

MINUTES OF THE MEETING OF 4th KASEZ AUTHORITY MEETING HELD ON 08/03/2010 AT 11.00 HRS. AT KANDLA SPECIAL ECONOMIC ZONE UNDER THE CHAIRMANSHIP OF SHRI PRAVIR KUMAR, IAS, CHAIRPERSON, KANDLA SEZ AUTHORITY.

Following were present:-

1. Shri Upendra Vasishth, JDC, KASEZ
2. Shri S.K. Sharma, Jt. DGFT, Rajkot
3. Shri H.I. Vashi, ED, MESO Pvt. Ltd.
4. Shri R.N. Bairwa, AO, KASEZ (special invitee)
5. Shri A.K. Pathak, DGM, NBCC (special invitee)

4.1 Confirmation of the minutes of 3rd meeting of Kandla SEZ Authority:

Minutes of the last meeting were confirmed.

4.2 Action taken Report:

4.2.1 Upgradation of Security arrangement: Authority noted that the Empowered Committee on ASIDE has sanctioned an amount of Rs.386.66 lakhs, after reducing the scope of work. The scope of work under the ASIDE scheme now includes only (i) checkpost with new in and out gate and fire station near check-post, (ii) net work and security solutions and (iii) watch towers. DGM, NBCC stated that proposed number of watch towers is 15, which would be manned by security personnel. Chairman felt that there was no need for such watch towers and instead we should go for high masts with lights and CC TV cameras, which will go a long way in illuminating the area and monitoring and recording of all the activities from the security control room/check-post. The number of high masts can be increased later, as per the requirement, within the overall budget approved. The locations for installing the high mast points should be carefully selected, so that they cover the entire zone. For the watch and ward staff, at selected points on the peripheral road, some towers/ 'machans' may be set up with stairs so that they can keep a watch on activities outside the boundary. Authority also asked DGM, NBCC to explore the possibility of using environment friendly LED lights in High Masts, which consume considerably less power.

4.2.2 Service charges: Authority took note of the agenda point. It was decided that in order to closely monitor the lease rent arrears, a suitable data base and software should be created that may generate timely demand notices and reminders, to be issued to the units. Such reminders can also be sent by SMS or by e-mail automatically by the system. All units may be asked to give their e-mail ID, name of the contact person with mobile numbers etc. Jt. DGFT suggested giving two months grace period for making the payment and thereafter interest should be charged. It was informed to him that the Authority was following the practice which was adopted by the Government in the past. The lease rent was required to be paid in advance and a grace period of 30 days was already being given to the units e.g. for Jan-March quarter, the unit can make the payment by 31st Jan and if the payment is



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not received by that time, an interest of 3% per quarter is charged thereafter. It was, therefore, decided to continue with the present practice. It was further decided that if the payment was not received till end of the quarter, then penal action should be initiated, including temporary suspension of all other activities of the units, except exports, till such time the rent dues were paid. It was also decided that in future all applications for setting up of new units must accompany earnest money deposit of Rs.25,000/-, Rs.50,000/- and Rs.1,00,000/- for their requests for allotment of land/plots of the size upto 1000 sq.mtrs., 2000 sq.mtrs, and more than 2000 sq.mtrs., respectively. This amount may be adjusted against their lease rentals and if the offer was not honoured/accepted by the units, then the earnest money deposit shall stand forfeited.

4.2.3 Expenditure incurred during the current financial year (2010-2011)

Authority took note of the income and expenditure of the Authority for the period 1-4-2010 to 31-01-2011, as placed at Annexure-II.

4.2.4 Projects sanctioned during the last meeting:

Authority took note of the work orders issued on M/s. NBCC Ltd. to carry out the following items of work. An amount of Rs.12.00 crore was released to NBCC for carrying out these works:-

Sl. No.	Proposal	Amount (Rs. in lakhs)
1	Dismantling and reconstruction of 12 Nos. Quarters at GHB (G+2 to 18 Nos. instead of 12 Nos.)	222.73
2	Resurfacing of roads	143.11
3	Construction of CC parking inside the check-post both in and out gate	358.00
4	Construction of CC road from NH to 300 acres gate and improvement of gate and central verge	502.00
5	Painting of boundary wall	27.57
6	Miscellaneous maintenance work in quarters	30.07
	Total	1283.48

DGM, NBCC informed that the work on all the above projects had already been started except Sl. No. 1 (Reconstruction of GHB Quarters) for which the drawings were ready for seeking approval. Works at Sl. No. 2 (Resurfacing of roads) had been completed and handed over. Authority desired NBCC to complete the remaining works on top priority.

