

Minutes of the 33rd meeting of Kandla SEZ Authority held on 26th April 2018 at 1130 hrs. at O/o the Development Commissioner, Kandla Special Economic Zone, Gandhidham.

Following were present:-

- | | | |
|----|------------------------------------|-----------|
| 1. | Shri Upendra Vasishth, ndc, IOFS | -Chairman |
| 2. | Shri Satyadeep Mahapatra, IRS | -Member |
| 3. | Shri Bipin Thakkar, Gokul Overseas | -Member |

Others:-

1. Shri Laxmi Kant Meena, Sr. AO, KASEZ
2. Shri Devaraj. C, Secretary, KASEZ Authority
3. Shri Umesh Naik, AGM, NBCC
4. Shri Shubham Goel, NBCC

33. Confirmation of the minutes of 32nd meeting of Kandla SEZ Authority held on 27/02/2018:

Minutes of the 32nd meeting of Kandla SEZ Authority held on 27/02/2018 were confirmed.

33.1 Review/action taken as per decisions of last meeting:

33.2.5 Raising the height of boundary wall of KASEZ Township:

The position as reported that work order has been issued to NBCC at an estimated expenditure of Rs.1,80,77,567/- (Rupees one crore eighty lakhs seventy seven thousand five hundred and sixty seven only) has been noted. AGM, NBCC informed that the tender has also been awarded.

33.2.6 Dismantling and reconstruction of 4 Nos. Type-III quarters (Q. No. 1 to 4), KASEZ:

The position as reported that work order has been issued to NBCC at an estimated expenditure of Rs.1,22,63,209/- (Rupees one crore twenty two lakhs sixty three thousand two hundred nine only) has been noted. Further, AGM, NBCC informed that the tender for the work will be floated within next 15 days.

33.2 New Proposals:

33.2.1 Requests of the units for waiver of penalty for not executing the lease deed:

The Authority noted that as per circular dated 12/8/2014, we have started imposing a penalty as under on the units who have not executed the lease deed:-

For Plots:

Area of the plot in sq.mtr x Rs.10 x No. of completed years by which delay has occurred after issue of the allotment order.

For Sheds:

Built-up area of the shed in sq.mtr x Rs.10 x No. of completed years by which delay has occurred after issue of the allotment order.



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This penalty was also been doubled as decided in the 28th meeting of Kandla SEZ Authority held on 13/6/2017. The Authority also noted that so far penalty has been on 20 units for non-execution of the lease deed, 9 units have paid the penalty at the time of execution of lease deed.

Some of the units have requested to waive off the penalty as it will be difficult for them to compete in the international market and any escalation in cost will have major financial implication in their business model. They have also requested to adjust the penalty paid in their future rentals.

Shri Bipin Thakkar stated that as the units have raised difficulty being faced by them considering the fact that the escalation in cost will adversely affect their international competitiveness, we may not levy the penalty and the penalty paid by the units may be adjusted in their rentals.

This issue was deliberated and felt that the units are bound to adhere with the terms and conditions of the Letter of Allotment, which stipulated that they units are required the execute the lease deed within one month from the date of taking over of the premises and as per proviso to Rule 18(2)(ii) of SEZ Rules, Developer shall enter into a lease agreement and a copy of registered lease deed shall be furnished to the Development Commissioner concerned within six months from the Letter of Approval and failure to do so, there is justification in imposing penalty. However, considering the request raised by Shri Bipin Thakkar that the escalation in cost will adversely affect the international competitiveness of the units, the Authority decided not to charge the double penalty as per the decision taken in 28th meeting of Kandla SEZ Authority held on 13/6/2017 and that the penalty should be reduced to Rs.5/- (Rupees five only) instead of Rs.10/- (Rupees ten only) as mentioned in the circular dated 12/8/2014. All the units may be given time up to 30/6/2018. However, as execution of lease deed is mandatory in terms of above proviso to SEZ Rule quoted above, we may continue to execute the lease deed and the penalty may be collected subsequently.

33.2.2 Extension of contract appointment:-

The Authority noted that the Authority appointed two incumbent on contract basis for a period of one year as Asstt. Manager (IT) and Asstt. Manager (Estate & Marketing). Mr. Mayur Upadhyay joined as Asstt. Manager (IT) w.e.f. 5/6/2017 and Mr. Jigar Atha joined as Asstt. Manager (Estate & Marketing) w.e.f. 10/7/2017 and their one year contract period will be expired on 4/6/2018 and 9/7/2018, respectively.

