

**O/O DC, DAHEJ - SEZ,
AHMEDABAD.**

AGENDA FOR 6th (SIXTH) MEETING OF APPROVAL COMMITTEE FOR DAHEJ - SEZ TO BE HELD ON, WEDNESDAY, 13TH MAY, 2009 AT 1500 HOURS IN THE CONFERENCE ROOM OF OPAL, (FOURTH FLOOR), VCCI COMPLEX, OPP. FIRE STATION, MAKARPURA, VADODARA.

A. Fresh proposal for unit in Dahej - SEZ, and other cases:-

Sr. No.	Name of the Applicant	Item of manufacture
01.	Torrent Energy Ltd., Ahmedabad.	Electricity Generation & Distribution.
02.	M/s. Dahej SEZ Ltd., Gandhinagar.	Approval of list of items required for Authorized Operations - request of the Developer of multi-product SEZ at Dahej, Bharuch, under Section-14 (1) (a) of the SEZ Act, read with Rule-10 and 12 of the SEZ Rules, 2006.
03.	M/s. Meghmani Specialty Chemicals Ltd., Ahmedabad	Request of M/s. Meghmani Specialty Chemicals Ltd., for change of entrepreneurship to their parent company. i.e., M/s. Meghmani Industries Ltd. in terms of rule 19 of SEZ Rule 2006.

B. Other Cases : -

Sr. No.	Name of the Applicant	Item of manufacture
01.	ONGC Petro Additions Ltd.	Permission for construction of HSD Pump station within the Unit premise.
02.	M/s. Meghmani Organics Ltd., Ahmedabad.	Review of Approval given by the DC

CASE NO. 1**NOTE FOR 6TH MEETING OF APPROVAL COMMITTEE FOR DAHEJ – SEZ:**

**Subject: - Proposal of M/s. Torrent Energy Ltd., Ahmedabad,
 for setting up a power generating unit in Dahej – SEZ.**

Earlier, M/s. Torrent Energy Ltd., Ahmedabad had applied for approval for setting-up a new unit in Dahej – SEZ for Electricity Generation, & Distribution, the proposal was put-up before this Approval Committee in its 5th meeting held on **12-02-2009**. Wherein, the Committee had decided that the applicant is required to make requisite application to the Board of Approval for getting necessary approval/clearance for their proposed Authorized Operations in the Zone. Thus, the Committee had not cleared their proposal for setting-up a unit for Electricity Generation.

Now, the Government of India, in the Ministry of Commerce & Industry, Department of Commerce, vide their letter dated **27-02-2009** (appended below) have formulated detailed guidelines for Power Generation, Transmission, & Distribution in SEZ. M/s. Torrent Energy Ltd., vide their letter dated 13th April, 2009 has requested for processing their application for setting up Power Plant as a unit in Dahej SEZ.

Therefore, the proposal for Electricity Generation of M/s. Torrent Energy Ltd., Ahmedabad is re-submitted before the Approval Committee for further consideration in light of the Government guidelines in this regard.

“No. P.6/3/2006-SEZ.I
Government of India
Ministry of Commerce & Industry
Deptt. of Commerce
(SEZ Section)

Udyog Bhawan, New Delhi
27th February, 2009

Subject: Guidelines for Power Generation, Transmission and Distribution in
Special Economic Zones (SEZs).

The undersigned is directed to say that various issues relating to setting up of power units and power distribution facilities in SEZs have been under examination of this Department in consultation with Ministry of Power/Department of Revenue and Ministry of Law. After due consideration of the comments/views received from these Ministries, following guidelines are hereby laid down:

Generation, transmission and distribution of power in SEZs

i) Power plant set up by developer/co-developer

A power plant to be set up by developer/co-developer in an SEZ as part of infrastructure facility will be in the non processing area of SEZ and will be entitled to fiscal benefits only for its initial setting up and no fiscal benefit would be admissible for its operations and maintenance in terms of Rule 27(3) of the SEZ Rules. There will be no obligation to achieve positive Net Foreign Exchange Earning (NFE) for such power plants.

