

Minutes of the 8th Meeting of Unit Approval Committee (2020 Series) in respect of SEZs & EOUs of Tamil Nadu, Puducherry and Andaman & Nicobar Islands held on 14.09.2020

The 8th Meeting of the UAC in respect of SEZs & EOUs of Tamil Nadu, Puducherry and Andaman & Nicobar Islands was held on 14.09.2020 through Video Conferencing.

The following members were present:

Sl. No.	Name (Shri/Smt.)	Designation	Position
1	Dr. M.K. Shanmuga Sundaram, IAS	Development Commissioner, MEPZ SEZ	Chairperson
2	D. Anandan, IAS	Jt. Development Commissioner, MEPZ SEZ	Member
3	Vikas Pal, IRS	Dy. Commissioner, Customs, MEPZ SEZ	Member
4	Balasubramanian P	Dy. Development Commissioner, MEPZ SEZ	Member
5	M. Divya, IRS	Dy. Commissioner (Customs), Chennai Customs, Chennai	Member
6	V. Kayalvizhi	Specified Officer, MEPZ SEZ	Member
7	S. Rajasekar	Assistant Commissioner, Customs (Preventive), Trichy Commissionerate.	Member
8	S. Sundara Raman	Asst. Director General of Foreign Trade, O/o Addl. DGFT, Chennai.	Member
9	R. Mahendran	Asst. Commissioner of Customs, Air Cargo, Meenambakkam, Chennai-27	Member

The Unit Approval Committee confirmed and ratified the minutes of the UAC meeting held on 31.08.2020.

8.1 Request of M/s. Lucid Imaging Private Limited for acquiring additional space

The request for approval for acquiring additional space of 257 Sq.ft.(SBU) in GF32 from TIDEL Park, Co-Developer of ELCOT-SEZ, Coimbatore , by **M/s. Lucid Imaging Private Limited**, was examined by the Unit Approval Committee. After deliberations, the Committee approved the request of M/s. Lucid Imaging Private Limited in view of the reasons stated by them.

8.2 Request of M/s. Lucid Imaging Private Limited for Broad banding permission

M/s. Lucid Imaging Private Limited, a Unit in TIDEL Park, ELCOT-SEZ, Coimbatore has a valid LOA No.8/75/2016/ELCOT-SEZ/TDL PK/CBE dated 13.06.2016. The Unit has started its commercial operations on 01.07.2016 and their authorized operations is "IT & ITES".

Based on UAC recommendations in its meeting held on 26.03.2019 and vide this office letter dated 05.04.2019, broad banding permission was given to the Unit for building and export of "Inspection System", which includes software and hardware parts. The Unit was also permitted to import test equipment (for demo and testing purpose) and raw materials (for building system). Currently, the Unit is providing only

Inspection System to their customers. Since the Customers are insisting the Unit to provide Installation and commissioning services as a part of Inspection System, the Unit has now requested for including "Installation and Commissioning (HSN Code 998739)" in their LOA as authorized operations under broad banding. The Unit has given the revised projection of Exports/NFEE for this activity.

The request of the Unit for including "Installation and Commissioning" in their LOA was examined by the Unit Approval Committee. After deliberations, the Committee approved the request in terms of provisions contained in Rule 19(2) of SEZ Rules, 2006.

8.3 Request for cancellation of LOA issued to M/s. Chargebee Technologies Pvt. Ltd (Unit-I)

M/s. Chargebee Technologies Private Limited, Unit-I in Perungudi Real Estates Private Limited SEZ, Perungudi having LOA No. 8/2/2019-Perungudi SEZ, dated 13.12.2019 have requested for cancellation of their LOA. In this regard, the Unit stated that owing to change in the management decision, business plan and the adverse impact in their business due to COVID-19 pandemic, they want to exit from SEZ Scheme. The Unit also stated that they have not carried out any business/transaction after allotment and not even occupied the allotted space so far. In this regard, they have submitted the following documents:-

1. Copy of NOC from the Developer.
2. Copy of No Dues Certificate from the Authorised Officer.
3. LUT for Exit in Form L as per Rule 74(6) of SEZ Rules.

From the AO's report, it is found that the Unit has not carried out any business transaction after allotment of space and not occupied the allotted space.

The request of the Unit for cancellation of the LOA was examined by the Unit Approval Committee. After deliberations, the Committee approved the request of the Unit to cancel the LOA issued to it in view of the fact that they have neither occupied the space allotted to them nor carried out any business transaction as certified by the Authorised Officer.

