

**Supplementary Agenda for the 42<sup>nd</sup> meeting of the Board of Approval to be held on 16<sup>th</sup> September 2010 at 10.30 AM in the Room No. 47, Udyog Bhawan**

**Item No. 42.1: Proposals for setting up of SEZs**

S. No	Name of the Developer	Location	Sector	Area (in ha)	Land Possession	SGR*	Status of application
i.	M/s. Wipro Limited	Kodathi village, Varthur Hobli, Sarjapur Road, Bangalore	IT/ITES	19.46	Yes	Yes	New
ii	M/s. Wipro Limited	Belagola Industrial Area, Mogarhalli village, Belagola Hobli, Srirangapatna Taluk, Mandya District, Mysore, Karnataka	IT/ITES	29.94	Yes	Yes	New

**Item No. 42.2: Proposal for conversion of in-principle to formal approval**

S. No.	Developer	Location	Sector	Area (in ha.)	Remarks
1	Jawaharlal Nehru Port Trust (JNPT)	Navi Mumbai, Mumbai, Maharashtra	Port Based Multi Product SEZ	277	In-principle approval was granted in the meeting of BoA held on 11.02.2010 for an area of 277 hectares. The LoA was issued on 10.03.2010. The developer has now requested for grant of formal approval stating that the entire 277 Ha of land is under its possession and legal ownership. The developer has also stated that State Highway SH-54 divides the land parcel in to two parts. The proposed non processing area of about 83 hectares is on the right side of the SH-54 and the proposed processing area of 194 hectares is contiguous on left side of the SH-54. JNPT has, therefore, also requested for relaxation of contiguity. <b>The State Government has recommended for grant of formal approval.</b>

**Item No.42.3: Requests for co-developers**

**(i) Request of M/s. Kalyani Global Engineering Private Limited for co-developer in the multi product SEZ at Taluka Khed & Shirur, District Pune, Maharashtra, being developed by M/s. Khed Economic Infrastructure Private Limited**

The above mentioned SEZ was notified on 16<sup>th</sup> June, 2010 over an area of 1000 hectares. M/s. Kalyani Global Engineering Private Limited has submitted a proposal for becoming a co-developer for providing infrastructural facilities by undertaking all the default Authorized Operations in the above mentioned SEZ. Co-developer agreement dated 31<sup>st</sup> August, 2010 between the developer and co-developer has been provided. The request of the co-developer is submitted for consideration of BoA.

**(ii) Request of M/s. Flamingo Infra Developers Private Limited for co-developer in the sector specific SEZ for Pharmaceutical at Krushnoor, District Nanded, Maharashtra, being developed by Maharashtra Industrial Development Corporation Limited (MIDC)**

The above mentioned SEZ was notified on 11<sup>th</sup> July, 2007 over an area of 150 hectares. M/s. Flamingo Infra Developers Private Limited has submitted a proposal for becoming a co-developer for providing infrastructural facilities by undertaking all the default Authorized Operations over an area of 20.23 hectares (50 acres) in the above mentioned SEZ. Co-developer agreement dated 1<sup>st</sup> September, 2010 between the developer and co-developer has been provided. The request of the co-developer is submitted for consideration of BoA.

**Item No. 42.4: Request for de-notification**

**(i) Request of M/s. JSL Limited for de-notification of the notified sector specific SEZ for Stainless Steel at Kalinga Nagar, Orissa**

The above mentioned SEZ was notified on 28<sup>th</sup> November 2007 over an area of 142.115 hectares. Now, the developer has requested for de-notification of the SEZ stating that as a result of the global meltdown and recession in the global markets for stainless steel and its products, the exports of such products may not reach the desired levels to make the SEZ viable. The developer also informed that a single anchor unit has been setup and the application for its de-bonding and its conversion to EPCG scheme under the Foreign Trade Policy is being made separately and simultaneously. The developer has also informed that it has availed tax benefits amounting to Rs. 59.78 crores (approx) under the SEZ Act/Rules

The request of the developer for de-notification is placed before BoA for consideration.