Constituents to whom it can supply power

Such a power plant can supply power to other facilities located in the non processing area of the same SEZ/facilities located in the non processing area of other SEZs, SEZ units located in the processing area of the same SEZ/SEZ units located in the processing area in other SEZs, facilities located in the processing area of the same SEZ/facilities located in the processing area of other SEZs and also Domestic Tariff Area (DTA).

ii) A unit set up within the SEZ

A unit can be set up within the SEZ to generate power as a product or have a captive power plant and will be located in the processing area. Such a power plant will be entitled to all the fiscal benefits covered under Section 26 of the SEZ Act including the benefits for initial setting up, maintenance and the duty free imports of raw materials and consumables for the generation of the power in such plants.

With respect to SEZs in sectors such as IT/ITES, Gem and Jewellery, Biotech, etc. where a minimum build up area is stipulated under the SEZ Rules and in respect of which generation of power has been approved by the Board of Approval as authorized operation to the Developer/Co-developer within the processing area, in such cases generation of power will be carried out as a unit without any separate demarcation of the area for that purpose. However, such unit will maintain separate accounts as a power generating unit.

These units will enjoy duty free import of capital goods, raw materials and consumables for the generation of power and such duty free imports of capital goods,

raw material and consumables etc. would be counted towards the NFE obligations of the unit.

Constituents to whom it can supply power

Such a unit can supply power to other SEZ units located in the processing area of the same SEZ/SEZ units located in the processing area of other SEZs, facilities located in the non processing area of the same SEZ/facilities located in the non processing area of other SEZs, facilities located in the processing area of the same SEZ/facilities located in the processing area of other SEZs and DTA.

iii) A single power plant in an SEZ

A single stand alone power plant can be set up in an SEZ in which there would be no other units. Such a power plant will be treated as a unit in the processing area and will be entitled to all fiscal benefits covered under Section 26 of the SEZ Act including benefits for initial setting up, maintenance and the duty free imports of raw material and consumables for generation of power in such a plant.

The duty free imports of capital goods, raw material and consumables etc. would be counted towards the NFE obligation of the unit as applicable under Rule 53 of the SEZ Rules 2006.

Constituents to whom it can supply power

Such a power plant can supply power to the facilities in the non processing area of the same SEZ/facilities in the non processing area of other SEZs, SEZ units located in other SEZs and DTA.

Requirement of License

While a generating company may establish, operate and maintain a generating station without obtaining a license under Electricity Act 2003 subject to compliance of the technical standards as specified in the said Act and conforming to the definition of generating company under the provisions of the said Act, distribution of power is a licensed activity as specified in Section 14 of the Electricity Act 2003 except the situation specified in the 8th proviso to the said section.

Determination of tariff

Tariff of the electricity for any sales within SEZs shall be determined in accordance with the provisions of the Electricity Act, 2003/Rules made thereunder.

Creation of separate entities

Separate entities can be created for generation/transmission and distribution of power.

DTA clearance/clearance from processing area to non processing area and duties thereon

In respect of power supplied from processing area to constituents in non processing area or from processing area to DTA, it should be at such a prices as agreed by the regulator and the unit. For such clearance, the quantity of duty shall be leviable at such rate as may be notified as customs tariff by the Department of Revenue on the advise of the Ministry of Power and the Ministry of Commerce, read with Section 30 of SEZ Act, 2005. Such power plants would ensure maintenance of separate meter for supply of power from processing area to constituents in non processing area or from processing area to DTA and amount of power so supplied should be submitted to the Unit Approval Committee for every quarter.

Distribution License

In case a power generating plant covered under categories (i) to (iii) as stated above wishes to obtain distribution license, it may make such an application to the State Govt. concerned and upon the recommendation of the State Govt., Deptt. of Commerce will issue necessary Notification under Section 49 of the SEZ Act in consultation with the Ministry of Power.