8.4 Request for cancellation of LOA issued to M/s. Chargebee Technologies Pvt. Ltd (Unit-II)

M/s. Chargebee Technologies Private Limited, Unit-II in Perungudi Real Estates Private Limited SEZ, Perungudi having LOA No. 8/3/2019-Perungudi SEZ, dated 13.12.2019 have requested for cancellation of their LOA. In this regard, the Unit stated that owing to change in the management decision, business plan and the adverse impact in their business due to COVID-19 pandemic, they want to exit from SEZ Scheme. The Unit also stated that they have not carried out any business/transaction after allotment and not even occupied the allotted space so far. In this regard, they have submitted the following documents:-

1. Copy of NOC from the Developer.
2. Copy of No Dues Certificate from the Authorised Officer.
3. LUT for Exit in Form L as per Rule 74(6) of SEZ Rules.

From the AO's report, it is found that the Unit has not carried out any business transaction after allotment of space and not occupied the allotted space.

The request of the Unit for cancellation of the LOA was examined by the Unit Approval Committee. After deliberations, the Committee approved the request of the Unit to cancel the LOA issued to it in view of the fact that they have neither occupied the space allotted to them nor carried out any business transaction as certified by the Authorised Officer.

8.5 Request for cancellation of LOA issued to M/s. V.K. Technosoft Solutions

M/s. V.K. Technosoft Solutions, having a Unit in Bayline Infocity Limited SEZ, Navalur, Chennai having LOA No. 8/130/2018/ETA Technopark SEZ dated 15.10.2018 have requested for cancellation of their LOA.

The Unit has not submitted the Bond cum Legal Undertaking and is yet to commence their commercial activities. The Unit has submitted No Objection Certificate from the Developer and No Dues Certificate from the Authorised Officer.

From the AO report, it is seen that the Unit has not procured any goods and not commenced their authorized operations till date.

The request of the Unit for cancellation of the LOA was examined by the Unit Approval Committee. After deliberations, the Committee approved the request of the Unit to cancel the LOA issued to it in view of the fact that they have not carried out any business transaction as certified by the Authorised Officer.

8.6 Request for cancellation of LOA issued to M/s. Cargotec India Private Limited

M/s. Cargotec India Private Limited, an SEZ Unit in Perungudi Real Estates Private Limited SEZ, Perungudi having LOA No.8/8/2019-Perungudi SEZ, dated 28.02.2020 have requested for cancellation of their LOA. In this regard, the Unit stated that most of their projects were put on hold as COVID-19 became a pandemic disease, they have very little visibility for the next couple of years and their movement to SEZ has been impacted. The Unit also stated that they have not carried out any business/transaction after allotment and not even occupied the allotted space so far. In this regard, they have submitted the following documents:-

1. Copy of NOC from the Developer.

2. Copy of No Dues Certificate from the Authorised Officer.

From the AO report, it is found that they have never taken possession of the space from the Developer and not filed any bill of entry, bill of export or DTA procurement in the SEZ Online portal. The Unit has neither procured any goods nor availed any services in the Zone and not commenced their authorized operations till date.

The request of the Unit for cancellation of the LOA was examined by the Unit Approval Committee. After deliberations, the Committee approved the request of the Unit to cancel the LOA issued to it in view of the fact that they have neither occupied the space allotted to them nor carried out any business transaction as certified by the Authorised Officer.

8.7 Extension of Time limit for submission of Lease Deed by M/s. Luxshare India Private Limited

M/s Luxshare India Pvt. Ltd having an SEZ Unit at Nokia Telecom SEZ, SIPCOT Industrial Park, Phase-II, Sriperumbudur, Chennai-602105, were issued LOA No. 8/184/2019/Nokia SEZ dated 19.03.2020 for carrying out the activities of "IT/ITeS"(Manufacturing of Electrical Transformers, Static Converters & Insulated Wire Cables) (Authorised Operations).

The Unit vide letter dated 03.08.2020 has stated the following:

1. Para XIX of the LOA dated 19.03.2020 has stipulated a timeline of 6 months for entering into Sub-lease Agreement with the Developer and submission of a copy of registered Sub-Lease Agreement to the DC Office in terms of Rule 18(2) (ii) Proviso of SEZ Rules, 2006.
2. It is pertinent to note that the existing Sub-Lease Agreement of the Developer with M/s Wintek Technology India Pvt. Ltd must be cancelled by the Developer. In order to cancel the existing Sub-Lease Agreement, M/s Wintek Technology India Pvt. Ltd which is currently in defunct as a company has to be revived.
3. In this regard, an application was filed with National Company Law Tribunal and due to the COVID-19 induced extensive lockdown and restrictions, the NCLT is hearing only urgent matters. Owing to the force majeure event and its consequences as stated above, the Unit i.e., M/s Luxshare India Pvt Ltd will not be in a position to enter into Sub - Lease Agreement with the Developer within 6 months from the date of issuance of LOA. i.e. from 19.03.2020 to 18.09.2020 and submission of a copy of registered Lease-Deed accordingly.

