

Minutes of the 41st Meeting of the Approval Committee held under the Chairmanship of Development Commissioner SEEPZ-SEZ for Sector Specific Special Economic Zone for IT-ITES of M/s. Syntel International Pvt. Ltd., Pune held on 27.07.2021 via video conference.

1	Name of the SEZ	M/s. Syntel International Pvt. Ltd., Pune.
2	Sector	IT-ITES
3	Meeting No.	41 st
4	Date	27.07.2021

Members present

Sr	Name and Designation (S/Shri.)	Department
1	Pravin Chandra Joint Development Commissioner	Pune Cluster-SEZ, Pune
2	Krishnadas Nair, Foreign Trade Development Officer	Nominee of DGFT, Pune
3	Ratnakar Shelake DCIT-TDS	Nominee of Income Tax, Pune
4	Ms. Samiksha Surve, Superintendent	Nominee of Customs, Pune

Special Invitee

Sr	Name and Designation	Department
1	Shri B. Ajay Kumar Specified Officer	Pune Cluster-SEZ, Pune

Agenda Item No.01: Confirmation of Minutes of the 40th meeting held on 29.04.2021

The Committee, after deliberation confirmed the minutes of the 40th meeting of the Approval Committee meeting held on 29.04.2021

Agenda Item No.02: Approval for List of Material required for the authorized operations by M/s. Syntel International Pvt. Ltd. (Developer)

The Committee observed that the list of material for which approval has been sought for, includes 100 Desktops/Thin Client, 50 Laptops, 100 Monitors and other related accessories, 2500 Phones, UPS batteries, 2000 etc.

It was asked to the developer's representative about the justification of such large import of computers and other items by the developer. Representative of the developer could not give proper justification and admitted that as a developer they are not mandated to provide Computers and other peripherals to the unit.

(Signature)
27/7/21

The Committee observe that Units have been granted LOA and they can procure Laptops / Desktops etc., providing Desktops / Laptops and peripherals for their authorised operations. Such large number of goods detailed above are not required by the developer.

Accordingly, after deliberation, Committee deferred the proposal of the developer for approval of the list of material and directed the unit to revisit and submit revised application.

Agenda Item No.03: Monitoring of performance for M/s. Syntel Solutions India Pvt. Ltd.

After deliberation, Committee noted the performance of the Unit in terms of Rule 54 of SEZ Rules, 2006 and noted that

- i. The unit has achieved positive NFE of Rs18581.63 Lacs on cumulative basis with an employment of 15 employees during first block period (FY 2011-12 to FY 2015-16).
- ii. The unit has achieved positive NFE of Rs674.20Lacs on cumulative basis with an employment of 9 employees during second block period (FY 2016-17 to FY 2019-20).

The Committee was informed that the unit has billed their parent company for identifying and providing suitable employees for which they have raised invoice as 'Finder Fees' totally amounting to Rs. 33.04 lacs during the second block period. Charging of such fees tantamount to providing Manpower Recruitment Services, and the same is not a part of the authorised operations of the unit. The unit has also shown the income earned from Finder Fees as revenue in their APR.

The Committee was further informed by the Specified Officer that unit has provided services in DTA against payment in INR to the tune of Rs. 35.49 lakhs during the period 2016-17 and 2019-20. The Unit representative explained that the said services has not been provided in DTA but provided to their another SEZ unit located within SEEPZ-SEZ. However, the payment received by them is in INR and not in foreign exchange.

Since providing of "Services" in DTA or in another SEZ against INR does not qualify as 'Services' as per definition given in Section 2(z) of the SEZ Act, 2005, Unit has violated the provisions of SEZ Act & Rules and hence Committee after deliberation, directed that action be initiated against the unit for violation of various provision of SEZ Act / Rules and under FT (D&R) Act, 1992, by the Development Commissioner for the same and also for providing services not authorised to them i.e. for charging 'Finder Fees' from their parent company.

Meeting ended with a vote of thanks to the Chair.


(Shyam Jagannathan, IAS)
Chairman-cum- Development
Commissioner