**Item No. 42.5: Requests for withdrawal of formal approval**

**(i) Withdrawal of formal approval granted to Maharashtra Industrial Development Corporation Limited (MIDC) for setting up of sector specific SEZ for power generation at Bhadravati Industrial Area, District Chandrapur, Maharashtra**

Maharashtra Industrial Development Corporation Limited (MIDC) was granted formal approval for setting up of sector specific SEZ for power generation, over an area of 1100 hectares, vide LoA dated 25<sup>th</sup> October 2006. Now, the developer has requested for withdrawal of formal approval stating that, it has been decided not to develop the above mentioned SEZ. The Government of Maharashtra has recommended the requested the request of the developer. DC, SEEPZ has also recommended the request of the developer.

The request of the developer is placed for consideration of BoA.

**(ii) Withdrawal of formal approval granted to Maharashtra Industrial Development Corporation Limited (MIDC) for setting up of sector specific SEZ for power generation at Usar Industrial Area, , District Raigad, Maharashtra**

Maharashtra Industrial Development Corporation Limited (MIDC) was granted formal approval for setting up of sector specific SEZ for power generation, over an area of 103 hectares, vide LoA dated 25<sup>th</sup> October 2006. Now, the developer has requested for withdrawal of formal approval stating that, it has been decided not to develop the above mentioned SEZ due to contiguity/land acquisition problems. The Government of Maharashtra has recommended the requested the request of the developer. DC, SEEPZ has also recommended the request of the developer.

The request of the developer is placed for consideration of BoA.

**(iii) Withdrawal of formal approval granted to M/s. JSW Bengal Steel Limited for setting up of sector specific SEZ for Steel and Allied products at Godapiasal, Alboni, West Medinipur, West Bengal**

M/s. JSW Bengal Steel Limited was granted formal approval for setting up of sector specific SEZ for Steel and Allied products, over an area of 1804 hectares, vide LoA dated 31<sup>st</sup> December 2008. Now, the developer has requested for withdrawal of formal approval stating that, due to the changed situation of the global economy, the company is not interested for the development of the SEZ. The Government of West Bengal has recommended the requested the request of the developer.

The request of the developer is placed for consideration of BoA.

**Item No. 42.6: Request for increasing / decreasing area**

**(i) Request of M/s Adarsh Prime Projects Pvt. Ltd. for de-notification of a portion of land in the notified IT/ITES SEZ at Bangalore, Karnataka.**

Sector specific SEZ for IT/ITES at Bangalore, Karnataka developed by M/s. Adarsh Prime Projects Pvt. Ltd. was notified on 28<sup>th</sup> September 2006 over an area of 27.91 hectares. Subsequently, in its meeting held on 15<sup>th</sup> December 2009, BoA had granted approval for de-notification of an area of 6.435 hectares from the already notified area, thereby, making the area of the SEZ as 21.475 hectares. The developer has now requested de-notification of an area of 3.062 hectares from the remaining area, thereby, making area of the SEZ as 18.41 hectares. The developer has stated that lack of demand for SEZ space has resulted in long waiting period for getting the clients for the SEZ space. This has discouraged further development of SEZ space hence it has proposed for de-notification. The DC IT/ITES SEZ, Karnataka, has recommended the request of the developer and has stated that (i) no tax/duty benefits have been availed by the on the proposed de-notifying area (ii) the SEZ will remain contiguous (iii) the land to be de-notified is vacant. The developer has also stated that the balance land of 21.475 hectares after de-notification will be contiguous and will meet the minimum land requirement.

The request of the developer for de-notification of the portion of land is placed before BoA for consideration.

**Item No. 42.7: Requests for first extension of validity of formal approvals**

(i) Request of M/s. Mittal Infratech Private Limited for extension of the validity period of formal approval, granted for setting up of sector specific SEZ for IT/ITES at village Sewah, GT Road, District Panipat, Haryana, beyond 14<sup>th</sup> October 2010.

