

SEEPZ SPECIAL ECONOMIC ZONE

ANDHERI (EAST), MUMBAI.

AGENDA FOR

**MEETING OF THE UNIT APPROVAL COMMITTEE FOR EXPORT
ORIENTED UNITS UNDER THE JURISDICTION OF DEVELOPMENT
COMMISSIONER, SEEPZ-SEZ.**

**VENUE : Conference Hall, BFC Building, 2nd Floor, Behind the
Office of the Development Commissioner, SEEPZ-SEZ,
Andheri (East), Mumbai.**

DATE : 27th October, 2017.

TIME : 12.00 P.M.

**MEETING OF THE UNIT APPROVAL COMMITTEE FOR EXPORT
ORIENTED UNITS UNDER THE CHAIRMANSHIP OF DEVELOPMENT
COMMISSIONER, SEEPZ-SEZ ON 27th October, 2017.**

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Agenda Item No.	Subject
Agenda item No. 01 :-	Confirmation of minutes of the meeting held on 18.08.2017.
Agenda item No. 02 :-	Application for Conversion of Existing DTA Unit into EOU - M/s. Sparkle Diam Pvt. Ltd.
Agenda item No. 03 :-	Application for Broad Banding of Items - M/s. Deccan Fine Chemicals (India) Pvt. Ltd.
Agenda item No. 03 :-	Excess import of Raw Material - M/s. Macbrout Engineering Pvt. Ltd.

ACTION TAKEN REPORT ON THE MINUTES OF THE 4th MEETING
(2017 SERIES) OF UAC HELD ON 18.08.2017.

Case No.	Unit Name	Action taken
1.	M/s. Flamingo Pharmaceuticals Ltd., Talaja	Letter issued to the unit on 04.09.2017.
2.	M/s. Flamingo Pharmaceuticals Ltd., Rabale	Letter issued to the unit on 04.09.2017.

MINUTES OF THE 4th MEETING (2017 SERIES) OF THE UNIT APPROVAL COMMITTEE FOR EXPORT ORIENTED UNIT HELD UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER, SEEPZ SEZ ON 18.09.2017 AT 12.00 P.M.

The following were present :-

1. Shri. V. P. Shukla, Joint Development Commissioner, SEEPZ-SEZ.
2. Shri. Pravin Chandra, Joint Development Commissioner, SEEPZ-SEZ
3. Smt. S. R. Motwani, Additional DGFT, Mumbai.
4. Smt. S. P. Magar, Dy. Director of Industries, MMR.
5. Shri. B. Timothy, Additional Commissioner of CGST, Belapur.
6. Shri. Jitendra Singh, Assistant Commissioner of CGST, Raigad.
7. Shri. Kazim H. Khairaz, Assistant Commissioner of CGST, Thane.
8. Smt. Sujaya V., Superintendent of CGST, Thane.
9. Shri. G. S. Bhandari, UDC, SEEPZ- SEZ

1. Confirmation of Minutes of the 3rd Meeting (2017 Series) held on 11.07.2017.

The Unit Approval Committee ratified the minutes of its 3rd meeting held on 11.07.2017.

2. M/s. Flamingo Pharmaceuticals Ltd., Taloja

The representative of the unit informed that domestic suppliers were unable to meet their requirement of inputs and therefore they opted to import for export orders. In addition to this, increase in prices of Raw Material and Capital Goods and currency fluctuation, the value of Raw Material and Capital Goods increased.

The Committee after detailed deliberation directed the unit to furnish the following details for consideration in the matter :-

- a. Bifurcation of approved requirement of Raw Material and Capital Goods and additional requirement.
- b. Details regarding increase in value of Raw Material & Capital Goods due to currency fluctuation
- c. Details regarding increase in value of Raw Material & Capital Goods due to price escalation.

3. M/s. Flamingo Pharmaceuticals Ltd., Rabale

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Meeting ended with vote of thanks to the Chair.


CHAIRMAN - CUM- DEVELOPMENT COMMISSIONER

**OFFICE OF THE DEVELOPMENT COMMISSIONER,
SEEPZ SPECIAL ECONOMIC ZONE, GOVT. OF INDIA,
ANDHERI (E), MUMBAI**

AGENDA NOTE FOR CONSIDERATION OF UNIT APPROVAL COMMITTEE

a) Proposal :-

Application for Conversion of existing DTA unit into EOU of M/s. Sparkle Diam Pvt. Ltd., for manufacture and export of Articles of Jewellery and parts thereof, of precious metal or of metal clad with precious metal.

b) Specific Issue on which decision of UAC is Required : -

Grant of Letter of Permission (LOP) for Conversion of existing DTA unit into EOU.

c) Relevant Provision of FTP/HBP :-

Para 6.07 (a) of FTP 2015-2020 read with Para 6.01 (b) of Hand book of Procedure.

d) Other information: -

The applicant company has submitted the application for Conversion of existing DTA unit into EOU for manufacture and export of Articles of Jewellery and parts thereof, of precious metal or of metal clad with precious metal at First floor, Plot No. D-3, Road No. 16, MIDC, Andheri (E) - 400093.

