

Freedom from :

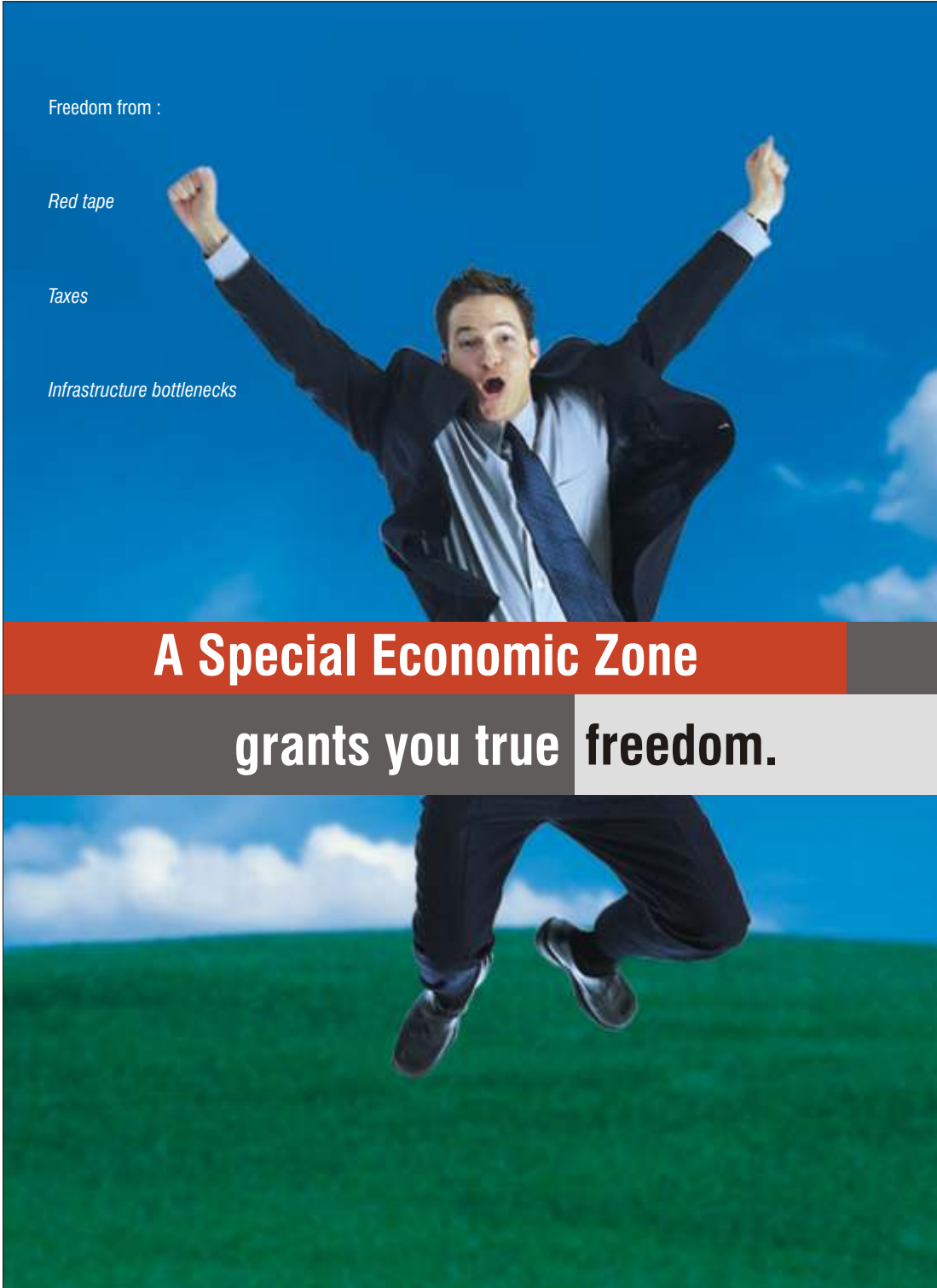
Red tape

Taxes

Infrastructure bottlenecks

A Special Economic Zone

grants you true freedom.