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4.2.5 Construction of 2 Nos. SDF Block:

Authority noted that the Empowered Committee of ASIDE had since approved the above project, subject to payment of an amount of Rs. 812.80 lakhs by the KASEZ Authority as its share.

4.2.6 Appointment of Chartered Accountant:

Authority noted and approved the appointment of M/s. Satish Khushalani & Co. as Chartered Accountant for auditing Authority's accounts.

4.2.7 Dismantling and reconstruction of 48 Nos. CIB type Sheds:

Authority noted that, as decided in the last Authority meeting proposal was sent to Ministry for taking up the matter in the ASIDE meeting. However, the Empowered Committee did not approve it and decided that KASEZ should prepare a separate stand alone project proposal, with full justification and technical details, for sending the same to SEZ division for consideration. DGM, NBCC was asked to submit the proposal accordingly.

4.2.8 Desalination Plant:

4.2.9 Effluent Treatment Plant:

Committee noted that following EOIs are received for Desalination and Effluent Treatment Plant:-

Sr.No.	Name of the firm	Remarks
1	Aquatech Systems (Asia) Pvt. Ltd.	EOI for desalination and STP
2	UEM India Pvt. Ltd.	- Do -
3	JITF Water Infrastructure Ltde	EOI for desalination
4	A2Z Maintenance & Engg. Services Ltd.	EOI for desalination and STP
5	Remondis Aqua India Pvt. Ltd.	EOI for STP (received through e-mail)
6	Eureka Forbes	EOI for desalination and STP (received through e-mail)

It was decided to constitute a Sub-Committee to study the proposals, hold discussions with the concerned parties and submit its recommendation to the Authority. Accordingly, a Sub-Committee was constituted as under:-



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1. JDC, KASEZ
2. Shri Ajay Kothari
3. Shri A.K. Pathak, DGM, NBCC
4. Shri R.N. Bairwa, Sr.AO

4.2.10¹ Replacement of lights with LED and Water Harvesting:

Committee was informed that Ministry had already sanctioned a project for solar energy under the ASIDE scheme and it was decided that the proposal for LED lights be included in the same. It was noted that a letter had already been issued to MNRE for sanction of their contribution.

It was decided that as an experiment, we may use environment friendly LED lights in all the high masts proposed at Sr.No.4.2.1, which will enable us to identify its efficiency, etc.

4.2.11 Making Separate Gate for ODC Cargo:-

Authority noted that the NBCC had since submitted their estimates and the same will be discussed separately in the supplementary agenda.

4.3 Ex-post facto approval of the Balance sheet of the Authority for the period December 209 to 31/3/2010:-

Authority took note of the Balance sheet of the Authority for the period December 2009 to 31/3/2010 and conveyed its ex-post facto approval.

4.4.1 Projects sanctioned under ASIDE Scheme – making payment of Authority's share :-

The Empowered Committee on ASIDE (EC) in the meeting held on 20/01/2011 under the Chairmanship of Dr. Rahul Khullar, Commerce Secretary had decided that maintenance, upgradation and social infrastructure projects of SEZs would not be considered under ASIDE. Such expenditures should be borne by the concerned SEZ Authorities. Moreover, the concerned Authority should also bear 15% of the total cost of project as its share. Further, the Agency charges, supervision & monitoring charges will also be not paid from ASIDE and should be borne by the concerned Authority only. It was informed that for undertaking the development works in the KASEZ, a decision had been taken in October 2004 to appoint NBCC as the Agency for undertaking these works and the terms and conditions of the same were also laid down vide KASEZ letter No.



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KASEZ/Acctt./ASIDE/04-05/7951 dated 12-1-2005. It was informed that NBCC had been carrying out these tasks satisfactorily with good quality and efficiency. Accordingly, the Authority decided to continue with the same arrangement for undertaking the ASIDE works as well as the Authority works. The Authority noted that Empowered Committee had sanctioned following projects to be undertaken by the Kandla SEZ:-

Sr.No.	Project	Total Project Cost (Rs.in lakhs)	Expenditure approved under ASIDE (Rs. In lakhs)
1	Construcion of two numbers SDF Building (Ground plus two) 7500 Sqm each	2786.74	1973.94
2	Construction of SDF Building (Ground plus) 6000 Sqm	1393.97	1161.14

As per the decisions of the ASIDE Committee, remaining expenditure towards the above work has to be met by the Authority. Authority accordingly approved the Authority's share towards the expenditure for the above works are as under:-