The Assistant Commissioner of Central Excise, Division K-I, Mumbai I, 2nd Floor, MSEB Building, Matunga Labour Camp, Dharavi Mumbai - 400 019 vide their letter dated 28.12.2016 has submitted the Inspection Report & stated the following :-

1. The Premises is on lease basis for a period of 95 years from 01.10.1977 with MIDC.
2. The factory premises showing Land Area : 1952.00 Sq. M, Building Area Approx : 3363.65 Sq. M., EOU Area : 638.06 Sq. M.
3. The nature of building is concrete construction.
4. The source of power is DG Set of 100 KVA.
5. There is separate entry and exit provided for the proposed EOU and it is physically segregated from any DTA unit to avoid intermingling of goods.

.....2/-

6. The proposed plan of premises/building is suitable for necessary permission under section 58 & 65 to be issued by Central Excise and Customs authority

INVESTMENT:

The proposed cost of the project is as follows:-

	Existing	Proposed
Land	-	-
Building	-	72
Plant & Machinery		
Indigenous	-	Rs. 40 Lakhs
Imported	-	Rs. 60 Lakhs
Total	-	Rs. 100 Lakhs

PROPOSED IMPORT/EXPORT:

The details of Foreign Exchange Balance Sheet is as follows:-

(Figs. Rs in Lakhs)

		1 st	2 nd	3 rd	4 th	5 th	Total	Total in US\$'000
XII	FOB value of exports in first five years	2915	3825	4820	5061	5314	21934	32738
XIII Foreign Exchange outgo on								
(i)	Import of Machinery	30	30	-	-	-	60	90
(ii)	Import of raw materials and components	2220	2913	3671	3855	4047	16706	24934
(iii)	Import of spares and consumables	45	59	74	78	82	338	504
(iv)	Repatriation of dividends and profits to foreign collaborators	-	-	-	-	-	-	-
(v)	Royalty	-	-	-	-	-	-	-
(vi)	Lump sum know how fee	-	-	-	-	-	-	-
(vii)	Design and drawing fee	-	-	-	-	-	-	-

.....3/-

(viii)	Payment of foreign technicians	-	-	-	-	-	-	-
(ix)	Payment on training of Indian technicians abroad	-	-	-	-	-	-	-
(x)	Commission on Export etc.	32	42	53	55	58	240	358
(xi)	Foreign Travel	16	21	26	28	29	120	179
(xii)	Amount of interest to be paid on external commercial borrowing/deferred payment credit	-	-	-	-	-	-	-
(xiii)	Any other payments	-	-	-	-	-	-	-
	Total (i) to (xiii)	2342	3065	3824	4015	4216	17464	26065
	Net Foreign Exchange earnings in five years	572	760	996	1045	1098	4471	6673

EMPLOYMENT:

The employment proposed is as follows:-

	Men	Women
Supervisory	10	3
Non-supervisory	30	27

The unit vide their letter dated 25.02.2017 has stated that the operational stages in the jewellery manufacturing cycle wherein security risk of the product due to theft/damage/switching can occur. For each stage and risk involved, appropriate controls have been laid down to address products security. The stages, risk and controls are as follows :-

Sr. No.	Operational Stage	Risk	Control
1.	Purchase of gold, diamond and other precious materials	Theft	<ul style="list-style-type: none"> • Goods are purchased from reputed and established organizations like banks, group companies etc. • Insurance of goods during transit. • Shipments by reputed security agencies. • Secure packing of goods