(ii) Request of M/s. AMRL International Tech City Limited for extension of the validity period of formal approval, granted for setting up of multi product SEZ at Nanguneri Taluk, Tirunelveli District, Tamil Nadu, beyond 22<sup>nd</sup> May 2010. **The developer has made a delayed request for grant of first extension of the validity of the formal approval. The BoA may also consider condoning the delay.**

(iii) Request of M/s. Karle Infra Projects for extension of the validity period of formal approval, granted for setting up of sector specific SEZ for IT/ITES at Nagavara village, Bangalore North Taluk, Karnataka, beyond 18<sup>th</sup> June 2010. **The developer has made a delayed request for grant of first extension of the validity of the formal approval. The BoA may also consider condoning the delay.**

(iv) Request of M/s. Platinum Holdings Private Limited for extension of the validity period of formal approval, granted for setting up of sector specific SEZ for Hardware and Software at Navallur village, Chengulpet Taluk and Semmencherry village, Tambaram Taluk, Kancheepuram District, Tamil Nadu, beyond 5<sup>th</sup> November 2009. **The developer has made a delayed request for grant of first extension of the validity of the formal approval. The BoA may also consider condoning the delay.**

(v) Request of M/s. CCCL Pearl City Food Port SEZ Limited for extension of the validity period of formal approval, granted for setting up of sector specific SEZ for food processing at Tuticorin District, Tamil Nadu, beyond 25<sup>th</sup> July 2010. **The developer has made a delayed request for grant of first extension of the validity of the formal approval. The BoA may also consider condoning the delay.**

(vi) Request of M/s. Gopalan Enterprises (India) Private Limited for extension of the validity period of formal approval, granted for setting up of sector specific SEZ for IT/ITES at Mahadevpura, Kaggadaspura, K.R. Puram, Whitefield, Bangalore, Karnataka, beyond 2<sup>nd</sup> July 2010. **The developer has made a delayed request for grant of first extension of the validity of the formal approval. The BoA may also consider condoning the delay.**

**Item No. 42.8: Requests for second extension of validity of formal approvals**

**(i) Request of Karnataka Industrial Areas Development Board (KIADB) for second extension of the validity period of formal approval, granted for setting up of sector specific SEZ for IT/ITES at Mangalore, Karnataka, beyond 25<sup>th</sup> June 2010**

The developer was granted formal approval for setting up the above mentioned SEZ, over an area of 203 hectares, vide LoA dated 26<sup>th</sup> June 2006. Subsequently, BoA had granted approval for reduction in area of the SEZ from 203 hectares to 65.039 hectares. The SEZ was notified on 24<sup>th</sup> August, 2009 over an area of 65.571 hectares. The developer has been granted first extension of the formal approval, the validity of which was up to 25<sup>th</sup> June 2010. The developer has given the details of steps taken to implement the project and has stated that an amount of Rs. 11.22 crores has been spent on the developmental works. The developer needs more time to complete the project and has, therefore, requested for grant of further extension of validity of the formal approval. DC IT/ITES SEZ Karnataka has recommended the request of the developer.

**(ii) Request of M/s. Indu Techzone Private Limited for second extension of the validity period of formal approval, granted for setting up of sector specific SEZ for IT/ITES at Mamidipalli village, Saroornagar Mandal, Ranga Reddy District, Andhra Pradesh, beyond 25<sup>th</sup> October 2010**

The developer was granted formal approval for setting up the above mentioned SEZ, over an area of 60.7 hectares, vide LoA dated 26<sup>th</sup> October 2006. The SEZ was notified on 10<sup>th</sup> April 2007 over an area of 60.7 hectares. The developer has been granted first extension of the formal approval, the validity of which is up to 25<sup>th</sup> October 2010. The developer has given the details of steps taken to implement the project. The developer needs more time to complete the project and has, therefore, requested for grant of further extension of validity of the formal approval. DC, VSEZ, has recommended the request of the developer.

**(iii) Request of M/s. OSE Infrastructure Limited for second extension of the validity period of formal approval, granted for setting up of sector specific SEZ for IT/ITES at Plot No. C-01, Sector 67, Noida, Uttar Pradesh beyond 5<sup>th</sup> November 2010**

The developer was granted formal approval for setting up the above mentioned SEZ, over an area of 10.12 hectares, vide LoA dated 6<sup>th</sup> November 2006. The SEZ was notified on 14<sup>th</sup> May 2007 over an area of 10.11753 hectares. The developer has been granted first extension of the formal approval, the validity of which is up to 5<sup>th</sup> November 2010. The developer has given the details of steps taken to implement the project. The developer has also stated that Noida Authority has abnormally delayed for almost 3<sup>1/2</sup> years, the clearance for FAR of 200 which is admissible in general for IT/ITES Projects at Noida and additional FAR of 50% applicable for the processing area as per U.P. SEZ (amended) policy, 2007 despite several reminders. Further, apart from abnormal delay on the part of Noida Authority, the severe Global recession over last two years has also lead to serious delays in implementation of the projects all over the country. The developer needs more time to complete the project and has, therefore, requested for grant of further extension of validity of the formal approval.

