



FAQ

BOOKLET

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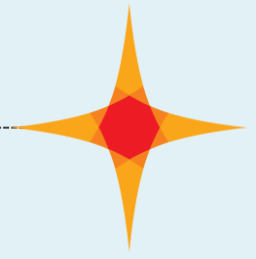
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Introduction

1. What does Sri City offer manufacturing units?

Sri City provides Industrial Land on lease for a period of 99 years with requisite Infrastructure Facilities adjacent to the plot. These include Black Topped Roads with Storm Water Drainage, Street Lights, Power Trunk Lines, Treated Water and Sewage Networks.

2. What are the business zones in Sri City?

a. Special Economic Zone (SEZ)

The Special Economic Zone is an exclusive customs bonded area for export-oriented companies. Special Incentives packages as per the SEZ Act 2005 and SEZ Rules 2006 are applicable to the units in SEZ. In this zone, all machinery and raw materials can be imported duty free.

b. Domestic Tariff Zone (DTZ)

The Domestic Tariff Zone is ideal for the manufacturing companies which largely cater to the Indian market. The Incentives provided under the Industrial policy of Government of India and Government of Andhra Pradesh are applicable to the units operating in this zone.

c. Free Trade and Warehousing Zone (FTWZ)

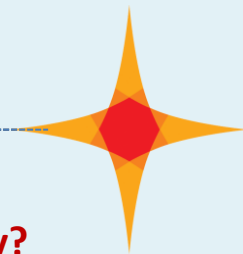
FTWZ is a customs bonded area catering to all trading activities. Special incentive packages as per the SEZ Act 2005 and SEZ Rules 2006 are applicable for units in the FTWZ. Goods for DTA and SEZ can be stored here.

d. Electronics Manufacturing Cluster (EMC)

The Electronics Manufacturing Cluster (EMC) is a dedicated area, planned and developed by Sri City for the electronics sector. The incentives provided under the Modified Special Incentive Package Scheme (M-SIPS) of the Government of India and the Electronics Policy of Government of Andhra Pradesh is applicable here.

3. Is Sri City a Government Industrial Park?

Sri City is a Private Industrial Park built in functional partnership with the Government of Andhra Pradesh (GoAP). However, Government of Andhra Pradesh does not have any equity in Sri City.



4. What are the benefits of setting up a manufacturing unit in Sri City?

a. Strategic Location and Connectivity

Sri City is strategically located about 55 km north of Chennai on National Highway-16, with access to 4 seaports (Chennai, Ennore, Kattupalli, Krishnapatnam) and 2 international airports (Chennai & Tirupati) within 100 km radius. Sri City will further benefit from Government of India's proposed Chennai-Vizag and Chennai-Bengaluru Industrial Corridor which constitute high-speed rail and road networks, cargo handling facilities, townships, etc., in the region.

b. Supply Chain Ecosystem

There is an easy access to raw materials within the region around Sri City for the Food Processing Industry. This has attracted many giants like Cadbury, Pepsi, etc. Further there is a huge supplier base for auto-component manufacturers, engineering, and other industries due to the proximity to the Industrial hub of Chennai.

c. Talent Pool

Sri City is ideal for labour-intensive industries that benefit from a large talent pool of two hundred thousand people available within a 40 km radius and at competitive wage rates. There are no labour unions in Sri City. Further, manufacturers find the productivity to be excellent with low employee attrition and competitive wage rates.

d. Opportunities for Expansion

Sri City has over 7500 acres of land with clear land title and robust industrial infrastructure dedicated to manufacturing/service companies. At present, around 3000 acres of land is available for setting up new manufacturing facilities.

e. Robust Industrial Infrastructure

Master planned by Jurong Consultants, Sri City has a robust infrastructure that includes a well-connected road network with landscaping, solar street lamps, underground utilities, to name a few. Sri City ensures round-the-clock availability of water and power with the allocation of 450 Mega Watt (MW) of power and 81 Million Litres per Day (MLD) of water from the Govt. of Andhra Pradesh.

e. Cluster Benefits

Sri City has a solid cluster for Food Processing, Automotive, Engineering, Textiles and Electronics Industry. There are numerous supporting firms that operate in a complementary manner and provide Components, Raw Material, Logistics, Warehousing and other support services to the units in the Industrial park.