Sr.No.	Project	Total Project Cost (Rs.lakhs)	Administrative Approval (release order by ASIDE) accorded under ASIDE	Authority's Share (Rs. In lakhs)
1	Construction of two numbers SDF Building (Ground plus two) 7500 Sq.m. each	2786.74	1973.94	812.80
2	Construction of SDF Building (Ground plus) 6000 Sq.m.	1393.97	1161.14	232.23

Authority also discussed the following points of supplementary agenda:-

1. Resurfacing of Roads:

During the last meeting of the Authority it was informed that the condition of roads in Sector-I was very poor and these roads-needed to be re-surfaced. NBCC had submitted an estimate

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for resurfacing of roads in Sector-I, IV and balance area of Sector-II (excluding security road) at an estimated expenditure of Rs. 250 lakhs. Committee approved re-surfacing of these roads at an estimated cost of Rs. 250 lakhs.

However, the Authority decided not to re-surface the roads (i) from HUL crossing to Tulip and (ii) from Otoklin to ODC Gate and instead approved construction of CC roads for these segments, at an estimated cost of Rs. 682.89 lakhs, as intimated by NBCC. It was further decided that since the roads from HUL crossing to Tulip and Otoklin to ODC Gate would now be made of CC instead of their re-surfacing; re-surfacing of security road near Gokul to flyover and ODC Gate to check-post may now be undertaken within the already sanctioned fund of Rs. 250 lakh for resurfacing of the roads.

2. Construction of ODC Gate:

It was noted that this item was discussed as an additional point in the 3rd Authority meeting held on 6/12/2010 and this was also approved by the BOA for SEZ in its meeting held on 18-11-2010. NBCC submitted an estimate of Rs.10 lakhs for creation of gate for ODC. After deliberations, the Authority approved construction of separate gate for ODC at an estimated expenditure of Rs.10 lakhs.

3. Providing of Dome in New Administrative Block:

DC/Chairman's office has been shifted to the newly constructed Administrative Block. It was noted that during monsoon water is flowing into the rooms through the open area. Therefore, it was proposed to provide a Dome to cover the open area to prevent water, dust, etc. from coming inside at an estimated cost of Rs.9.65 lakhs, as submitted by NBCC. After deliberations, the proposal was approved by the Authority.

DGM, NBCC stated that for undertaking the above works NBCC required funds as under:-

Sr.No.	Name of the Work	Amount (Rs.in lakhs)
1	Construction of 1 No.SDF (on going) (Authority's share Rs.232.23 lakhs)	232.23
2	Construction of 2 Nos. SDF (new) (out of Authority's share of Rs.812.80 lakhs)	112.80
3	ODC Gate	10.00
4	Providing of Dome in new Administrative Bldg.	9.65



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5	Re-Surfacing of Roads in Sector-I, IV and balance area of II and III (excluding security road)	250.00
6	CC Road from HUL to Tulip and Otoklin to ODC Gate (out of Rs.682.89 lakhs)	170.72
	TOTAL	785.40

Authority decided to accord Administrative Approval and Expenditure sanction for disbursement of Rs.785.40 lakhs in March, 2011 for undertaking the above works.

After disbursement as above, the balance amount of Rs.700 lakhs will remain to be paid to NBCC towards construction of 2 Nos. SDF (New) and Rs.512.17 to be paid to NBCC towards construction of CC road from HUL to Tulip and Otoklin to ODC gate would be paid later, as per availability of funds and the progress of works.

4.4.2 Approval of expenditure for the financial year 1st April 2011 to 31st March 2012:

This item was initially kept as agenda item 4.4.1. However, in view of the decisions of the Authority at 4.4.1 (payment of funds to NBCC for the ongoing ASIDE work and sanction of the new works), this agenda item was discussed as agenda item No.4.4.2 and a revised budget estimate for 2011-12 (Annexure-A) was submitted showing an expenditure of Rs.1319.65 lakhs out of anticipated income of Rs.1483 lakhs. The Authority considered the same and after detailed deliberations approved the Revised Budget for 2011-12. Committee also noted that the provision kept for salary and wages may increase, once the proposal of the Ministry regarding meeting the expenditure towards pay and allowances of the employees of the Authority on transfer, is implemented.

4.4.3 Request of M/s. Shree Bhagwati Lubricant Industries:

M/s. Shree Bhagwati Lubricant Industries was allotted with Shed No.391 AS-III in Sector-III vide allotment order dated 18/7/2009. The built up area of the said shed is only 185 sq.mtrs. The unit vide their letter dated 5/1/2011 has requested to allot them an area of about 24x8=192 sq.mtrs. being the road portion in front of their unit. It was informed that their shed was at extreme end and the said road area was not in actual use by any other units, being a dead end.

