

Minutes of the 109 Meeting of the Approval Committee held under the Chairmanship of Zonal Development Commissioner SEEPZ-SEZ, Mumbai for Sector Specific Special Economic Zone for IT/ITES of M/s. EON Kharadi Infrastructure Pvt. Ltd.-Phase-I SEZ, Kharadi, Pune, held on 30.05.2023 via video conferencing.

1	Name of the SEZ	M/s. EON Kharadi Infrastructure Pvt. Ltd.-SEZ, Phase I
2	Sector	IT/ITES
3	Meeting No.	109
4	Date	30.05.2023

Members present

Sr	Name and Designation (S/Shri.)	Department
1	Smt. Mital Hiremath Joint Development Commissioner	Pune Cluster SEZ, Pune
2	Smt. Pradnya R. Gholap, DCIT (TDS) Pune	Nominee of Income Tax, Pune
3	Dr. Dileeraj Dabhole Dy. DGFT	Nominee of DGFT, Pune
4	Smt. Sunita Jagtap Superintendent	Nominee of Customs, Pune

Special Invitee

Sr	Name and Designation	Department
1	Shri B. Ajay Kumar Specified Officer	M/s. EON Kharadi Infrastructure Pvt. Ltd.-SEZ, Phase-I

Agenda Item No.01: Confirmation of the Minutes of the 108 meeting held on 25.04.2023

After deliberation, the Committee confirmed the minutes of the 108 meeting of Approval Committee held on 25.04.2023

Agenda Item No.02: Application for Setting up of New Unit submitted by M/s. Genpact India Pvt Ltd.

The proposal of the unit was placed before the Approval Committee Meeting held on 30.05.2023.

The Approval Committee while considering the proposal sought clarification on the following point :

Reasons for the operating expenses being higher than the expenses projected towards procurement of capital goods. It was clarified by the unit

representative that the operating expenses shown were mainly towards technical service and travel cost and they would submit detailed breakup of the expenses.

The Committee asked the applicant to submit explanatory note justifying the expenses that are covered in the Operating Expenses projected by them and decided to consider the proposal of the applicant in the next UAC.

It was informed to the Approval Committee by the applicant that as per their global agreement the unit has to start its operation from 01.07.2023 and there are other procedures to be completed by them with other Government departments such as GST registration etc. which would take some time and for which LOA number is required. They thus requested to consider their proposal in this UAC itself and sought two days' time to submit all the requisite documents. The Committee considered the request of the applicant and directed that the clarification on the above points may be submitted by the applicant which will be taken on record and consensus of all the Committee members will be taken over mail to consider the proposal of the applicant for setting up of their unit in EON SEZ, Phase-I.

The applicant vide letter dated 01.06.2023 submitted the breakup of the projected 'Foreign Exchange Outgo' for five years as detailed below:

** Foreign exchange outgo for five years		2023-24	2024-25	2025-26	2026-27	2027-28	Total INR (Lakhs)
(i)	Imported Capital Items (IT equipment & Infrastructure)	500	500	500	500	500	2500
	Sub total						2500
(ii)	Operating Expenses						
(a)	Payment of foreign technician	350	396	416	436	458	2056
(b)	Payment on training of Indian Technicians abroad	255	239	251	264	277	1286
(c)	Foreign travel	137	144	151	159	167	758
	Sub total						4100
	TOTAL						6600

They further submitted brief write-up on the nature and requirement of operating expenses as detailed below :

a) Payment of foreign technicians: This is towards global project management and client relationship management support and solutions provided by Genpact resources based outside India such as IT project manager, Global transition

Manager, Global transition leader etc. At times, based on business requirement, they hire foreign technician to support with maintenance and audit of IT infrastructure.

b) Payment on training of Indian technicians abroad : They are expecting to drive efficiency in the current operations and also will be trying to get new work from the client. To transfer the new work from different geographies (USA, China, Europe) for which their employees will need to travel to client location and undergo process training and know-how of performing the transaction. This is a common practice in industry to enable smooth transfer of work from other geographies to India. All such travels are sponsored by Genpact and the employee expenses are covered by the organisation, such as airfare, accommodation, daily living expenses, etc. Further they encourage their employees to enhance their skills for which they promote and sponsor enrollment in various professional courses run by foreign institutions, such as CFA, CPP etc.

c) Foreign travel : Their leadership and managerial staff need to visit client locations for frequent business meetings, governance, work out and to maintain and expand business relationships with different client stakeholders.

The format for Form F carries a standard condition under heading 'FOREX Balance sheet proposed for next block which is not amendable and states as under :

“* Foreign Exchange outgo shall include Cost, Insurance and Freight value of import of machinery, raw material, components, consumables, spares, packing material and amount of repatriation of dividends and profits, royalty, lump sum knowhow fee, design and drawing fee, payment to foreign technicians, payments on training of Indian technicians abroad, commission on export, interest on external commercial borrowings, interest on deferred payment credit and other payments”

The other operating expenses submitted by them covers only three elements i.e. payment to foreign technicians, payment on training of Indian technicians abroad and foreign travel.

The clarification submitted by the Unit was circulated to the members of the Approval Committee through mail dated 02.06.2023 for necessary approvals.

Based on the approvals given by the Committee Members, the proposal of M/s. Genpact India Pvt Ltd for setting up of new unit was considered.

Agenda Item No.03: Application for Broad Banding of Services and Sharing of Infrastructure of services submitted by M/s. Eaton Technologies Pvt. Ltd.

The Committee noted that M/s. Eaton Technologies had sought permission for sharing network infrastructure with M/s. Genpact India Pvt. Ltd. The sharing arrangement was based on a Master Service Agreement between M/s. Eaton

Technologies' headquarters and M/s. Genpact India Pvt. Ltd., wherein it was agreed to assign the back office support function to M/s. Genpact India Pvt. Ltd.

The Committee recognized that M/s. Genpact India Pvt. Ltd. is not a subsidiary or a related company of M/s. Eaton Technologies. Therefore, the Committee requested the submission of any precedents where non-subsidiary/non-related units were allowed to share network infrastructure for inclusion in the authorized operation for broadbanding.

During the meeting, a representative from M/s. Eaton Technologies explained that they intend to enter into a Temporary Service Agreement with M/s. Genpact India for sharing network infrastructure. The agreement would outline the specific charges for sharing the network, including voice, data, software, and other related services. The representative confirmed their willingness to submit this agreement to the JDC Office, Pune Cluster.

The Committee directed the SO Office and JDC Office to review the Temporary Service Agreement submitted by M/s. Eaton Technologies and M/s. Genpact India Pvt. Ltd. Their recommendations based on the examination should be recorded for further consideration.

After deliberation, the Committee deferred the proposal of the unit. The Committee directed that the proposal be resubmitted in the next UAC, accompanied by precedents of earlier cases and the duly examined service agreement between M/s. Eaton Technologies Pvt. Ltd. and M/s. Genpact India Pvt. Ltd., as reviewed by the SO Office and JDC Office.

Meeting ended with a vote of thanks to the Chair.

(Shyam Jagannathan, IAS)
Chairman-cum- Development
Commissioner
E-Mail- dcseepz-mah@nic.in