Land

1. What drives the decision of whether to lease land in either the DTZ or the SEZ?

Sri City SEZ is exclusively dedicated for export-oriented companies in order to provide them with special benefits. The companies benefit from duty free imports of capital goods and raw materials required for production and also enjoy graded tax holiday for the first five years. The sole condition attached to a unit is that there has to be a net foreign exchange positive of at least \$1 per year. They can also sell their products in the local market after paying the customs duties and taxes.

As a thumb rule, if a company has an intention of exporting at least 50% of its production, it should consider opting for land in the SEZ and the company that wants to sell their products predominantly in the domestic market should consider having their presence in the DTZ.

2. Does land conversion need to be done by a Sri City customer?

Land conversion from agricultural to non-agricultural use has been done by Sri City. Hence, land conversion is not required to be done by the customer as the converted land is given on lease to the companies in Sri City.

3. What happens if there is a litigation on the land?

The land in Sri City is acquired through Government of Andhra Pradesh under Sec 4(1) of the Land Acquisition Act; hence there shall be no litigation in the land transfer process. Till date, there has been no claims for compensation as the land has been acquired through mutual consent. It is important to note that Sri City will take full responsibility should any issue arise that is related to land acquisition until the lease deed is signed.





Labour

1. What is the availability of labour in Sri City?

Labour with requisite skill sets needed for Textile & Apparel, Automobile, Engineering, Food Processing and Electronics industries are available in the region. There is also the availability of a large talent pool of about 200 thousand people within a 40 km radius of Sri City at competitive wage rates.

In order to have a regular availability of labour, Sri City has a developed bureau wherein a complete database of the job seekers is available. Sri City's HRD team also conducts "Job fairs" 4 to 5 times a year to benefit the manufacturing units of Sri City in sourcing labour as per their requirement. Further, there are manpower consultants providing services to the manufacturing units in Sri City.

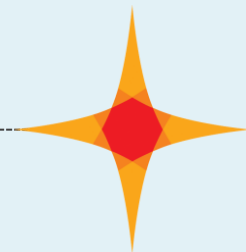
2. Are manufacturing units in Sri City required to employ local people?

Manufacturing units in Sri City shall employ at least 10% of the workforce from the local communities who are residents of Andhra Pradesh. This is not applicable to Officers and Manager Grade employees. Preference shall be given to rural women for employment. Many Multinational Companies (MNCs) in Sri City such as Unicharm, Foxconn, among others, have employed a large number of locals and have found their productivity to be good.

3. What are the minimum wages in Sri City?

Minimum wages payable to workers in Sri City is mentioned below in the table and is subject to revision once in six months as notified by the Government of Andhra Pradesh (GoAP) Labour Department. It is subject to the type of industry and is covered under the scheduled employments under the Minimum Wages Act, 1948.

| Skill Level | Total Minimum Wages incl. VDA (Variable Dearness Allowance) |
|----------------|---|
| Highly Skilled | INR 12,026.40 |
| Skilled | INR 11,121.00 |
| Semi-skilled | INR 9,864.90 |
| Unskilled | INR 8,411.30 |



4. Are there any Labour Unions in Sri City?

There are no 'Labour Unions' till date. However, Sri City has an Ombudsman who intervenes and makes all efforts to resolve disputes amicably in case of any difference of opinion between workers and the management.

5. Are labour laws applicable in the SEZ/FTWZ?

All labour laws applicable in the SEZ/FTWZ. The Development Commissioner is deemed to be the Labour Commissioner of the SEZ who takes care of all the important decisions. The Development Commissioner (DC) is a Senior Government officer who is the Administrator of the SEZ.

6. What are the facilities available to train workers in Sri City?

a. TVS Training & Services

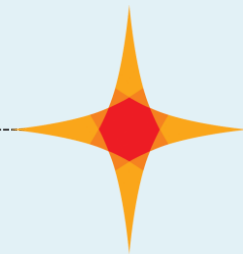
It is run by TVS Group in Tada area near Sri City. The training course is part of DDU-GKY (Deen Dayal Upadhyaya Grameen Kaushalya Yojana) set up by Ministry of Rural Development (MoRD). The course is for 3 months and at present, they provide training in Forklift Operation, Material Handling and Equipment & Welding. Over 250 students have been placed among the various manufacturing units in Sri City. Further, the training of 175 more candidates is underway. Manufacturing units in Sri City can discuss their specific requirements with the training center.

b. Sri City - Siemens Technical Skill Development Centre

Sri City foundation in collaboration with Siemens has set up this center to train youth in different skills like Two-wheeler maintenance, Four-wheeler maintenance, Welding course, CNC, Design, computer based training, etc. The training is free of charge. Upon course completion, candidates are provided certificates from Sri City-Siemens. The courses are delivered in batches of 20 students each for 2 months.

c. Integrated Skill Development Scheme – ISDS

ISDS offers tailoring courses for women, where they learn to stitch shirts, pants, blouses, and frocks. Each batch consists of 20 students. The course duration is 8 hours per day for 40 days and is free of cost. Till date 2000 women have been trained. Upon course completion, students are most likely to find employment opportunities in various textile companies within Sri City.