It was decided to issue a public notice, which may be placed on our website as well as on notice board inviting objections, if any, from any of the units towards allotment of the said road area. If no objections are received in 15 days, the proposal may be cleared on file subject to the unit re-imbursing

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the amount spent for construction of the road for the particular area. Exact amount spent for construction of road for that particular area may be obtained from NBCC.

4.4.4 Continuation of Adhoc Secretary:

Authority decided to further continue the existing arrangement of Shri Devaraj. C, Executive Assistant, as ad-hoc Secretary of the Authority. However, Authority felt that the issue of increase of incentive may be decided by the Chairman on file.

4.4.5 Additional Staff:

Authority was informed that there was an acute shortage of staff and unless Ministry created posts for the Authority, the work has to be handled by the giving additional responsibilities to the existing staff of the Zone. It was decided to entrust the additional Authority related work to Shri A.V.Saji, Stenographer Gr.I, and Shri H.J. Mehta UDC, in addition to their present duties. They may be designated respectively as Asstt. Secretary and Assistant, in the Authority. However, Authority felt that the payment of incentive to them may be decided by the Chairman separately on file.

4.4.6 Write off losses:

Rule 7 (6) of SEZ Authority Rules, 2009 says that "the Authority shall have powers to write off irrecoverable losses of its property on account of theft, fraud, negligence, natural calamity, fire and irrecoverable lease rent, licence fee and other user charges in respect of the assets and services of the Authority, including irrecoverable dues on account of Court orders and other statutory proceedings:

Provided that any write-off of losses beyond the sum of rupees one lakh shall be with the prior approval of the Central Government.

Provided further that in all cases of write-off of losses, full details and reasons for doing so shall be recorded."

✓ List placed with the Agenda was discussed by the Authority. After deliberations, it was decided to constitute a sub-Committee for examining each case of write off of losses on account of non-receipt of lease rentals. Accordingly following sub-Committee was constituted to give a report to Authority after due diligence on each case:-



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|---------------|---|----------|
| 1. JDC, KASEZ | - | Chairman |
| 2. AO, KASEZ | - | Member |
| 3. Secretary | - | Member |

4.4.7 Manual on Estate Management:

Authority noted that there was no Manual on Estate Management. The action to draft the manual was appreciated by the Authority. However, it was felt that some fine tuning was still needed. It was also decided to insert the decision of depositing earnest money taken in S.No.4.2.2 above in the manual and circulate the draft Manual to all the members for further suggestions, modifications, if any. It was decided to discuss and consider approval of the Manual after receiving comments of members.

Remaining points of supplementary agenda were thereafter taken up for discussion, as under:-

1. Sharing of premises by the units:

Jt.DGFT requested to provide him the details of transfer of premises, which had taken place in the last one year period, before discussing the matter. Therefore, the agenda item was deferred.

2. Maintenance:

Authority noted that the Empowered Committee of ASIDE in its meeting held on 20/1/2011 had decided that no proposals for maintenance, up-gradation and social infrastructure projects of SEZ would be considered under ASIDE and such costs should be borne by the concerned SEZ Authority. Accordingly, for the year 2011-12 the Authority approved an amount of Rs.2.00 crore for undertaking maintenance works as included in the budget estimate for 2011-12 (Annexure-A).



(Pravir Kumar)
Chairperson

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ANNEXURE-A

KANDLA SEZ AUTHORITY		
ESTIMATED BUDJET FOR THE YEAR 2011-2012		
Sr. No.	Particuler	Rs. In Lakhs
A	Estimated Funds available with the Authority as on 01/04/2011	50.00
B	Estimated income for 2011-2012	
1	Lease Rentals	1300.00
2	Water Supply Bills	113.00
3	Security Passes	20.00
	Total (A+B)	1483.00
	Expenditure to be incurred during 2011-2012	
1	Towards Water Supply Bills	100.00
2	Towards Electricity Bills	60.00
3	Agency Charges	11.00
4	Advt. & Publicity	3.00
5	Legal Fees	2.50
6	Hiring of Vehicles	8.00
7	Maintainance of Dedicated Pipelines	10.00
8	Salary & Wages	10.00
9	O.E.	3.50
10	CA & Accounting Work	6.00
11	Sharing AMC with KPT for trunk line	10.00
12	Maintainance & Minor works	200.00
13	Payments Outstanding to NBCC for various works sanctioned by Authority	83.48
14	New SDF 2 Nos.ASIDE(Authority's share)	300.00
15	CC Road	512.17
	Total Anticipated Expenditure (2011-2012)	1319.65