Provided that any State Government can recommend to the Deptt. of Commerce that any power distribution facility coming up in any SEZ in that State can be granted distribution license by the Deptt. of Commerce in consultation with the Ministry of Power. Deptt. of Commerce will issue necessary notification under Section 49 of SEZ Act.

All the provisions of the Electricity Act 2003 and Electricity Rules 2005 as amended from time to time by the Ministry of Power along with various power resolutions issued by the Ministry of Power will be applicable wherever warranted to power generating units, whether stand alone or captive power generating units, transmission facilities and power distribution facilities in the SEZs.

(Dr. R.K. Mitra)
Director

To

All State Governments/All Development Commissioner/ Ministry of Power/Department of Revenue."

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**AGENDA NOTE FOR THE 6TH (SIXTH) MEETING OF APPROVAL
COMMITTEE FOR MULTI-PURPOSE DAHEJ - SPECIAL ECONOMIC ZONE**

Subject:- Approval of list of items required for Authorized Operations; request of the Developer of multi-product SEZ - M/s. Dahej SEZ Ltd., Dahej Bharuch - Under Section-14 (1) (a) of the SEZ Act, read with Rule-10 & 12 of the SEZ Rules, 2006.

Multi-product Special Economic Zone developed by M/s. Dahej SEZ Ltd., (a joint venture of GIDC & ONGC) was notified for an area of 1718-93-87 Hectares at Villages Dahej, Ambheta, Luvara, Suva, Lakhigam & Jageshwar, in Taluka Vagra, District Bharuch on 20-12-2006. Further an area of 1697-92-34 Hectares and an area of 21-01-53 Hectares were demarcated as processing and non-processing area respectively on 27-02-2007, by the Development Commissioner. The Ministry (BOA) has approved the list of Authorized Operations to be undertaken in the notified area on 13-02-2007.

The Developer vide their letter dated 25-02-2009 (copy enclosed) has now sought approval of duty free goods and services required for their approved authorized operations. The Developer has stated they intend to complete the entire SEZ infrastructure within a period of 6 to 9 months, and thus sought approval for total quantities. The Developer has submitted the requisite Chartered Engineer's certificate for the authorized operations, under Rule-12 (2) of the SEZ Rules, 2006.

The developer intends to procure the goods in bulk for economic reasons and speedy completion of the project. Thus, the Development Commissioner recommends approval of goods for the entire project.

The Approval Committee may kindly like to accord approval for duty free procurement of goods and service for undertaking authorized operations in the notified area of the multi-product Dahej - SEZ.

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CASE NO. 03

NOTE FOR 6TH MEETING OF APPROVAL COMMITTEE FOR DAHEJ – SEZ:

Subject: - Change of the entrepreneur, Request by M/s. Meghmani Specialty Chemicals Ltd., Dahej SEZ.

M/s. Meghmani Specialty Chemicals Ltd., Ahmedabad, were granted approval for setting up a unit in Dahej SEZ for manufacture and export of 1) S.O. Dyes, Intermediates and other chemicals, 2) Optical Brightening Agents 3) Agrochemicals – Technical & Formulations. Vide Letter of Approval dated 03-03-2008, by the Development Commissioner. The approval was granted by DC in absence of Approval Committee, under Section-14 (2) of the SEZ Act, 2005, during the month of March, 2008.

Now, the M/s. Meghmani Specialty Chemicals Ltd vide their letter bearing Ref. No..MSCL/0809/021 has requested for transfer of their unit in favour of their parent company M/s. Meghmani Industries Ltd., in terms of rule 19 of SEZ Rules 2006. The said unit has submitted a legal undertaking to the effect that the transferee company M/s Meghmani Industries Ltd., would be responsible for the liabilities, duties & obligations of the existing unit with respect to all terms & conditions of letter of approval issued to M/s. Meghmani Specialty Chemicals Ltd.