Industrial Infrastructure

1. What are the infrastructure facilities available within Sri City?

Following are the infrastructure facilities available at Sri City

a. Road

Well-laid roads with asphalt-paving are aesthetically developed with Landscaping, Solar Street Lamps, Underground Utilities, etc. Our robust road network provides connectivity within Sri City. Sri City's internal roads are of Indian Roads Congress (IRC) standards and are divided into Arterial Road, Primary Roads, Secondary Roads and Tertiary Roads. The width of the roads vary from 18 metres to 68 metres.

A storm water drainage network runs along all roads that border customer units, enabling efficient drainage and discharge of rain water.

b. Power

Sri City has been allocated 450 Mega Watt (MW) by the Government of Andhra Pradesh which will be distributed in phases. There are two substations of 33 Kilo Volt (KV) each and one substation of 132 KV which covers all the power requirement of manufacturing units, housing, and educational institutes. Additionally a 220 KV substation has been approved and is functional since December 2018. Power Supply to the manufacturing units is provided by APDISCOM (Andhra Pradesh Power Distribution Company).

c. Water

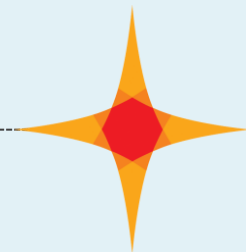
Sri City has an allocation of 81 Million Litres per Day (MLD) of water from the Government of Andhra Pradesh. Treated water is supplied through a Water Treatment Plant (WTP) to the manufacturing units, which is of CPHEEO (Central Public Health & Environmental Engineering Organization) Standard. The Total Capacity of WTP is planned for 77 MLD.

d. Sewage Treatment Plant (STP)

All industrial, commercial and residential units are connected to the central sewage system in Sri City. The total capacity of Sewage Treatment Plant is planned for 47 MLD.

e. Tele-communications

All the communication facilities from ISDN, data transferring, voice mailing to video conferencing are available at Sri City via leading telecom providers like Airtel, Reliance, Jio, Vodafone, RailTel and BSNL. Tata and Reliance offer fiber optic internet service.



2. What is the availability of gas in Sri City?

There is availability of Liquefied Natural Gas (LNG) and Liquefied Petroleum Gas (LPG) from vendors in Chennai who can be supply to the manufacturing units within 4 hours. In addition, a major gas pipeline network is planned by Gas Authority of India Ltd. (GAIL) that would pass through Varadiahpalem area which is 5 km away from Sri City, connecting Krishnapatnam and Chennai. The preliminary project work has already underway. Further, gas can be tapped from Varadaiahpalem node, if required.

GAIL has also proposed to lay pipelines in Sri City, based on the demand from existing units. The contract for gas supply would be between the manufacturing unit and the supplier; Sri City will not be involved in any of the transactions.

3. Do manufacturing units receive uninterrupted power supply in Sri City?

All the manufacturing units receive uninterrupted power supply in Sri City except when there are planned power outages for maintenance purpose or in case of providing connections to the new companies in the industrial area. Such instances are intimated to the units in advance.

4. Are manufacturing units in Sri City permitted to dig bore wells within their plots?

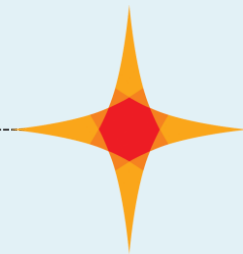
Manufacturing units are not permitted to dig bore wells inside their plot. Sri City supplies treated water to all the units based on their contracted demand in the agreement.

5. Are manufacturing units in Sri City required to construct STP inside their plot?

Manufacturing units are not required to have Sewage Treatment Plant (STP) inside their plot as all the units are connected to the central sewage system of Sri City. However the industrial effluents must be treated by the units inside the factory before discharging to the sewage network as per Andhra Pradesh Pollution Control Board (APPCB) guidelines.