The Authority also noted that in its 31st meeting held on 28/12/2017 discussed the issue on the tenure of important posts appointed on contract basis, a decision was taken that if the performance of the officers is found satisfactory they may be re-appointed. It is reported that both the officers have performed their respective duties quite well and Authority found that both posts are very essential for efficient working of administration of Authority. Therefore, Authority approved for appointing both Asstt. Managers for 11 months period again after a break of 7 days from the last day of their present contract. However during the extended period, if at any time, the Authority finds their performance not satisfactory or their conduct is not up to the mark or for any other reasons, the Authority will have the right to terminate their services by giving a one month's notice.

33.2.3 Approval for Additional RCC Pavement Road for the work of Development of Plot No.354 to 356 and 364 to 366 by construction of Boundary Wall & other misc. structure (Otoklin Area) & 150 KLD STP of KASEZ Township (Ph-I) at KASEZ, Gandhidham.

The Authority noted that the work of Development of Plot No.354 to 356 and 364 to 366 by construction of Boundary Wall & other misc. structure (Otoklin Area) & 150 KLD STP of KASEZ

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Township (Ph-I) at KASEZ was awarded to NBCC vide letter dated 30/05/2017 for an amount of Rs.1214.39 lakhs. NBCC vide their letter No.NBCC/KASEZ/AGM/2017-18/1021 dated 28/3/2018 informed that the road from Gokul Overseas to boundary wall in the old area of the Zone is badly damaged due to the movement of heavy loaded vehicle. Therefore, it is proposed that this road may be converted into RCC pavement road. NBCC stated that the financial implication due to this will be Rs.2,37,08,387/- (Rupees two crores thirty seven lakhs eight thousand three hundred eighty seven only) and the same can be undertaken as an additional work in the Development of Plot No.354 to 356 and 364 to 366 by construction of Boundary Wall & other misc. structure (Otoklin Area) & 150 KLD STP of KASEZ Township (Ph-I) at KASEZ, which will be within the overall sanction given for the work.

The Authority approved the construction of RCC road as proposed above as an additional item of work within the overall sanction given for the work of Development of Plot No.354 to 356 and 364 to 366 by construction of Boundary Wall & other misc. structure (Otoklin Area) & 150 KLD STP of KASEZ Township (Ph-I) at KASEZ.

The Authority also directed the AGM, NBCC to submit a proposal for converting all the roads to CC roads and alongside creating trench for the utilities in a phased manner and also to submit proposal for replacement of sewer lines and water lines. The sewage line may be designed in a way that the line should be taken to the new area of the Zone where the STP is to be set up for the industrial area of the Zone.

The Authority also directed to engage an expert consultant for the above works.

33.2.4 Review of on-going works:

The Authority noted the ongoing work and the fund release for the following items of awarded to NBCC:-

| Sr. No. | Name of the work | Estimated Cost | Released till date | (Rs.in lakhs) Balance to be paid |
|---------|---|----------------|--------------------|-------------------------------------|
| 1 | Setting up of 1 MW Rooftop Solar Power Project | 887.76 | 600.00 | 287.76 |
| 2 | Construction and implementation of Solid Waste Management System | 520.80 | 200.00 | 320.80 |
| 3 | Construction of SDF Unit-IX | 2787.33 | 800.00 | 1987.33 |
| 4 | Purchase of Chassis and fabrication work of Water Bowser | 217.67 | 200.00 | 17.67 |
| 5 | Development of Plot No.354 to 356 and 364 to 366 & setting up of 150 KLD Sewage Treatment Plant in Colony | 1214.39 | 300.00 | 914.39 |
| 6 | Construction of 2 Nos. Warehouse at Plot No.354 to 356 and 364 to 366 | 1521.64 | 150.00 | 1371.64 |
| 7 | Re-surfacing of internal roads in Sector-I | 952.04 | 450.00 | 502.04 |
| 8 | Dismantling and reconstruction of Shed No.63-64 CPWD and Minor and misc. work in Type-I Quarters | 228.83 | 150.00 | 78.83 |
| 9 | Raising the Height of Security Boundary Wall for KASEZ Township at KASEZ | 180.77 | -- | 180.77 |
| 10 | Dismantling and Reconstruction of 4 Nos. Type-III Quarters (Quarters Number 1 to 4) at KASEZ Township | 122.63 | -- | 122.63 |

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AGM, NBCC stated that the rooftop solar inspection report is awaited by next week.

