units located in Noida SEZ generate different type of effluents and for treating those, different types of chemicals are required. Further for setting up ETP more than 1 Acre of land is required.

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It was informed that separate pipeline linkage of ETP is required to all effluent generating units situated in Noida SEZ and different chemicals are required for different effluent treatment. Keeping in view the high cost for setting up ETP (approx. 25 cores) & its maintenance, the participants felt that setting up of ETP is not viable proposition for Noida SEZ. Further the unit viz. M/s Indeutsch Industries (Plot No. 39-40) M/s Indeutsch International (Plot No. 42), Indeutsch International (Plot No. 141), M/s Gripwel Fasteners Pvt. Ltd., M/s Neokraft Global Pvt. Ltd., M/s Sterling Brassware, M/s Agra Products Pvt. Ltd., M/s P.P. Jewellers & M/s P C Jewellers Pvt. Ltd. etc. have already installed their separate ETP with the prior permission from Pollution Control Board. In the circumstances the participants were of the view that it is not feasible to have ETP in Noida SEZ.

2) Setting up of Sewage Treatment Plant (STP):

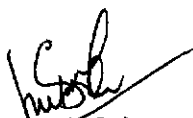
It was informed that the Sewage Treatment is the process of removing contaminants from wastewater and sewage and it includes physical, chemical, and biological processes to remove physical, chemical and biological contaminants. It was further informed that one acre space at Park No. 2 near Gate No. 2, NSEZ has been identified for this purpose and approximate cost of setting up of STP is Rs. 15 Crores.

It was also informed that in order to reduce water consumption and avoiding waste water so that water may be utilized for gardening, landscape irrigation, fire sprinkles/extinguisher and non-potable use etc., setting up of STP is necessary.

Participants were of the view that we may go for construction of Sewage Treatment Plant for which M/s NBCC may be asked to provide estimated cost of the setting up of STP so that if need be the same may be intimated to Department of Commerce with a request to consider funding of the same under ASIDE Scheme. Meanwhile the above recommendations be put up before NSEZ Authority in its meeting scheduled for 23.06.2016 for consideration and approval.

NSEZ Authority after deliberations approved construction of STP only and decided that NBCC may be requested to submit estimate for setting up of STP of 3.5 MLD. The Authority also decided that once estimate is received from M/s NBCC, the same would be referred to Department of Commerce for consideration of funding under ASIDE Scheme.

Meeting ended with vote of thanks to the chair.



(S.S. Shukla)

Jt. Development Commissioner



(Dr. L.B. Singhal)

Chairman & CEO