6. Has Sri City ever experienced any floods?

Since its inception, Sri City has never experienced floods or water logging. Even during the Chennai floods in December 2015 when most of the city was flooded, there was no impact whatsoever in Sri City and manufacturing units in the park functioned normally.



Social Infrastructure

1. What are the accommodation facilities available in and around Sri City?

There are a number of options to choose from for accommodation in Sri City . Companies can request Sri City to allot houses or rooms for employees/workers employed in their manufacturing unit in Sri City.

a. Within Sri City

Employee Staff accommodation

Pelican Housing (140 Apartments), 2 BHK (1000 sq. ft.) at Rs. 15,000 per month (approx.),
Vaidehi Projects (135 Apartments), 3 BHK (1250 sq. ft.) at Rs. 20,000 per month (approx.),
Employees of many companies like Kobelco, Isuzu, Mondelez, Thermax, Rockworth, Pals Plush, etc. avail this facility.

Worker's accommodation

- LIG (Low income Group) – 100 houses
- MIG (Middle Income Group) – 30 houses
- HIG (High Income Group) – 9 houses
- Men Dormitory (Twin-sharing) – 110 rooms

Holiday Resort

Sri City has a Mango Resort which is managed by Green Park Hotels, spread across 22 acres. It is a place for relaxation and offers 18 cottages in two variants: Classic & Heritage with multi-cuisine food options.

The cottages usually accommodate Foreign Nationals and Top Level Executives of the manufacturing units on official visits to Sri City

b. Around Sri City

Apartment Hotels

Bigstay, an apartment hotel in Tada, offers a choice of 106 elegant, ambient, spacious and fully furnished rooms. It is designed to suit the needs of business travelers with all essential amenities and offering multi-cuisine meals which are Indian, Continental, Japanese, Korean and Chinese to name a few.



2. What are the medical facilities available in Sri City?

a. Medical Centre

It is a general hospital operating round the clock and offers first aid emergency care to deal with industrial injuries like, cuts, burn, etc.

There are 10 beds in the hospital, out of which 9 beds are used for regular patients and 1 bed is reserved for dialysis. The Staff includes 3 doctors and 7 nurses, providing care to 30 to 40 patients a day. In addition to this, the Medical Centre provides Ambulance Services, Wheel Chair, Pharmacy, Lab, X-ray facilities, etc.

The Medical Centre has also signed MoU with 25 companies in Sri City to offer medical services like periodical health check-up for employees. A few of the companies are Rising Star, Isuzu, Kobelco, Cadbury, PepsiCo, Kellogg's, and Hunter Douglas among others. It has also commenced emergency care division in Foxconn & Ball Corporation manufacturing units in Sri City.

b. Sankara Nethralaya

Sankara Nethralaya is an eye care hospital which caters to the local people in the region and workers employed in Sri City units. They also organize 'Eye Camps' once in a year in the Government schools nearby.

The hospital has 1 Ophthalmologist and 2 Optometrists who conduct cataract operations and provide emergency services to the patients with eye problems. There is also an optical store on the floor.

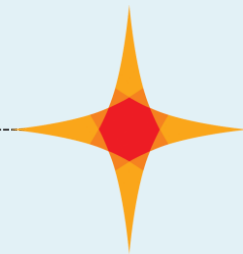
c. Other Facilities

Pediatric Care - Kanchi Kamakoti CHILDS Trust Hospital

Dental Care - Care Super Specialty Dental Hospital

Wellness Centre – Adirya

Ayurveda Centre - Syncremedies



3. Are there any schools within Sri City?

Sri City has a school named “Chinmaya Vidyalaya” inaugurated in 2011. It is a co-educational, English medium school, affiliated to the Central Board of Secondary Education (CBSE).

The school has strength of 600 students. The Fee structure is very nominal in comparison to the metropolitan area of Chennai. The school has well equipped computer lab, library and science lab. Smart classes are part of the curriculum and students are also taught Yoga and Music. There are 7 school buses which ply to all nearby localities.

Since 2018, higher secondary classes have also commenced. Employee staff or workers employed in the manufacturing units in Sri City can take advantage of this facility.