The case is put-up before the Approval Committee in terms of Section-19 of the SEZ Rules, 2006, for necessary consideration regarding change of the entrepreneur by M/s. Meghmani Specialty Chemicals Ltd to M/s. Meghmani Industries Ltd.

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OTHER CASES

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Case No. 01

NOTE FOR 6TH MEETING OF APPROVAL COMMITTEE FOR DAHEJ – SEZ:

Subject: - **Request of M/s. ONGC Petro Additions Ltd. for issuance of NOC for construction of HSD Filling Station within the Unit premise**

M/s. ONGC Petro Additions Ltd were granted approval for setting up a unit in Dahej SEZ for manufacture and export 1) High Density Polyethylene (HDPE). 2) Linear Low Density Polyethylene (LLDPE). 3) Poly-Propylene (PP). 4) Styrene Butadiene Rubber (SBR). 5) Styrene. 6) Hydrogenated Pyrolysis Gasoline (HPG). 7) Carbon Black Feed Stock (CBFS); vide letter of approval dated 17.10.07 by the Development Commissioner. The approval was granted by the DC in absence of approval committee, under sec. 14(2) of SEZ Act, 2005 during the month of October 07.

Now, M/s. ONGC Petro Additions Ltd., vide their letter dated 13.02.09 has requested this office for issuance of NOC for construction of HSD Filling Station. The HSD Filling Station is required to be constructed within the premise of the unit to meet frequent refueling by the construction equipments working within the unit premise. M/s. ONGC Petro Additions Ltd. has also submitted consent letter dated 13.02.09 issued by Indian Oil Corp. Ltd. showing their willingness to supply HSD, subject to the unit obtaining mandatory and statutory licenses for storage of HSD.

The request of the unit is put up for consideration by the Approval Committee.

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NOTE FOR 6TH MEETING OF APPROVAL COMMITTEE FOR DAHEJ – SEZ:**Subject:- Review of approval given by the DC, Dahej – SEZ**

M/s. Meghmani Organics Ltd., Ahmedabad, were granted approval for setting up a unit in Dahej SEZ for manufacture and export of 1) Pigments, High Performance pigments, its intermediates; 2) Basic/fine chemicals and its derivatives; 3) Agrochemicals-Technical & its formulation in bulk & small, vide Letter of Approval dated 05.05.08, by the Development Commissioner. The approval was granted by the DC in absence of Approval Committee, under sec. 14 (2) of the SEZ Act, 2005, during the month of May, 2008.

The Commissioner of Central Excise Vadodara –II (member of Approval Committee) vide his letter dated 23.12.2008 reported that the Commissioner of Central Excise, Ahmedabad-I had ordered recovery of credit wrongly availed by this approval holder. On being inquired from the unit regarding, status of the case, the unit i.e., M/s. Meghmani Organics Ltd., vide their letter dated 23.04.09 has submitted as under;

“That being aggrieved against the order of the Commissioner, Central Excise Ahmedabad-I, they appealed against the same before the Honorable CESTAT. The Honorable CESTAT passed stay order No. S/1152/WZB/AHMEDABAD Dated 13.09.07 in the matter of appeal.

The Honorable CESTAT has passed the order No.M/238 TO 263/WSB/AHD/2009 Dated 02.03.2009 and the copy of which is enclosed, whereby a difference of opinion arise between the members of the Honorable Bench and the matter is pending at this stage.

However, they are filing a Misc. Application before Honorable CESTAT as certain points raised by them not been considered by Honorable CESTAT.

Further the unit had submitted that this was not the case of any suppression of any fact from the department on their part or any clandestine removal of goods manufactured by them in their factory, but had crop-up on the part of their supplier.

They also submit that credit taken was paid on pointing out by the officer under protest.”

The case is put up before the Approval Committee in terms of Sec.16 of SEZ Act.2005 for necessary consideration.