**(iv) Request of M/s. CPL Infrastructure Private Limited for second extension of the validity period of formal approval, granted for setting up of sector specific SEZ for Pharmaceuticals at Ahmedabad, Gujarat beyond 26<sup>th</sup> June 2010**

The developer was granted formal approval for setting up the above mentioned SEZ, over an area of 200 hectares, vide LoA dated 27<sup>th</sup> June 2006. The SEZ was notified on 24<sup>th</sup> December 2007 over an area of 122.30.61 hectares. The developer has been granted first extension of the formal approval, the validity of which was up to 26<sup>th</sup> June 2010. The developer has stated that a piece of mandli/gauchar land adjacent to out SEZ land is forming an “atoll” like structure leading to difficulty with that piece of mandli/gauchar land in case it constructs the wall and there is heavy rainfall in future. They have requested Government of Gujarat to swap the piece of land with its existing extra land in vicinity to make it contiguous and in a shape more viable. Further, the developer has also stated that it is awaiting final indication on DTC on Tax implication on SEZ on which most of the prospective tenants will decide their fate of SEZ activity in India or abroad. The viability of SEZ depends mainly on the final indication in DTC for SEZ sops treatment vis-à-vis other countries in Asia. The developer needs more time to complete the project and has, therefore, requested for grant of further extension of validity of the formal approval.

**(v) Request of Kerala Industrial Infrastructure Development Corporation (KINFRA) for second extension of the validity period of formal approval, granted for setting up of sector specific SEZ for Electronics Industries at Thrikkakara village, Kanayannur Taluk, Ernakulam District, Kerala beyond 20<sup>th</sup> August 2010**

The developer was granted formal approval for setting up the above mentioned SEZ, over an area of 12.141 hectares, vide LoA dated 21<sup>st</sup> August 2006. The SEZ was notified on 13<sup>th</sup> June 2007 over an area of 12.141 hectares. The developer has been granted first extension of the formal approval, the validity of which is up to 20<sup>th</sup> August 2010. The developer has given the details of steps taken to implement the project. The developer has stated that economic &

financial slowdown in US leading to delayed investment decisions by the companies in the United States. The developer needs more time to complete the project and has, therefore, requested for grant of further extension of validity of the formal approval.

**(vi) Request of M/s. Gujarat Hira Bourse for extension of the validity period of formal approval, granted for setting up of sector specific SEZ for Gems and Jewellery at Ichhapor, Surat, Gujarat beyond 6<sup>th</sup> April 2009**

The developer was granted formal approval for setting up the above mentioned SEZ, over an area of 100 hectares, vide LoA dated 7<sup>th</sup> April 2006. The SEZ was notified on 20<sup>th</sup> July 2007 over an area of 73.87.97 hectares. The validity of formal approval has expired on 6<sup>th</sup> April 2009. As regards the reasons for not seeking extension of the formal approval, the developer has stated that it was under impression that since the SEZ is notified there is no need for seeking extension of the validity of the formal approval. The developer has stated that the company recently became aware of the fact that extension of validity is required till the SEZ becomes operational. The developer has, therefore, now sought extension of validity of formal approval.

DC KASEZ has intimated that the SEZ has started receiving project applications for setting up of SEZ unit and the Approval Committee has already approved one case and has issued LoA to the applicant. DC has further informed that the developer has made substantial investment of Rs. 67.12 crores as on 30.06.2010. In view of this the DC has recommended the request of the developer.

In this case the developer is already due for second extension, therefore, BoA may considered grant of two years extension w.e.f. 6<sup>th</sup> April 2009.