4. Are there any educational Institutes of higher learning in Sri City?

a. IFMR B-School

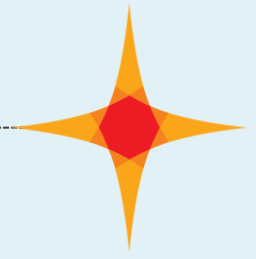
The Institute for Financial Management and Research (IFMR), is a premier business school recognized as an Institution of National Importance by the Ministry of Finance and as a social research institution by the Ministry of Science and Technology, Government of India. IFMR offers a great ambience in its 300,000 sq. ft. teaching facility located in its 40 acres campus within Sri City. IFMR offers a 2 years full time MBA program with a batch intake of 240 students.

IFMR provides executive programs viz. consulting, certificate as well as fully customized training programmes and management development programmes, and has till date trained over 15,000 middle and senior managers across various functional disciplines.

b. IIIT

Indian Institute of Information Technology (IIIT), Sri City is an educational institution set up by the Ministry of Human Resource Development, Government of India, under the Public Private Partnership with AP government and Sri City consortium, with IIIT Hyderabad as the mentor institute. The Institute presently offers Engineering courses in Computer Science and Electronics. M.S. and PhD. courses are also available. Presently there are 650 graduate students and another 50 students in the PG course.

Many other Educational Institutes are intalks to set up their campuses in Sri City.



Services

1. Does Sri City facilitate the process of obtaining Government Approvals?

Sri City provides facilitation services to help companies obtain all their approvals till the commencement of commercial production. This includes appointments with the Andhra Pradesh State Government for tailor-made incentive packages applicable for a mega industry. The cost involved in this service depends on the type of building, size of the plot, infrastructure, etc. This service is optional.

2. Are there Banking facilities available within Sri City?

Sri City has banking facilities provided by State Bank of India (SBI), Syndicate Bank and ICICI Bank. SBI also has a special counter for custom duty collection for the companies operating in the SEZ. The bank also offers foreign exchange services from January 2018. Apart from this Syndicate Bank and ICICI Bank offers regular banking services. Majority of the salary accounts of the employees working in the manufacturing units within Sri City are with these banks.

3. What are the modes of commute within Sri City?

Sri City provides free shuttle service within the park at regular intervals, thus making travel easier for workers. Also, many private travel agencies provide transportation services to the manufacturing units in the industrial park.

4. Does Sri City have postal services?

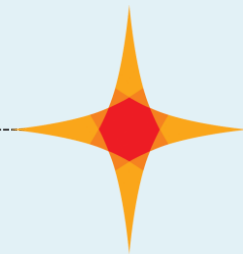
Sri City is now on the postal map of India with a dedicated Post Office and a Pin Code (517646). This facilitates easy and prompt delivery of articles. Besides conventional services, special services like speed post, business/express parcel, transport & logistics post, free pickup, door delivery, e-post, personalized postage stamp, etc. are available for speedy delivery of consignments. Also as per the demand, a dedicated 'motor mail services' will be introduced between Sri City - Tirupati - Nellore-Chennai in the near future.

5. How far is the Fire Station from Sri City?

Sri City has a fire station located on Central Expressway. It is equipped with latest model fire tender and 5 firemen for quick response during emergencies. Contact No: 9394481101

6. What are the operations and maintenance services provided by Sri City?

Sri City provides maintenance of water, sewage, road networks and common area landscaping and upkeep for all the units. Also, units can avail the facility of collection and disposal of hazardous waste by "Ramky Enviro Engineers Ltd."



7. Are there any logistics and warehousing companies in Sri City?

Following are the list of logistics and warehousing companies in Sri City.

- Mimco DFS India (FTWZ)
- Siddhartha Logistics (FTWZ)
- Nittsu Logistics
- Coldman Logistics
- Transport Corporation of India
- Sound Logistics Park
- Snowman Logistics

8. What are the security arrangements in Sri City?

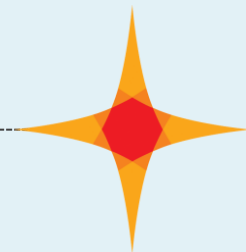
Sri City provides round the clock security in the park. However, companies need to look into the security needs of their own manufacturing units.. For the benefit of units, Sri City can facilitate connections with many security services providers whose services can be used by the manufacturing units.

9. How far are Gas/Fuel stations from Sri City?

There are two Gas stations near the entrance of Sri City at a distance of 200 meters. Also, “Indian Oil” would be setting up a gas station opposite “Kobelco Construction” manufacturing unit in Sri City.

10. How far is the Police Station from Sri City?

There is a police outpost within Sri City in the Central Expresway, which will be upgraded to a Hi-Tech police station in a few months.



