



### **ABSTRACT**

Micro Small and Medium Enterprises-Tamil Nadu Small Industries Development Corporation (SIDCO) - Announcement made by the Hon'ble Chief Minister under rule 110 - Formation of New Industrial Estates through Joint Venture Mode - Orders Issued.

### **MICRO, SMALL AND MEDIUM ENTERPRISES (C) DEPARTMENT**

G.O (Ms) No.50

Dated : 03 .10.2013

விஜய, புரட்டாசி 17

திருவள்ளூர் ஆண்டு 2044

Read :

From the Chairman and Managing Director, SIDCO, Letter  
No.10453/Schemes -3/2013-1, dated 15.07.2013 & 21.8.2013.

### **ORDER :**

The **new package of incentives** announced by the Hon'ble Chief Minister of Tamil Nadu under rule 110 of a Tamil Nadu Legislative Assembly Rules consisted of ten announcements. One among the above 10 announcements is as follows:-

“கூட்டு முயற்சியினை ஊக்குவிக்கும் வகையில், தனியார் தொழில் நிறுவனங்கள் மற்றும் தொழில் நிறுவன அமைப்புகள் தொழிற்பேட்டைகளை ஆரம்பிக்க முன் வந்தால், சிட்கோ நிறுவனம் அவற்றுடன் இணைந்து 10 விழுக்காடு வரை மூலதனத்தைச் செலுத்தி புதிய தொழிற் பேட்டைகளை உருவாக்கும்.”

(“In order to promote joint ventures, if private Industrial Associations come forward to setup Industrial Estates, SIDCO would participate in the equity capital upto 10% to form new estates.”)

2) Based on the above announcement, the Managing Director, SIDCO in the proposal read above has stated that in order to facilitate the joint venture as done by TIDCO with large scale sector, SIDCO may enter in to joint venture with the Private Industrial Associations of MSME Sector having around 50 Acres of land and participate with them in equity up to 10% to form new Industrial Estates. Thus the new ventures will have the SIDCO's motivation / assistance in the long run throughout. The entire project will be implemented by the SPV / Private Industrial Estate associations.

3) The Managing Director, SIDCO has also stated that the SPV can make use of SIDCO's name as its Joint venture in its efforts in establishing the industrial Estate. SIDCO's representative will be on the Board of Directors of the SPV. Such partnership with private industrial associations would save SIDCO's burden of identifying potential land for the formation of industrial estates. The matter was placed before the SIDCO

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Board in its 260<sup>th</sup> meeting held on 13.6.2013. The Board discussed the subject in detail and resolved to participate upto 10% of the equity with the private industrial associations coming forward to set up new industrial estates and further resolved to participate in Joint Venture (JV) with reputed industrial associations and reputed consortiums.

4) The Managing Director, SIDCO has requested the Government to issue necessary orders for SIDCO to participate up to 10% in the equity with the Private Industrial Associations who are coming forward to setup new Industrial Estates and also furnished the procedure to be followed while entering into JV Mode.

5) The Government have examined the proposal of the Managing Director, SIDCO and decided to accept it. Accordingly, the Government direct that, the SIDCO may be allowed to participate up to 10% in the equity with the private Industrial Association for formation of New Industrial Estates through Joint Venture Mode duly adopting the procedures as mentioned below:-

- (i) The Private industrial Associations of MSME Sector shall be formed with a minimum of 20 Nos. of manufacturing units or service units.
- (ii) The Private industrial Associations of MSME Sector shall form a SPV to be registered as Section-25 Company under the Companies Act.
- (iii) After incorporation the SPV shall enter into a joint venture agreement with SIDCO for executing the project of developing an industrial estate.
- (iv) Land (excluding wet land) not less than 50 acres should be purchased by the Private industrial Associations of MSME Sector with clear title in the name of association / SPV. However in special cases where the land cost is high, less than 50 Acres will also be considered.
- (v) The Layout for the formation of the Industrial Estate shall be prepared by association in consultation with SIDCO based on the documents furnished by the Association, the same will be submitted to DTCP for approval by the association.
- (vi) Association shall pay the charges to DTCP for layout approval.
- (vii) The 'NOC' required from other authorities, if any, shall be obtained by the Association and necessary fees there for shall be borne by the Association.
- (viii) The Association shall furnish the list of beneficiaries to SIDCO.
- (ix) All administrative and other expenses in implementing the project shall be borne by the Association / SPV.
- (x) Prior concurrence of SIDCO is required for further issue of shares. If no communication is received from the SIDCO within a period of three months, it will be construed that the SIDCO shall have no objection for such issue of additional shares as may be issued by the Company.

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- (xi) As long as the SIDCO holds the shares in the Company, the Second Party hereto agrees that the association including its associates and nominees shall not transfer, sell or encumber in any manner whatsoever any part of their holding of equity shares in the Company, without the prior consent of the SIDCO in writing during the continuance of this Agreement.
- (xii) No guarantee or counter guarantee shall be furnished by the SIDCO to any Banks / Financial Institutions for term loans, bridge finance, etc., granted to the Company by them.
- (xiii) SIDCO shall not be responsible for meeting any over-run in the project cost of the Company. SIDCO shall not extend any bridge loan or unsecured loans / subordinate loans under any circumstances.
- (xiv) SIDCO shall be entitled to nominate at least one Director on the Board of the Company.
- (xv) SIDCO shall at all times be entitled to inspect the accounts, documents, records, promises, equipment and machinery and all other property of the Company so long as they hold shares in the Company.
- (xvi) SIDCO shall have the right to disinvest its share holdings in the SPV after a period of three years from the completion of the Development of the new Industrial Estates, as per guidelines issued from Government from time to time in respect of disinvestment of shareholders held by SPV's in other companies.

(BY ORDER OF THE GOVERNOR)

K. DHANAVEL  
SECRETARY TO GOVERNMENT

To  
✓ The Managing Director,  
Tamil Nadu Small Industries Development Corporation Limited,  
Thiru.Vi.Ka Industrial Estate,  
Guindy, Chennai-32.

**Copy to:**

Office of the Hon'ble Chief Minister, Chennai-9.  
Special Personal Assistant to Hon'ble Minister for Rural Industries, Chennai-9.  
Private Secretary to Principle Secretary to Government,  
Finance Department, Chennai-9.  
Private Secretary to Secretary to Government,  
Micro, Small and Medium Enterprises Department, Chennai-9.  
The Finance (BPE) Department, Chennai-9.  
SF/SC

//FORWARDED BY ORDER//

SECTION OFFICER

MP  
31/10/13

31/10/2013