Mahindra Group - Making India proud

The Mahindra Group is a leading industrial house with a turnover of US \$ 3.0 billion in the year 2005 - 2006. Established in the year 1945, the group has a strong presence in the Automotive, Farm Equipment, Information Technology, Financial Services and Infrastructure Development sectors .

Pioneers in introducing world-class Special Economic Zones

In order to provide a world class environment to companies and empower them with the freedom to do business more smoothly, the Mahindra Group led the way in creating India's first corporate Special Economic Zone (SEZ).


In association with TIDCO, the Group has broken new ground in successfully creating Mahindra World City, New Chennai. Not only is this Mahindra World City the country's first corporate SEZ, but is also India's first integrated Business City in a public-private partnership model.

The success of India's first corporate green-field SEZ at Chennai is being extended to Jaipur and Pune. The pioneer marches on...



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Special Economic Zone (SEZ) - The Genesis

Since the 1991 BOP crisis, a series of measures have been taken by the Government of India to liberalize trade and industrial policies and procedures for the promotion of exports. The success of the concept of the Special Economic Zones in China has validated the concept of enhancement of export performance through concentration of resources in some pockets (SEZs), for the achievement of high growth with positive spillover effects. This SEZ-fueled growth of China has given an impetus to the Indian Government to introduce a new Special Economic Zone scheme in the Exim Policy 2000.

Definition

“Specifically delineated, duty-free enclave and shall be deemed to be foreign territory for the purposes of trade operations and duties and tariffs” (EXIM Policy 2000, Chapter 9, Para 30).

All trade inflows into the SEZ are treated as imports and all outflows from the SEZ are treated as exports.

Special Zones account for 45% of China's total exports from 1983-2000. Shenzhen SEZ - China, started in 1981, has achieved 38% GDP growth on a CAGR basis (highest recorded so far).



Policy Highlights

The preferential policy framework within which an SEZ functions is designed to give an impetus to exports and provide the necessary supporting environment to make these export hubs an attractive investment destination point for global players with multi-lateral trade dimensions.

- No customs duty on import of capital goods, raw material, spares
- No license required for imports
- No routine cargo examination by customs
- In-house customs clearance
- Duty free goods can be utilized over a period of five years
- Can undertake job work on behalf of domestic exporters

No minimum export performance required. Needs to be a positive foreign exchange earner. This is to be calculated cumulatively over a period of 5 years

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- A photograph of a silver laptop computer with a black keyboard, open and resting on a vibrant green lawn. The laptop is positioned in the lower right quadrant of the image. The background is a dense field of grass with some yellow wildflowers scattered throughout. The overall scene is bright and natural, suggesting a peaceful outdoor setting.
- Profits can be repatriated freely without dividend balancing requirement
 - A foreign company can now set up a branch in any of the Special Economic Zones (SEZs)
 - Performance of the units to be monitored by a Committee headed by a Development Commissioner.
 - "Public Utility Service status" for an SEZ
 - Single window clearance

Why should businesses locate here?

The preferential policy framework that applies to an SEZ accords the units located here varied fiscal benefits with multi-lateral trade dimensions and provides a hassle-free operating environment.



Income Tax Exemption

- 100% IT tax holiday for the first 5 years
- 50% for the next 5 years
- 50% for the subsequent 5 years with plough back of profits

Service Tax Exemption

- 12.24% service tax exempted in SEZ

Customs / Excise / CST / Sales Tax / Local Taxes Exemption

- Customs duty exemption
- Reimbursement of CST on sales made from Domestic Tariff Area (DTA) to SEZ units
- Local taxes and levies, including sales tax, turnover tax, VAT, purchase tax, mandi tax, octroi, electricity cess, or any other kind of cess or any other levy of the State Government are exempt
- All the above exemptions apply even to construction material



Stamp Duty and Registration Charges

Exemption from payment of stamp duty and registration charges. This could give a public saving of 5% on total land transaction value in many of the Indian states.

Foreign Direct Investment

100% foreign direct investment is freely allowed in manufacturing sector in SEZ units under the automatic route, except for prohibited items.

No cap on foreign investments for Small - Scale Industries reserved items.

