

Minutes of NSEZ Authority meeting held on 25/06/2018 at 11:30 AM in the Conference Room of Service Centre, NSEZ under the Chairmanship of Dr. L.B. Singhal, Chairman & CEO, NSEZ Authority.

The following Members of the Authority were present in the meeting.

1. Shri S.S. Shukla, Jt. Development Commissioner, NSEZ, Noida
2. Sh. D.T. Parate, Asstt. DGFT, Kanpur
3. Sh. Amit Mehra, Chairman & Managing Director, M/s. Medico Electrodes International Ltd., NSEZ, Noida
4. Sh. Puneet Kapoor, Partner, M/s. APK Identification, NSEZ, Noida

Besides, during the meeting Sh. Rajesh Kumar, Dy. Development Commissioner, NSEZ was also present to assist the Authority. List of other participants is enclosed at Annexure-A.

At the outset, the Chairman welcomed the participants and after a brief introduction, each item included in the agenda was taken up for deliberations one by one.

The gist of discussions/decisions taken in the Authority meeting is as below:

1. **Ratification of the Minutes of the meeting of NSEZ Authority held on 26/03/2018:-**

The member of the Authority was informed that no reference was received against any of decisions of NSEZ Authority taken in the meeting held on 26.03.2018 except mistake in reflection of approved cost of a warehouse in CWC. It was separately deliberated as Agenda Item No. 8 of this meeting. The Authority approved revised cost of the warehouse in CWC as "Rs. 3.25 Crores" in place of "Rs. 2.91 Crores" erroneously reflected in the minutes of the Authority meeting dated 26/03/2018. Accordingly, the cost approved in respect of item at Sr. No. 10 of the table under para 4.2 of the minutes be read as "Rs. 325.68 lakh" in placed of "Rs. 291.77 lakhs". Total approved cost in the table may be read "Rs. 6053.69 lakh" in place of "Rs. 6019.78 Lakhs". The total expenditure in respect of existing and new work as reflected on page no. 14 of the minutes stands revised to "Rs. 7470.06 Lakh" from "Rs. 7436.15 Lakhs". Accordingly, the Minutes of the meeting held on 26.03.2018 were ratified with these modifications. 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 the progress made in the implementation of decisions taken by the Authority in its meeting held on 26.03.2018.

Rajesh

2. **Approval of Financial Statement (Balance Sheet) and Annual Report for the year 2017-18 in accordance with Rule 6(1) (IV) &12(2) and Schedule III of SEZ Authority Rules, 09:** The Financial Statement and Annual Report for the year 2017-18 of NSEZ Authority, prepared by a nominated CA firm viz. M/s. Rajeev Sharma & Associates and audited by M/s. Goyal Parul & Co. an independent CA firm, was placed before the Authority for approval. As per office memorandum No. H-11020/1/2017-SEZ dated 01/11/17 issued by DoC , it needs to be forwarded to CAG by the end of June.

Decision: Sh. Rajeev Sharma, FCA, M/s. Rajeev Sharma & Associates briefed the members of the Authority about highlights of Balance Sheet and note on accounts. The Authority, after due deliberation approved the Balance sheet for the year 2017-18. The Chairman & CEO, NSEZ Authority directed Estate Division, NSEZ to forward the copies of Annual Accounts/Reports for the year 2017-18 to CAG for statutory audit and DoC for their perusal.

3. **Revision in the rates of lease rent and other user charges:** The members of the Authority were informed that Deptt. of Commerce in the meeting, held on 1.5.2013 under the chairmanship of the then Additional Secretary had decided that lease rent should be revised every year in all Central Govt. SEZs. Accordingly, lease rents for plots/SDFs were being revised by 10%. However, during the year 2016-17 and 2017-18 on the request of members of the Authority representing trade such lease rent increase was decided @7% of Plot/SDF on the basis of inflation index. The following proposal was placed before the Authority for consideration:

<u>Lease rent</u>	<u>Existing rates</u>	<u>Proposed rates</u>	<u>Increment</u>
SDF	Rs.1832/-	Rs.2015/-	9.98%
Plot	Rs. 132/-	Rs. 145/-	9.84%
<u>Maintenance</u>	Rs. 20/-	Rs. 22/-	10%
<u>Water charges</u>	Per quarter	Per quarter	
<u>Plots up to 1000 sqr mtrs</u>	Rs.910/-	Rs.1000/-	9.89%
<u>Plots up to 5000 sqr mtrs</u>	Rs. 1284/-	Rs. 1400/-	9.03%
<u>Plots above 5000 sqr mtrs</u>	Rs. 2568/-	Rs. 2850/-	10.98%
<u>SDF</u>	Rs. 1712/-	Rs. 1880/-	9.81%