Govt. Incentives

1. What incentives can manufacturing units avail of in Domestic Tariff Zone (DTZ) of Sri City?

a. Fiscal Incentive by Govt. of Andhra Pradesh

As per the “Andhra Pradesh Industrial Development Policy 2015-2020”, G.O. No. 36 Dated: 29-04-2015

Large Industries

- Projects with Investment between ` 100 million to below ` 5000 million.
- Reimbursement of 100% stamp duty for lease of land.
- Fixed power cost reimbursement at ` 1.00 per unit for a period of five years from the date of commencement of commercial production (CoCP).
- Reimbursement of 50 % net SGST for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier to Large Industries.

Mega Industries

- Projects with an investment of at least ` 5000 million or direct employment generation of 2,000 will be accorded mega industry status.
- The Government will extend tailor-made benefits to mega projects to suit particular investment requirements on case to case basis.

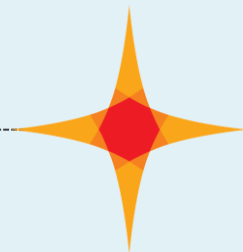
b. Tax Incentive

As per the press release of Ministry of Finance on 30th Sept 2016, under section 32(1)(iia) and section 32AD of the Income-tax Act, any manufacturing undertaking set up during the period for m 01.04.2015 to 31.03.2020 in Sri City is eligible for 15% of higher additional depreciation and 15% of investment allowance on the cost of plant and machinery acquired by it during the given period.

c. EPCG Scheme

As per chapter 5 on Export Promotion Capital Goods (EPCG) scheme under Foreign Trade Policy dated 1 April 2015- 31st March 2020, it allows import of capital goods at zero duty subject to an export obligation of 6 times of duty saved under EPCG scheme, to be fulfilled in 6 years reckoned from Authorization issue date.

For E.g.:- Import of capital goods is USD 100 and the duty saved is USD 20, the unit is required to export 120 USD in 6 years to fulfill the export obligation.



2. What incentives can manufacturing units avail of in Electronics Manufacturing Cluster (EMC) of Sri City?

a. Fiscal Incentive by Govt. of Andhra Pradesh (GoAP)

As per Andhra Pradesh Electronics Policy 2014-20 and the amendments as per GO No. 20 issued on 22.09.2016

- In case of Mega Projects, 30% of Investment will be provided as subsidy, capped at ₹ 2500 million & 25% power subsidy for a period of five years;
- In case of Non Mega Projects, 25% of Investment will be provided as subsidy, capped at ₹ 2500 million & 20% power subsidy for a period of five years

***Mega Projects as per Electronics Policy of GoAP means Projects with an Investment of at least ₹ 2500 million or employment generation of 2000.**

b. Fiscal Incentive by Govt. of India (GoI)

As per M-SIPS (Modified Special Incentive Package Scheme) issued by Ministry of Electronics and Information Technology on 22.07.2012 and the following amendments notification issued on 03.08.2015 and 30.01.2017:

- For Electronics Manufacturing unit in DTZ, 25% of Investment will be provided as subsidy & Reimbursement of Excise/CVD on Capital Equipment
- For Electronics Manufacturing unit in SEZ, 20% of Investment will be provided as subsidy

Note: All the incentives available in DTZ of Sri City are also applicable for units in EMC.

- Andhra Pradesh Industrial Development Policy 2015 - 20
- Tax Incentives by Ministry of Finance
- EPCG scheme by Foreign Trade Policy 2015 - 20



3. What are the incentives that a manufacturing unit could avail in Special Economic Zone (SEZ) of Sri City?

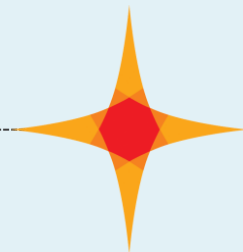
As per the SEZ Act 2005 and SEZ Rules 2006 following incentives and facilities are applicable to the units in SEZ under section 10AA.

- Duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units
- 100% Income Tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years.
- However, Minimum Alternate Tax (MAT) has been levied on SEZ units at 18.5% wef 1st April 2012 vide Finance Act 2011.
- External commercial borrowing by SEZ units' up to US \$ 500 million in a year without any maturity restriction through recognized banking channels
- Exemption from IGST (Integrated goods and service tax), this implies that import of goods and services from abroad as well as domestic is zero rated.
- Exemption from BCD (Basic Customs Duty).
- Single window clearance for Central and State level approvals

The following conditions should be satisfied to claim deduction

- The unit is not formed by the splitting up, or reconstruction, of a business already in existence.
- The unit is not formed by the transfer of old plant and machinery to a new business. However, it can be formed by transfer of old plant or machinery to the extent of 20%.