**(vii) Request of M/s. Bannari Techno Park Private Limited for second extension of the validity period of formal approval, granted for setting up of sector specific SEZ for IT/ITES at Kalapatty village, Coimbatore District, Tamil Nadu beyond 24<sup>th</sup> October 2010**

The developer was granted formal approval for setting up the above mentioned SEZ, over an area of 24.13 hectares, vide LoA dated 25<sup>th</sup> October 2006. The SEZ was notified on 23<sup>rd</sup> April 2007 over an area of 24.05.5 hectares. The developer has been granted first extension of the formal approval, the validity of which is up to 24<sup>th</sup> October 2010. The developer has stated that the company is in the process to have a Joint Venture with few leading companies to implement the project. Further, the environmental clearance has also been received. Since the developer is yet to complete the Joint Venture process to implement the project, it has sought further extension of validity of the formal approval.

**Item No. 42.9: Request of M/s. Silkroad Sugars Private Limited, a unit in the sector specific SEZ for food processing at Kakinada, Andhra Pradesh being developed by M/s. Parry Infrastructure Company Private Limited, for waiver of import duty on incidental generation of electricity**

M/s. Silkroad Sugar Private Limited unit was issued letter of approval on 30.1.2008 for setting up a unit for processing sugar with molasses & power as byproducts. The unit has a 35 MW gas based power plant for co-generation of power out of which about 25 MW surplus power will be supplied to DTA through the grid.

The power plant has been designed to use natural gas as fuel. Pending allocation of the natural gas to their plant, in order to save time, the unit tested their equipment using liquid fuel, i.e. Naphtha. During the testing, the unit produced about 5 MW power. The unit intimated that the electricity thus generated in the process was consumed to some extent and excess generation of about 40 lakh units (approximately 3 MW) has been supplied to APTRANSCO grid which is connected to their system free of cost.

The unit has submitted that the incidental flow of electricity is not a sale of electricity to any party and the liquid fuel used by them during testing is several times the cost of natural gas and they have incurred substantial costs in carrying out equipment testing with liquid fuel.

The unit has, therefore, requested DC, VSEZ not to levy any import duty on the electricity which flowed to APTRANSCO during testing of their equipment. DC VSEZ has stated that while during testing period there was no sale-purchase between APTRANSCO and the unit, now they have entered into an agreement according to which the rate of power is Rs. 2.70 per unit. If the same rate is taken into account for the incidental generation of power during testing, the total import duty @ 16% duty is about Rs. 20 lakh.

DC VSEZ has recommended request of the unit on the following grounds:-

- (a) There is no other way to keep/store the electricity so generated inside the SEZ:
- (b) The generation of electricity is incidental (during testing of the plant/equipment)
- (c) There is no consideration received by the SEZ unit from APTRANSCO

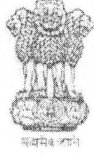
**Item No. 42.10: Appeal of M/s. NSL SEZ (Hyderabad) Private Limited against the decision of the BoA rejecting the request of the developer for waiver of the condition of exclusive use of residential apartments by SEZ employees**

Sector specific SEZ for IT/ITES SEZ at IDA Uppal Industrial Development Area, Hyderabad, Andhra Pradesh being developed by M/s. NSL SEZ (Hyderabad) Private Limited was notified on 18th May 2007 on an area of 14.50 hectares. BoA had granted approval to the developer for construction of residential apartments (1250 units) over an area of 200000 sqm, in the non-processing area, subject to the condition that the residential apartments will be for exclusive use of the SEZ employees. The request of the developer for waiver of the condition of exclusive use of the residential apartments by the SEZ employees was considered in the BoA

meeting held on 8<sup>th</sup> June 2010 and was not agreed to. The decision of the BoA was communicated to the developer vide letter dated 21<sup>st</sup> June 2010. Thereafter, the developer had filed an appeal before the BoA for review of decision taken in the meeting held on 8<sup>th</sup> June 2010. The Board was informed that in the past many cases, approvals for construction of residential apartments have been sanctioned without insisting on the condition of exclusive use of these apartments by the SEZ employees. The Board taking note of this position, however, felt that the quantity approved of 1250 units is very large and directed that DC should review the numbers and come back before the Board for its consideration.