Rajeev

Decision: Trade members of the Authority informed that there is practice of 15% increase in every three years in lease rentals of hired premises outside the Zone and in comparison to this the present proposal of increase of 10% is too high. They suggested enhancing it by 5%. The CA of NSEZ Authority informed the members about increase in cost index of 2.94% since last increase however, this is based on a basket select products and may not strictly reflect index of increase in rentals of buildings. After deliberations, the Authority on the recommendations of both members of Authority representing Trade, decided to increase the rent to 6%; which happens to be in between the two proposals of 10% and 5% increase. The Authority decided to increase maintenance charges from Rs. 20/- per sqr. mtrs per annum to Rs.22/- per sqr. mtrs. per annum The Authority members observed that charges for the water supply is flat and is low. The Authority including representing of the Trade recommended to increase it by 20% and also directed CA to examine expenditure and receipt in respect of water supply and water charges being collected to find out any cost gap. Accordingly, the increase approved by the Authority is as follows:

<u>Lease rent</u>	<u>Existing rates</u>	<u>Approved rates</u>	<u>Increment</u>
SDF	Rs.1832/-		6%
Plot	Rs. 132/-	Rs.1942/- Rs. 140/-	6%
<u>Maintenance</u>	Rs. 20/-	Rs. 22/-	10%
<u>Water charges</u>	Per quarter	Per quarter	
<u>Plots up to 1000 sqr mtrs</u>	Rs.910/-	Rs.1092/-	20%
<u>Plots up to 5000 sqr mtrs</u>	Rs. 1284/-	Rs. 1541/-	20%
<u>Plots above 5000 sqr mtrs</u>	Rs. 2568/-	Rs. 3082/-	20%
<u>SDF</u>	Rs. 1712/-	Rs. 2054/-	20%



4. **Request of M/s. PEC Ltd. for condonation of delay in completion of works related to Solar Panels:** The members of the Authority were informed that M/s. PEC Ltd., a PSU under Ministry of Commerce & Industries was awarded work for supply, installation & Commission of 1000 KWP Grid connected Solar PV Power Plant at roof top of 12 Standard Design Factories (SDFs) in Noida SEZ vide this office letter dated 08/06/2017 at the cost of Rs. 7.06 Crores. As per agreement signed by this office with M/s. PEC Ltd. the project was to installed /commissioned by 06/12/17. However it could be commissioned on 01/01/2018 M/s. PEC Ltd. informed vide their letter dated 30/05/2018 that they installed & commissioned the 1000 Kwp Solar Power Plants and handed over to this office on 01/01/2018, however no formal handing over was done since it was not operational. Exact date of commencement of work has not been intimated by M/s. PEC Ltd., hence, it has been taken as 15th day from the date of award of work as per condition No. 13 of the agreement. Accordingly the completion date would be 06/12/2017, i.e. 5 months after start of the project. Hence, there is delay of 3 weeks and 5 days.

M/s. PEC Ltd. vide its letter dated 30/05/2018 has informed that the solar plant was installed at fairly decent speed. However, the NoC from DGEI (Electricity Safety Deptt.) and UPPCL, a third party, was not under the control of PEC, the same was received in the month of December 2017. Hence the handing over of the project took some time beyond the time allowed in the agreement between PEC and NSEZ. Besides, the approval for net-metering was not received within the requisite time from UPPCL.

M/s. PEC requested to condone delay in the completion of the project beyond the approved time due to the reasons explained above.

Decision: The members of the Authority were informed that contention of M/s. PEC Ltd. that delay of 26 days was on account of delay in net metering approval by UPPCL was factually correct. Authority noted that solar panels have been installed at decent pace and have been functioning well. As explained by M/s. PEC the delay is mainly due to non-receipt of NoC and net meter approval from third party. Hence, the Authority, after due deliberation, condoned the delay occurred in the completion of works.

5. **Approval for Additional work of boundary wall in CWC.** The members of the Authority were informed that construction of boundary wall of CWC in NSEZ was awarded to NPCC vide this office letter dated 28/04/2017 at



estimated cost of Rs. 1,34,27,264/- (including all charges). M/s. NPCC Ltd. informed that the work was awarded to M/s. Royal Construction Co. at Rs. 1,09,53,216/-. The executing Agency, M/s. Royal Construction Co. has completed the work on 20/12/2017 instead of 14/10/2017, due to additional scope of works as per actual site condition like construction of approach slab in gate area, laying of pavers, block, sand filling to the level of ditch portion of ground, laying of vitrified tiles in flooring PVC conduit along with accessories in surface recess etc. The value of award work of contract has increased from Rs. 1,09,53,216/- to the tune of Rs. 1,19,52,831/-. The proposal for approval additional work was placed before the Authority.

Decision: The Authority, after due deliberation, approved additional work as the final cost is less than the total approved cost or Rs. 1.34 Crores.

6. **Draft guidelines for allotment and regulation of Shops in the Zone complex-** The members of the Authority were informed that the proposal for allotment of shops in the zone complex was placed before the Authority in its meeting held on 26/03/2018 where it was decided to constitute a committee headed by Sh. Rajesh Kumar, DDC and comprising of Sh. R.P. Verma, Secretary and Sr. Accounts Officer for preparation of draft guidelines for allotment of shops/specific issues of change of shareholding etc. and give suitable recommendations to NSEZ Authority. The members, after due deliberations, prepared draft guidelines which were placed before the Authority for approval.

Decision: The members of the Authority informed that the draft guidelines for allotment and regulation of shops need details study and examination before it is approved and hence it was deferred.