Therefore, the Unit has now requested to grant extension of timeline for 4 more months from 18.09.2020 to 19.01.2021 to enter into the Sub-lease Agreement with the Developer and for submission of a copy of registered Sub- Lease Agreement to this Office.

The request of M/s. Luxshare India Private Limited for extension of time limit for submission of Sub Lease Agreement was examined by the Unit Approval Committee. The Committee noted the following points:

- (i) In order to enter into a Sub-Lease Agreement with the Developer, the existing Sub-Lease Agreement entered by M/s Wintek Technology India Pvt Ltd has to be cancelled. Since M/s Wintek Technology India Pvt Ltd is now defunct as a company, it has to revive itself in order to get the Sub- Lease Agreement cancelled
- (ii) The revival of M/s Wintek Technology India Pvt Ltd is pending with NCLT. Due to COVID-19 pandemic, the proceedings in NCLT have been delayed.
- (iii) Consequently, M/s Luxshare India Pvt Ltd is not in a position to enter into Sub-Lease Agreement with the Developer so far.
- (iv) This is an issue which is beyond the control of M/s Luxshare India Pvt Ltd and can be considered as a force majeure event.
- (v) Though the second proviso to Rule 18(2) of SEZ Rules, 2006 states that the LOA may be withdrawn by the UAC in the event of non-submission of Sub-Lease Agreement within 6 months from the date of LOA by a Unit, it has provision for giving an opportunity of being heard to the Unit to submit the reasons for the delay. This means that the UAC has to consider the circumstances under which the delay has happened and then decide on merits whether the LOA should be withdrawn or not.

After deliberations, the Committee approved the request of the Unit for extending the time limit upto 19.01.2021 for submission of Registered Sub-Lease Agreement entered with the Developer, considering the aforementioned facts and in the interest of Ease of Doing Business.

8.8 Request of M/s. Statestreet HCL Services (India) Private Limited, Unit-I for surrender of space

The request for approval for surrendering 9,648 sq.ft. in Module No.402/2 at 4th Floor to TIDEL Park, Co-developer of M/s. ELCOT-SEZ, Coimbatore by **M/s. Statestreet HCL Services (India) Private Limited, Unit-I** in the SEZ was examined by the Unit Approval Committee. After deliberations, the Committee approved the request of the Unit in view of the reasons stated by them.

8.9 Merger of two LOAs of M/s. Hitachi Solutions India Private Limited in DLF Info City Chennai SEZ

M/s. Hitachi Solutions India Private Limited has been issued with two LOAs in DLF Info City Chennai SEZ. Unit-I vide LOA No. 8/65/DLF/Pvt.SEZ/2013 dated 06.08.2013 for Service Activity "IT and ITES, viz., Software Development and Consultancy, ERP Implementation, E-Commerce development and implementation and support Services" and Unit-II with LOA No. 8/81/DLF IT SEZ/2014-CHN dated 31.12.2014 for Service Activity "IT & ITES, viz., Software Development and Consultancy, ERP implementation, E-Commerce development and Implementation and Support Services".

Now M/s. Hitachi Solutions India Private Limited has approached this office for merger of their Unit-II LOA with that of Unit-I. The Unit-I had started their Commercial Production with effect from 02.12.2013. Both the Units have achieved positive NFEE up to July 2020.

M/s. Hitachi Solutions Private Limited has submitted an undertaking to the effect that the Unit –I will take over the assets & liabilities of Unit-II. M/s. Hitachi Solutions Private Limited Unit-I has also submitted the following revised projections consequent to merger:

(₹ in lakh)

Particulars	1 st year	2 nd year	3 rd year	4 th year	5 th year	Total
FOB Value of Exports	1424.45	1836.72	3302.00	3368.00	3435.00	13366.17
F.E. Outgo	1044.75	49.83	344.35	430.41	404.48	2273.82
NFE Earnings	379.70	1786.89	2957.65	2937.59	3030.52	11092.35

The request of M/s. Hitachi Solutions Private Limited for merging their Unit-II with Unit-I was examined by the Unit Approval Committee. After deliberations, the Committee approved the same in terms of fourth proviso to Rule 19(2) of SEZ Rules 2006.

8.10 Request of M/s. TechArdors Global for acquiring additional space

The request for approval for acquiring additional space of 559 sq.ft (SUB) in Module No.GF 13 & 14 from TIDEL Park, Co-Developer of ELCOT-SEZ, Coimbatore by **M/s. TechArdors Global** was examined by the Unit Approval Committee. After deliberations, the Committee approved the request of the Unit in view of the reasons stated by them.