DC VSEZ has since submitted his report as per the directions of the Board of Approval (**Annexure – 1**). The matter is, therefore, placed before the BoA.

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30 August 2010

NO. 9/VSEZ/42 BOA/2010 ~~303207~~

To

The Secretary (SEZ)  
Department of Commerce  
Udyog Bhavan,  
New Delhi – 110011.

(KIND ATTN: SHRI ANIL MUKIM, JOINT SECRETARY)

Sir,

Subject: Appeal of M/s NSL SEZ (Hyderabad) Private Limited against the Decision of the BOA rejecting the request of the developer for waiver of the condition of exclusive use of residential apartments by SEZ employees – Reg.

Reference: Item No. 41.16(ii) of the Minutes of the 41<sup>st</sup> BOA for SEZ held on 13.7.2010

During the 27<sup>th</sup> BOA meeting of the SEZ held on 1.8.2008, as a part of authorized activities, approval was given to the Developer for construction of 1250 units on a total area of 2,00,000 sq. mt. as Residential Apartments. While conveying the approval of BOA for the above quantity, Ministry put a condition that “.... It will be for the exclusive use of SEZ employees”. M/s NSL requested the BOA for removal of this condition. In the 40<sup>th</sup> BOA meeting held on 8<sup>th</sup> June 2010, the request was rejected. The Developer appealed to BOA for reconsideration of the BOA decision. In the 41<sup>st</sup> BOA meeting held on 13.7.2010, BOA felt that the quantity of Residential apartments approved, i.e., 1250 units is very large and directed that DC should review the numbers and come back before the Board for its consideration.

2. Accordingly, the issue was discussed with the Developer on 16.8.2010 and the report and recommendations of the undersigned are forwarded herewith.

Encl: As above

Yours faithfully,

  
(M. S. Rao)  
Development Commissioner

## REPORT OF ZONAL DEVELOPMENT COMMISSIONER, VSEZ

### Subject: Request of NSL SEZ (Hyderabad) Privated Limited for Authorized Operations

#### 1. Background

M/s NSL SEZ (Hyderabad) Private Limited, Uppal Industrial Development Area, Hyderabad is a notified SEZ in IT/ITES Sector in a total area of 14.5 hectares. The processing area of the zone is 7.25 hectares and non-processing area is also 7.25 hectares. The investment made in the SEZ as claimed by the Developer is Rs. 139.2 crores and the proposed employment in the Zone is 40,000.

The BOA in its 27<sup>th</sup> BOA meeting held on 1<sup>st</sup> August 2008 accorded approval to the Developer for undertaking the following activities as authorized operations

S.No	Authorised activity	Quantum (in sq. meters)
1.	Residential Apartments	1250 units on a total area of 200,000 sq. m
2.	Service Apartments	250 units with a total built up area of 15,000 sq. mt
3.	Business Center	5,000
4.	Retail	10,000
5.	Club, Gym etc.	5,000
6.	Food courts	5,000
7.	Entertainment (parks etc.)	10,000 (Open space only. No multiplex is allowed)

While conveying the approval of BOA for the above quantities, Ministry, vide their letter No. 2/336/2006-SEZ, dated 13.8.2008, put a condition that "... It will be for the exclusive use of SEZ employees". M/s NSL requested the BOA for removal of this condition. In the 40<sup>th</sup> BOA meeting held on 8<sup>th</sup> June 2010, the request was rejected. The Developer appealed to BOA for reconsideration of the BOA decision as the said condition is not being imposed to all other Developers for their authorized operations. In the 41<sup>st</sup> BOA meeting held on 13.7.2010, BOA felt that the quantity of Residential apartments approved, i.e., 1250 units is very large and directed that DC should review the numbers and come back before the Board for its consideration.

## **2. Entitlement in terms of Instruction No. 30**

The original approval was given by BOA on 1.8.2008. Subsequently, Instruction No. 30 was issued by DOC on 3<sup>rd</sup> August 2009 prescribing norms for building infrastructure in the non-processing area of the SEZ. According to this instruction, the total floor space allowed for a 10 ha IT/ITES SEZ (non processing area 5 ha) is 50000 sq. mt. with FAR 1.