7. **Approval of Estimates for new works:-** The following estimates submitted by the NBCC/NPCC were placed before the Authority for approval:

Sr. No.	Name of the work	Agency	Budget Provision (Rs. in Lacs)	Estimated Cost (Rs. in Lacs)
1.	Reconstruction of remaining roads including central verge, street light etc.	NBCC	2000	1935.90
2.	Reconstruction of drainage system with cover on drains	-do-	1500	1499.46

3.	Renovation of SDF No. F, G, H & I blocks. NSEZ and water proofing of E Block (1000 Sqr. mtrs.)	-do-	2000	2030.98
4.	Laying of Tiles & painting of Room No. 101, 102, 104, 105, 106, 110, 111, 112 & 113 and Painting of all above rooms at 1st floor except Room No. 103 & 113 and painting of room no. 206, 209 & 210 at 2nd floor.	-do-	51.54	51.78
5.	Renovation of Gate No. 02, NSEZ including replacement of Iron Gate and fixation of NSEZ name Board etc.	NPCC	51.44	51.44

The members of the Authority were informed that in its meeting held on 26/03/2018 committee headed by Jt. Development Commissioner and comprising of Sh. Puneet Kapoor, Member of NSEZ Authority, Sh. Amit Mehra, Member of NSEZ Authority, Dy. Development Commissioner (R) and Dy. Commissioner of Customs was constituted to examine estimates and give suitable recommendations. In pursuance to the decision above, Committee convened a meeting on 11/6/2018 to examine the estimates. The Committee, after deliberations, recommended the scope of work and estimate for reconstruction of roads. For other works, Committee sought certain documents from NBCC/NPCC which have been provided to the Members for scrutiny. Estimate of road for Rs. 1935.90 lacs was placed before Authority for approval. Regarding item No.5 mentioned in above table it was informed that M/s. NPCC Ltd. has provided circular No. DG/Cost Index/10 dated 05/02/18. According to cost index of Delhi is as 115 on 1/10/17 over plinth area rates as on 01/10/2012 base 100. On the basis a calculation-

$$\left[\frac{105-102}{100} \times 100 \right]$$

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it was informed by M/s. NPCC suggesting cost index of 12.75%



Decision: The Authority, after due deliberations, approved following:

- a) Estimate of Rs. 1935.90 lakhs proposed by M/s. NBCC for “Renovation of remaining road including central verge, street light etc.”
- b) The estimate of Rs. 51.44 lakhs proposed by M/s. NPCC in respect of “Renovation of Gate No. 2 including replacement of Iron Gate and fixation of NSEZ name board etc.”

8. **Corrigendum to the Minutes of the Authority meeting held on 26/03/2018 regarding construction of new ware house in CWC complex:** - It was informed to the Authority that in the Authority meeting held on 26/03/2018 a single storey of new warehouse was decided to be constructed through NPCC with the CC Slab under provision of expansion, for which estimated cost was given Rs. 3,25,68,239/- (excluding labour cess). However, during the approval of budget provision in the said meeting, estimated cost of Rs. 2,91,77,340/- had been approved as option no 1 in which there is no provision for further extension/expansion. M/s. NPCC vide its letter dated 14/05/2018 has requested to rectify the estimate to Rs. 3,25,68,239/- for construction of new warehouse with RCC slab and with provision of future extension as option 3 given to this office vide email dated 07/03/2018. The proposal for rectification of estimated cost to Rs. 3,25,68,239/- (excluding labour cess) was placed before the Authority for approval.

Decision: The Authority approved the proposal and directed Estate Division, NSEZ to reflect necessary corrections in the Minutes of the Authority meeting dated 26/03/2018 in respect of this item and in the total cost of “all the minor/major works proposed for current financial year.”

9. **Review of ongoing Projects awarded to M/s. NBCC:** Progress report in respect of ongoing projects awarded to M/s. NBCC was placed before the Authority for monitoring. NSEZ Authority monitored the progress of all project one by one. It was informed by M/s. NBCC that they are facing problem in respect of firefighting work of SDF F,G,H & I Blocks as some of the units functioning from these SDFs are not offering their premises for this work due to various reasons viz. false ceiling, disturbance in works of unit etc. The Authority directed that written refusal from these units may be obtained and placed on record and remaining works may be got expedited.
10. **Review of on-going projects awarded to M/s. NPCC.** Progress report in respect of ongoing projects awarded to M/s. NPCC was placed before the Authority. The Authority reviewed each project one by one. The Authority expressed satisfaction over progress of construction work of Solid Waste Management System.




11. **Review of performance of services awarded to M/s. NSL:-** Present status of on-going services awarded to M/s. NSL was placed before the Authority which reviewed each services one by one and expressed satisfaction on the performance of NSL. The members especially asked representative of M/s. NSL to make extra efforts to clean the drainage of NSEZ before onset of monsoons to avoid water logging.

Meeting ended with vote of thanks to the chair.


(S.S. Shukla)

Jt. Development Commissioner


(Dr. L.B. Singhal)

Chairman & CEO, NSEZ Authority