2.	Receipt and storage of gold, diamond and other precious materials	Theft	<ul style="list-style-type: none"> • Check weight against supplier document • In case of diamonds, check quality against supplier documents • CCTV coverage of receipt area • In case of variation, take up with courier/supplier/ Insurance agency • Store in strong rooms, lockers • Limited access of persons to such strong rooms, lockers • Keys with designated senior management staff
3.	Issue of gold and alloy	Theft	<ul style="list-style-type: none"> • Record weight of goods issued in the system • Acknowledgement obtained from receiver
4.	Issue of diamonds/ Bagging	Theft Switching	<ul style="list-style-type: none"> • Issue against "Issue Slips" mentioning specific customer orders • Acknowledgement obtained from receiver • Quantity (Weight and number of pieces) and Quality (Purity, colour) written on packets
5.	Castings/jewellery pieces throughout the stage of production	Theft Damage	<ul style="list-style-type: none"> • Jewellery pieces put in packets/bags with proper identification and product details • Suitable containers used to prevent damage • Goods are checked by receiver as per details mentioned on the packets • In case of any discrepancy, same is brought to the attention of sender's department head and senior management. • Jewellery pieces are brought to a central department after each operation, quality checking done and re-issued to the next operation.
6.	Diamond setting/ Filing/polishing	Damage to diamonds	<ul style="list-style-type: none"> • Broken and damaged diamonds are segregated and returned to diamond stock department before replacements are issued • Replacement diamonds are authorised by senior, designated person • Records maintained of damaged diamonds

7.	Worker Entry/Exit into manufacturing area	Theft Switching	<ul style="list-style-type: none"> • Thorough checking of workers (male and female) by respective security staff while entering and exiting the manufacturing area • Workers not allowed to wear jewellery while entering manufacturing area • Worker's belongings are kept in lockers and not brought into manufacturing area
8.	Finished jewellery stock	Theft Damage	<ul style="list-style-type: none"> • Jewellery pieces are kept in individual packets with full identification of design number, customer order and other relevant details. • Store in strong rooms/locker • Stock records entered in computer system • Access to limited personnel
9.	Dispatch/Export of finished jewellery	Theft damage	<ul style="list-style-type: none"> • Goods packed in safe and sound packing • Goods handled by reputed security agency • In case of local sales, goods dispatched through reputed courier agency/ personal carrier • Adequate insurance cover during transit

They are committed to promote Make in India and after setting up EOU, they will be committed to operate EOU with highest standard of operations & controls.

The proposal of the unit was placed before the Unit Approval Committee in its meeting held on 24.04.2017. The Committee directed to the Specified Officer, SEEPZ-SEZ to ascertain the correct fact from the nominated agencies and the same may be informed in the next Meeting. The Committee deferred the proposal.

This office vide note dated 16.05.2017 & 31.08.2017 requested to the Specified Officer, SEEPZ-SEZ, to ascertain the correct fact from the nominated agencies.

The Specified Officer, SEEPZ-SEZ vide their note dated 07.09.2017 has stated the following :-

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- (i) Prior to implementation of GST, the import of gold by Nominated Agencies was governed by Notification No. 57/2000-Customs dated 08.05.2000, wherein there was a total exemption from whole of the duty of customs leviable thereon, which is specified in the said First schedule and from the whole of the additional duty leviable thereon under section 3 of the said Customs Tariff Act for import by Nominated Agencies.
- (ii) On implementation of GST vide Notification no. 26/2017-Customs dated 29.06.2017, the aforesaid notification No. 57/2000-Customs dated 08.05.2000 has been amended wherein exemption is given only from whole of the duty of customs leviable thereon, which is specified in the said First Schedule. However, the Nominated Agencies will have to pay the applicable IGST duty.
- (iii) After implementation of GST, the banks who have been appointed Nominated Agency and operating in SEEPZ-SEZ have not imported gold since implementation of GST. The same has also been confirmed by the Bank.
- (iv) In this case, it is not known as to which nominated agency the unit has approached to ascertain the facts.

The proposal of the applicant company is placed before the Unit Approval Committee for consideration.

**OFFICE OF THE DEVELOPMENT COMMISSIONER,
SEEPZ SPECIAL ECONOMIC ZONE, GOVT. OF INDIA,
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AGENDA NOTE FOR CONSIDERATION OF UNIT APPROVAL COMMITTEE

a) Proposal :-

Application for Broad Banding facility from M/s. Deccan fine Chemicals (India) Pvt. Ltd.,

b) Specific Issue on which decision of UAC is required :-

The unit has submitted the application for Broad Banding of items viz. "Research and Development Activities (for Captive use)", wherein the unit has stated that the proposed activities of research and development would be used for captive purpose which would result in physical exports of agrochemical products.

c) Relevant Provisions of FTP/HBP :-

In terms of Para 6.34 (5) of Handbook of Procedure 2015-2020, "Permit broad-banding for similar goods and activities mentioned in LOP or to provide for backward or forward linkages to existing line of manufacture".

d) Other Information :-

M/s. Deccan Fine Chemicals (India) Pvt. Ltd., Goa were issued LOP No. PER:49(2007)/IA-II/03/07-08/4119 dated 22.05.2008 as amended for manufacture and export of Thiamethoxam (TMX) Technical, Thiamethoxam Formulation : Actara, Cruiser & Virtako 40 WG at Santa Monica Works, Corlim Ilhas, Goa - 403 110.