Following points are taken up as table agenda with the permission of the Chair.

33.2.5 Proposal for construction of badminton court in KASEZ Township at KASEZ, Gandhidham:

The Authority noted that construction of an indoor game facility was discussed in the 24th meeting of Kandla SEZ Authority held on 6/10/2016 and NBCC was asked to submit their estimate for the same. NBCC's proposal submitted vide their letter No.NBCC/KASEZ/AGM/2018-19/009 dated 6th April, 2018 was discussed and the Authority approved construction of a badminton court in KASEZ Township at an estimated expenditure of Rs.2,42,84,572/- (Rupees two crore forty two lakhs eighty four thousand five hundred and seventy two only), as per NBCC's letter dated 6th April, 2018.

For the cricket stadium, the Chairman requested NBCC to submit proposal for construction of stand and rooms in a simple way.

33.2.6 Payment to M/s.H.C. Maniar & Co., Chartered Accountant engaged for various GST compliances including filing of GST returns:

The Authority noted that GST Act/Rules came into force in the country w.e.f 1/7/2017. Kandla SEZ Authority being a developer of SEZ was required to comply with the GST Act/Rules. The Ministry also directed that the Authority also comply with the GST Act/Rules. It was also noted that considering the urgency, M/s. H.C. Maniar & Co., Gandhidham, who conducted a GST seminar in this office on 15/6/2017, was asked to go ahead with the GST formalities such as filing of returns and other compliances in this matter. Accordingly, M/s.H.C. Maniar & Co. have started liaising with the GST formations for various compliances such as filing of LUT, filing of GST returns, etc. and also submitted their bill for the same.

The Authority approved their bill for Rs.95,000/- (Rupees ninety five thousand only) for consultancy service in various GST matters and its compliances and filing of different returns till 31/3/2018.

It was also decided that for the current year, we may invite quotations from prominent CA firms dealing with GST matters and till the time we finalize the agency, we may continue with M/s. H.C. Maniar & Co.

33.2.7 Request of Bank of Baroda for waiver of dues towards rent of shed – M/s.S2M Global Pvt. Ltd.

The Authority noted that M/s.S2M Global Pvt. Ltd. were allotted with Shed No.368, FA-I Type in Kandla SEZ. Due to non-payment of rental dues the firm was evicted on 15/10/2015. At the time of eviction, their dues were Rs.48,49,727/-. While issuing Notices under Public Premises (Eviction of Unauthorized Occupants) Act, 1971, a copy of the notice was also endorsed to the Bank.

The Authority also noted the request of Bank of Baroda. It was felt that the possession was not taken by the Bank under SARFAESI Act and only Court Receiver was appointed by DRT for disposal of the hypothecated goods, the first charge is always with the Authority. The Authority felt that an amicable solution must be reached considering loss of lease rent and employment generation ultimately defeating the purpose of Special Economic Zones. However, it was decided to seek legal opinion from the Asstt. Solicitor General of India, Ahmedabad.

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33.2.8 Operation and Maintenance of Solid Waste Management System.

The Authority noted about installation of an environmental friendly 3 stage 3.5 TPD incinerator in KASEZ and a 100 kg/day composting machine as a part of solid waste management system. The issue placed before the Authority is to fix a charge to be recovered from the units for incineration of their waste. A sample calculation made by NBCC was taken note of according to which per Kg. cost was Rs.5.85 only. Therefore, it was decided to operate the incinerator for a period of three months without charging any amount and by that time we will be able to know the actual expenditure and we may take a call on the issue of charging units for its use.

34. 2.9 New gate for Manpower & Small Vehicles.

Mr. Bipin Thakkar inquired about the progress of creation of new gate for manpower and small vehicles in Kandla Special Economic Zone. Chairman took note of the point and informed that a committee for creation of new gate was finalized long back and directed committee members to come up with a final plan within 15 days.

The meeting ended with thanks to all present.



(Upendra Vasisht)
Chairman,
Kandla SEZ Authority.