Sunset Clause – Commencement of activity of manufacture or providing services by a unit located in a SEZ is set to lose direct tax benefits post 31st March 2020.



Process

1. What is the process to lease land in Sri City?

To lease land in Sri City, companies need to follow the process detailed below

a. Application Form

An Application form needs to be filled up and shared with Sri City by the customer. This captures all general information on the nature of business, land requirement, industry type and other infrastructure requirements.

b. Site Visit

Post the approval of an application, the Sri City team would facilitate a site visit for the customer which would include a Presentation, Audio Visuals followed by Industrial Park Tour and discussions on the manufacturing set up plans.

c. Commercial Offer & Plot Option

Sri City will send a commercial offer to the customer; based on the requirements stated in the application form and from the discussions during the Site Visit. A commercial offer consists of the base land price, cost of common area, infrastructure development cost, recurring costs, approval fee and the mode of payment along with the map of plot options.

d. Memorandum of Understanding (MoU)

After the acceptance of the commercial offer and the plot option by the customer, a date is decided and agreed upon for the execution of MoU. 20% of the total consideration is to be paid by the customer at the time of MoU signup which finalizes the plot and the price.

e. Lease Deed (LD)

Lease Deed for a period of 99 years is signed by the parties within 60 days from the date of execution of the MoU. Within that time period, law firms appointed by the customer conduct property title due diligence. The customer pays the balance amount of the Total Consideration on the date of execution of Lease Deed. Further, a customer needs to acquire the necessary approvals to set up a unit in Sri City. Post this a date can be decided for the groundbreaking ceremony after LD signup.

f. Commencement of Commercial Production (CoCP)

The timeframe is approximately 6 to 8 months from the date of groundbreaking to CoCP in Sri City. This is at par with the international standards.



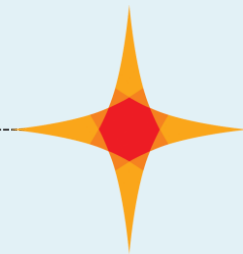
2. What are the approvals required to set up a manufacturing unit in Sri City?

Following are the list of Approvals mentioned below.

| S.No | List of Approvals before Construction | DTZ | SEZ |
|------|--|-----|-----|
| 1 | Letter of Approval | x | ✓ |
| 2 | LOA Acceptance Letter | x | ✓ |
| 3 | Plot Allocation Letter | x | ✓ |
| 4 | Bond Cum Legal Undertaking | x | ✓ |
| 5 | Exemption Letter for Taxes & Material Purchase | x | ✓ |
| 6 | Service Tax Exemption Letter | x | ✓ |
| 7 | Industrial Entrepreneur Memorandum | ✓ | ✓ |
| 8 | Principal Employer Certificate & Registration of Contractors | ✓ | ✓ |
| 9 | IALA- Approval of Building Plan | ✓ | ✓ |
| 10 | CFE (Consent for Establishment) | ✓ | ✓ |
| 11 | Fire NOC (Provisional) | ✓ | ✓ |
| 12 | Factory Plan Approval | ✓ | ✓ |
| 13 | Power Connection | ✓ | ✓ |

| S.No | List of Approvals during Construction | DTZ | SEZ |
|------|---------------------------------------|-----|-----|
| 1 | Water/Sewerage Connection (SEZ & DTZ) | ✓ | ✓ |
| 2 | Import Export Code (IE Code) | ✓ | ✓ |
| 3 | Central Excise Registration | ✓ | ✓ |

| S.No | List of Approvals before Commencement of Operations | DTZ | SEZ |
|------|---|-----|-----|
| 1 | Consent for Operation | ✓ | ✓ |
| 2 | Factory License | ✓ | ✓ |
| 3 | Fire NOC | ✓ | ✓ |



3. What happens at the end of 99 years lease period?

As per the agreement, units are required to hand over the land to Sri City at the end of the lease period. However, the manufacturing units will be given an option to renew the agreement at the prevailing market rates. This clause will not be a part of the agreement.

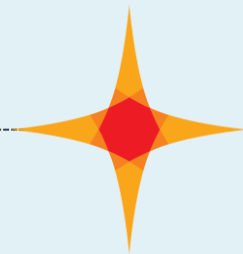
4. How much time does it take to get all the approvals to set up a unit in Sri City?