Banking / External Commercial Borrowings

- External commercial borrowings by units up to \$ 500 million a year allowed without any maturity restrictions
- Freedom to bring in export proceeds without any time limit
- Flexibility to keep 100% of export proceeds in EEFC account. Freedom to make overseas investment from it. No annual limit on investment from EEFC account




Companies Act

- Enhanced limit of Rs. 2.4 crores per annum allowed for managerial remuneration
- Requirement to be a domicile of India for 12 months prior to appointment as Director, exempt
- Exemption from interest rate surcharge on import finance

Sub Contracting

- SEZ units may sub-contract part of production / process to DTA units or other Export Oriented Units (EOU)/SEZ units
- SEZ units may also sub-contract part of their production process abroad
- SEZ units can undertake job-work from DTA for export



Exemption from Employees Provident Fund Act & ESI Act*

The State Government can apply to the Centre for exemption under EPF Act 1952

State Government may grant exemption from payment of ESI contribution

** This is to be decided on a case-to-case basis*



DTA Supplier Benefits

All supplies from DTA to SEZs are to be treated as physical exports and are entitled to :

- Duty drawback/DEPB
- Exemption from Central Excise Duty
- Exemption from CST
- Exemption from State levies
- Discharge of EP, if any on the suppliers
- Income-tax exemption under Section 80-HHC

Mahindra World City

India's economy is on the fulcrum of an ever-increasing growth curve. The steady influx of global corporate companies into India validates the country's ranking as one of the top 3 investment destinations in the world. High quality infrastructure and a liberal and supportive business policy environment can only further promote foreign investments.

The Mahindra Group is a key player in providing such world-class infrastructure through the Mahindra World City brand. These self-contained islands of excellence with plug & play infrastructure are benchmarked to international standards and come complete with social and residential infrastructure.

Situated close to major cities, each Mahindra World City offers the advantage of a strategic location. Each SEZ provides easy access to international seaports / airports and is well connected by rail / road. Combine this with integrated infrastructure, support services, graceful design and a naturally green environment and you have a rare holistic offering.

Mahindra World City - New Chennai (Operational)

- India's first integrated business city
- Promoted by the Mahindra Group & TIDCO (Govt of TN undertaking)
- Spread over 1400 acres, surrounded by hills, lakes and a reserve forest
- Master planned by Ascendas (JTC Corporation, Singapore) and landscaped by Belt Collins, Singapore
- Located on National Highway 45; 30 minutes away from Chennai International Airport; Rail Station on site
- Approved for three sector-specific Special Economic Zones-IT (Services & Manufacturing); Apparel & Fashion Accessories; Auto Components.

- World-renowned organizations such as Ascendas, B Braun, BMW, Infosys Technologies, Mastek, Nera Electronics Ltd, TTK Group, TVS group and many others have chosen to locate here.
- Projected employment- 50,000 jobs
- Proposed expansion of around 2000 acres

Mahindra World City - Jaipur

- Integrated Business City with a Multi-product Special Economic Zone and Domestic Tariff Area
- Promoted by the Mahindra Group & RIICO (Govt of Rajasthan Undertaking)
- Located 30 - 40 minutes from Jaipur City; 15 km from Jaipur International Airport
- To be spread over an area of 3000+ acres
- Situated off the Jaipur-Ajmer National Highway 8; Located 3 ½ - 4 hours from Gurgaon & New Delhi
- Separate zones for IT/ITES, Manufacturing & Logistics.

Mahindra World City - Pune district

- Integrated Business City with a Multi-product Special Economic Zone and Domestic Tariff Area
- Public Private partnership between Mahindra Group & MIDC (A Govt. of Maharashtra undertaking)
- To be located off the Mumbai Pune expressway
- Easy access to Mumbai & Pune Airports and two international seaports- JNPT & Mumbai seaport
- Will be spread over an area of 3000 + acres

Infosys campus*



Wide roads with 6 lanes*



Food Court at Infosys Campus*



*Actual shots of Mahindra World City



World-class infrastructure | Tax holidays | International lifestyle | Hassle-free operations

Disclaimer : While every effort has been made to ensure the contents of this booklet are accurate, the information contained does not purport to be exhaustive and any party seeking to act on the same needs to conduct an independent verification and assessment. No warranty or representation, expressed or implied, is or will be made as to the accuracy or completeness of the contents of this booklet.