S.No	Authorised activity	Quantum (in sq. meters) Approved by BOA	Entitlement as per Instruction No. 30 (3.8.2009) for non processing area of 7.25 hectares
1.	Residential Apartments	1250 units on a total area of 200,000 sq. m	43,500 sq. mt. (Residential)
2.	Service Apartments	250 units with a total built up area of 15,000 square meters.	10,875 sq .mt. (Commercial)
3.	Business Center	5,000	
4.	Retail	10,000	
5.	Club, Gym etc.	5,000	
6.	Food courts	5,000	
7.	Entertainment (parks etc.)	10,000 (Open space only. No multiplex is allowed)	18,125 sq. mt. (Facilities)
	<b>TOTAL</b>	<b>2,50,000 Sq. Mt</b>	<b>72,500 Sq. mt.</b>

## **3. Contention of the Developer:**

The Developer's contention is that there is no FAR restriction/limit on the development in Hyderabad under local building regulations. Since the processing area of the SEZ is being developed with FAR of 3.4 which amounts to 2,46,500 sq. mt., they should be permitted an equal built up area, i.e., 2,46,500 sq. mt. in the non processing area. Hence, that the total approval for authorized operations of 2,40,000 sq. mt. (sum total of Sl. No. 1 to 6 of the above table) in the non processing area as given earlier should be retained:

If the FAR of 3.4 is accepted, the Developer's revised entitlement would be as follows:

(a) Residential	-----	1,47,900 sq mt.
(b) Commercial	----	36,975 sq. mt.
(c) Facilities	----	61,625 sq. mt
	-----	
TOTAL	----	2,46,500 sq. mt.
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The issue was discussed with the Developer on 16.8.2010 and based on the deliberations at the meeting, the Developer submitted another letter on 17.8.2010 (copy enclosed which is self explanatory). The Developer submitted that they want to develop a total IT space of 2,70,000 Sq. mt. (approx.) in four phases over a period of 5 years which is as follows:

Phase	No of Buildings	BUA in sq mt.	Leasable area in sq. mt.	Start Date	Finish	
I	One	10,00,000	6,70,000	1.1.2009	31.12.2010	
II	One	10,00,000	6,70,000	1.4.2011	31.3.2013	
III	One	10,00,000	6,70,000	1-10-2012	30.9.2014	
IV	One	10,00,000	6,70,000	1-10-2013	30.09.2015	
<b>TOTAL</b>	<b>4</b>	<b>40,00,000</b>	<b>26,80,000</b>			

The Developer has indicated that they have already commenced construction of the 1<sup>st</sup> phase of development of IT Space with 10 lakh built up area with a leasable space of 6.7 lakh sq. mt.

Developer indicated that the residential project in non processing area would be implemented in three phases. In 1<sup>st</sup> Phase, 3 towers rising to 13 floors (a total of 309 apartments of 1600 sq. ft. each, i.e., 49,440 sq. mt.) is planned and in Phase II, 5 towers of the same magnitude would be constructed, i.e., 515 apartments of 1600 sq. ft. each, i.e., 82400 sq. mt. The remaining apartments, i.e., 426 will be taken in the third phase. The Third Phase will be taken up depending on the success of the first two phases.

The Developer further submitted that the practical difficulty in conforming to the condition of exclusive use of SEZ employees is that there is high attrition rate of employees in the IT sector. On the other hand, the SEZ Units do not take the apartments on long lease, usually limiting it to 5 years.

#### 4. Views of VSEZ

The SEZ so far could attract only one Unit and the SEZ is yet to become operational. Moreover, as per the records available in the VSEZ, the current employment in the zone is 39 only. BOA may, therefore, consider giving approval in a phased manner linking with the development of the processing area (no of units and employment). Initially BOA may consider granting approval to the Developer for Residential Apartments for 43500 sq. mt. only in conformity with Instruction No. 30. Further approval may be considered in future in relation to the development of processing area and employment in the zone. The restriction imposed on the Developer regarding exclusive use of SEZ Units and Employees may be removed as the said condition has certain genuine practical difficulties and has not been imposed in the case of other SEZ Developers.



(M. S. Rao)

Development Commissioner  
VSEZ