8.11 Renewal of LOA in respect of M/s. Atom8 IT Solutions Private Limited for their 2nd Five Year Block period

M/s. Atom8 IT Solutions Private Limited was issued Letter of Approval vide No.8/20/2014-TIDEL PARK-ELCOT-SEZ/CBE/960 dated 19.11.2014 for providing IT/IT Enabled Services in ELCOT-SEZ, Coimbatore. The Unit started its commercial production on 16.09.2015.

Now, the Unit has submitted an application on 09.09.2020 for renewal of Letter of Approval for the 2nd Block of five year period from 16.09.2020 to 15.09.2025, i.e., less than two months of expiry of its 1st Five Year Block. The Unit has stated that since all their team members were working remotely from home and most of them outside place of the city on account of COVID pandemic, nobody has been visiting the office regularly and there was a delay in coordinating things. They have also stated that their Chartered Accountants could not sign the APR copies in time.

As per amendment to SEZ Rules, 2006 dated 19.09.2018 issued by Department of Commerce, an SEZ Unit shall apply for renewal of LOA at least 2 months before the expiry of its LOA, failing which such cases will be placed before the Unit Approval Committee for consideration. In the instant case, the Unit had applied for renewal on 09.09.2020, while their LOA is expiring on 15.09.2020. The Unit has achieved an NFEF of ₹ 615.67 lakh during the 1st Five Year Block Period.

The request of M/s. Atom8 IT Solutions Private Limited for renewal of their LOA for the 2nd Five Year Block Period from 16.09.2020 to 15.09.2025 was examined by the Unit Approval Committee. After deliberations, the Committee condoned the delay in submission of the request of the renewal of LOA by the Unit and decided to renew their LOA for the 2nd Five Year Block Period from 16.09.2020 to 15.09.2025.

8.12 Request from M/s. Saastha Warehousing Limited for setting up a new Unit in NDR Infra FTWZ, Minjur, Tiruvallur District

The proposal of M/s. Saastha Warehousing Limited, for setting up a Unit in NDR Infra FTWZ, Nandiyambakkam Village, Minjur Panchayat, Ponneri Taluk, Tiruvallur District for “**Warehousing services including Value Added Services**”, with a projected investment of ₹ 559 lakh and projected NFEF of ₹ 1,563 lakh over a period of 5 years with an employment generation for 50 persons was examined by the Unit Approval Committee. After deliberations, the Committee approved the proposal in terms of the provisions contained in Rule 18(2) of SEZ Rules, 2006 subject to the condition that the Value Added Services shall be restricted to those specified under Rule 18(5) of SEZ Rules, 2006.

8.13 Request for waiving off the condition of demarcating as Non-Processing Area of the Zone

M/s Tata Consultancy Services Ltd, SEZ obtained formal approval vide LOA No. F.2/108/2005-EPZ and is engaged in “Information Technology / Information Technology enabled Services” activities and is located at Plot No.1/G1, SIPCOT IT Park, Navalur, Siruseri, Chennai-603103. The Developer was issued permission vide the letter dated 19.08.2020 by this office for setting up of 50 -bedded Health Centre for the employees of the said SEZ, at First and Second levels of Club House at TCS SEZ ,Plot No.1/G1, SIPCO IT Park, Navalur, Siruseri, Chennai-603103, subject to, inter alia, the following condition:-

Minutes of the UAC meeting held on 14.09.2020

"You shall apply for demarcating the Club House as Non Processing Area of the Zone in terms of Instruction No.50 dt.15.03.2020 of DoC".

In this connection, the Developer has vide letter dated 27.08.2020 stated that "the initiative is pan India nature with the primary aim is to avail public health infrastructure for all their employees and it is purely welfare measure and for a temporary period only".

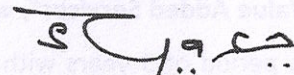
Therefore, they have now requested for waiving off the condition i.e., 'the requirement of demarcating the area as non-processing zone' stipulated in the above mentioned permission letter issued by this office dt.19.08. 2020 in terms of Instruction No.50, Annexure-I Para (C) (1) dated 15.03.2010 of DoC.

The Committee examined the request of the Developer and noted the following:

- (a) Though the Developer has stated that this initiative is pan India nature, they have not submitted similar permissions given by other Zones. Therefore, it was decided to ask the Developer to submit copies of permission issued by other Zonal DCs which do not necessitate the demarcation of NPA for setting up the Hospital under Instruction 50.
- (b) A clarification has been sought from DoC with regard to allowing DTA employees to avail the Hospital facility in the SEZ. No response has been received from DoC as yet. It was decided to send a reminder to DoC in this regard.

For the above reasons, the Committee decided to defer the above proposal for now.

The meeting concluded with a Vote of Thanks with the information that the next meeting will be held on 28.09.2020.



(Dr. M.K. SHANMUGA SUNDARAM)
CHAIRPERSON, UNIT APPROVAL COMMITTEE
& DEVELOPMENT COMMISSIONER