As per Andhra Pradesh Single Desk Policy 2015-20, all clearances required to set up a unit in Sri City would be provided within 21 working days from the date of payment of Challan to the Government.

These include clearances required for starting an industry across pre-establishment and pre-operation phases. A single desk portal is also implemented for ensuring real time monitoring and course correction. All intra-approval dependencies have been dispensed with and parallel processing of all clearances has been introduced to expedite closure of the application process.

5. What are the taxes applicable for Land and Infrastructure?

GST (Goods and Service tax) is 18% on land and infrastructure which is payable at the time of signing the lease deed. In addition, stamp duty and registration fees are also payable.



Factory Building

1. What is the maximum permissible floor area in Sri City?

As per the Floor Area Ratio (FAR) & Building Policy, the maximum permissible floor area for plot size up to 5000 sq. meters is 1.00 and for plot size above 5000 sq. meters is 0.75.

The Floor Area Ratio (FAR) also referred to as Floor Space Index (FSI) is the ratio between the total amount of usable floor area that a building has, or has been permitted for the building, and the total area of the lot on which the building stands.

2. What is the maximum plot coverage allowed in Sri City?

As per the Floor Area Ratio (FAR) & Building Policy, the maximum plot coverage i.e., the footprint of building on ground allowed in Sri City is 50%.

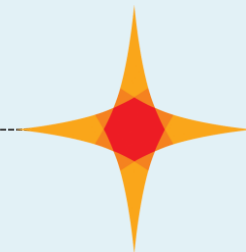
For more information on the built-up area, please refer the Government Order (GO) no. 168 (dated 7 April 2012) and 422 (dated 31 July 1998).

Given below are the steps to download the document:

- Go to <http://goir.ap.gov.in/Reports.aspx>
- Provide the department name – Municipal Administration and Urban Development
- Select section as 'M' from the drop down menu
- Select G.O. Type 'MS' from the drop down menu
- Type 168 in the G.O. no field
- Click Search
- In the search results, click on 'Select' to download the G.O. (Government Order)

3. Is Rain Water harvesting necessary for the units in Sri City?

Rain water harvesting is mandatory for all the units in Sri City as per Andhra Pradesh Building Rules.



Environment

1. What is Pollution Index (PI)?

The Pollution Index (PI) of any industrial sector is a number from 0 to 100. The increasing value of PI denotes the increasing degree of pollution load from the industrial sector.

2. What are the Categories of Industrial Sectors?

As per the executive summary of CPCB (Central Pollution Control Board) released on February 29, 2016, Industrial Sectors are categorized as per their Pollution Index score.

| Category | Pollution Index |
|----------|-----------------|
| Red | 60 and above |
| Orange | 41 to 59 |
| Green | 21 to 40 |
| White | up to 20 |

For more information on category of industries, please refer the link mentioned below <http://appcb.ap.nic.in/categories-of-industries/>

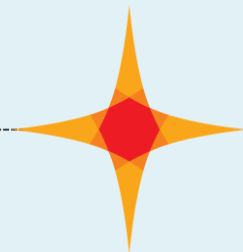
3. What components taken into consideration to ascertain the pollution index score?

Following are the components taken into consideration to ascertain the pollution index score.

- Quality of emissions (air pollutants) generated
- Quality of effluents (water pollutants) generated
- Types of hazardous wastes generated
- Consumption of resources

4. Does Sri City allow red category industry to set up a manufacturing unit?

Sri City does not allow red category industry; other categories of industries with Pollution Index score below 60 (Orange, Green and White) are allowed to set up their manufacturing unit.



5. Does Sri City store or handle hazardous waste from units?

Sri City does not store or handle any type of hazardous waste from the manufacturing units. Units are required to dispose their industrial wastes in accordance to the guidelines set by APPCB (Andhra Pradesh Pollution Control Board).

6. What are the Green Initiatives taken by Sri City?

The Green Initiatives taken by Sri City are as follows:

- More than 10% of the industrial area has been developed as green space.
- Installed 8 MW solar power plant, Solar-powered street lights, and solar traffic control systems.
- Electric vehicles to travel within Sri City.
- Nursery provides saplings and seeds to the manufacturing units.
- Garbage collection, segregation and disposal of wastes are done as a part of maintenance.
- Target to plant 10 million trees with nearly 1 million trees planted already.