The unit has submitted the application vide their letter dated 20.09.2017 for Broad Banding items viz. "Research and Development Activities (for Captive use)". The unit in their application has stated that the proposed activities of research and development would be used for captive purpose which would result in physical exports of agrochemical products.

The unit has achieved positive NFE of ₹ 58,532.28 lakhs in the year 2016-17 (with amortization) on cumulative basis.

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The details of Export performance & NFE achieved by the unit during the last five years is as follows :-

Year	FOB Value of Export (Rs. in Lakhs)	NFE Achieved (Rs. in Lakhs)
2012-13	1,12,038.02	39,197.45
2013-14	1,08,832.71	86,637.29
2014-15	53,667.52	1,02,267.49
2015-16	49,954.42	32,800.67
2016-17	61,962.96	58,532.28

The proposal of the unit for Broad Banding of items viz. "Research and Development Activities (for Captive use)" is placed before the Unit Approval Committee for consideration.

**OFFICE OF THE DEVELOPMENT COMMISSIONER,
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AGENDA NOTE FOR CONSIDERATION OF UNIT APPROVAL COMMITTEE

a) Proposal :-

Excess import of Raw Material during the period 2012-13 to 2016-17 from M/s. MacBrout Engineering Pvt. Ltd.

b) Specific Issue on which decision of UAC is required :-

The unit has submitted the application for continuation of EOU for a further period of 5 years with fresh projection for the period 2017-18 to 2021-22. On Scrutiny of the application, it is noticed that during the period 2012-13 to 2016-17, the unit has imported Raw Material in excess of the approved value.

c) Relevant Provisions of FTP/HBP :-

In terms of Para 6.01 (f) of Handbook of Procedure 2015-2020, "LOP/LOI shall specify item(s) of manufacture/service activity, annual capacity, projected annual export for first five years in dollar terms, Net Foreign Exchange (NFE) earnings, limitations, if any, regarding sale of finished goods, by-products and rejects in DTA and such other matter as may be necessary and also impose such conditions as may be required".

Further in terms of Para 6.34 (3) of Handbook of Procedure 2015-2020, "To allow increase in value of capital goods in terms of Indian Rupees, on account of foreign exchange rate fluctuations".

d) Other Information :-

M/s. MacBrout Engineering Pvt. Ltd., Goa were issued LOP No. PER:139(2006)/IA-II/26/06-07/6184 dated 21.08.2006 as amended for manufacture and export of Nozzle Rings, Single Blade Components etc. at Plot No. A-1/22, Margao Industrial Estate, San Jose De Areal, P.O. Curtorim, Salcete, Goa - 403 709.

The unit vide letter dated 21.01.2017 & subsequent letters dated 06.03.2017 & 25.03.2017 submitted application for renewal of LOP for further five years period i.e. from 01.04.2017 to 31.03.2022. On Scrutiny of the application, it was noticed that during the period 2012-13 to 2016-17, the unit has imported Raw Material in excess of the approved value. The details are as follows :-

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(₹ in lakhs)

Year	Approved Limit of Raw Material	Actual Import of Raw Material
2012-13	0	314
2013-14	0	380
2014-15	0	484
2015-16	0	400
01.04.16 to 31.12.16	0	723
Total	0	2301

This office vide letter dated 10.04.2017 asked the unit to clarify the Excess import of Raw Material. The unit vide letter dated 24.05.2017 has submitted the following :-

- (i) It was an error from their end to declare import of Raw Materials as zero for the period from 2012 to 2017. It was purely due to oversight that they failed to notice the error for the last 5 years from 2012 to 2017 and they accept full responsibility for the same.
- (ii) The actual import of Raw Materials consists of Raw Materials + Consumables combined and not Raw Materials alone. (Import details are mentioned below):-

Year	Raw Material	Consumables	Total in Lakhs
2012-2013	159.14	155.10	314.24
2013-2014	182.33	197.87	380.20
2014-2015	215.62	269.09	484.71
2015-2016	112.90	287.84	400.74
2016-2017	220.26	503.31	723.5

- (iii) They have achieved the positive NFE as prescribed in the EOU Scheme for the above mentioned period and also there is no pending CRA.

The proposal of the unit for regularisation of excess import is placed before the Unit Approval Committee for consideration.
