

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 : 14th SEPTEMBER, 2015.

TIME : 11.00 A.M.

MEETING OF THE UNIT APPROVAL COMMITTEE FOR EXPORT
ORIENTED UNITS UNDER THE CHAIRMANSHIP OF DEVELOPMENT
COMMISSIONER, SEEPZ-SEZ ON 14TH SEPTMEBER, 2015.

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Agenda Item No.	Subject
Agenda item No. 01 : -	Confirmation of minutes of the meeting held on 10.08.2015.
Agenda item No. 02 : -	Application for merger of STPI unit with EOU unit – M/s. Dana India Technical Centre Pvt. Ltd.
Agenda item No. 03 : -	Broad Banding of Items – M/s. ION Exchange (India) Ltd.
Agenda item No. 04 : -	Excess Import of Capital Goods – M/s. Jell Pharmaceuticals Pvt. Ltd.

**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 Merger of STPI unit with EOU unit received from M/s. Dana India Technical Centre Pvt. Ltd.

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

Merger of STPI unit with EOU unit located at Tata Communication IDC Building, Dighi Alandi Road, Dighi, Pune – 411 031.

c) Relevant Provisions of FTP/HBP :-

In terms of Para 6.38 (b) of HBP stipulates that, “Existing EHTP/STP/BTP units may also apply for conversion/merger to EOU and vice-versa. In such cases, units will continue to avail permissible exemption in duties and taxes as applicable under relevant scheme. EHTP/STP/BTP units desiring conversion as an EOU may apply to DC concerned through Officer designated by DeitY/DoBT in same manner as applicable to new units. Likewise, EOU desiring conversion into EHTP/STP/BTP may apply to officer designated by DeitY/DoBT through DC concerned”.

d) Other Information :-

M/s. Dana India Technical Centre Pvt. Ltd., Pune-I, were issued LOP No. PER:SEEPZ-SEZ/EOU/03/2012-13/10920 dated 13.08.2012 for manufacture and export of i) IT Enabled Services : Engineering Design Services & Embedded Hardware & Software Development & IT Enabled Support Services, ii) Research & Development Services : Analysis, Testing including Prototype Development Services at Survey No. 279, Phase II, Rasoni Industrial Park, Village Mann, Hinjewadi, Taluka Mulshi, District Pune – 411 057.

The proposal of M/s. Dana India Technical Centre Pvt. Ltd., for merger of STPI unit with EOU and to consider their location as additional location was placed before the Unit Approval Committee in its meeting held on 10.08.2015. The Committee after detailed deliberation approved the proposal subject to receipt of comments on the proposal from Central Excise within a week time otherwise the proposal may be placed in the next Unit Approval Committee Meeting.

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The Assistant Commissioner, Thergaon Division, Pune has submitted the detailed report in respect of merger of M/s. Dana India Technical Centre Pvt. Ltd. (STPI Unit) with Dana India Technical Centre Pvt. Ltd. (EOU unit) as follows:-

- (i) A case has been booked by DGCEI, New Delhi in respect of EOU unit.
- (ii) The EOU unit had intentionally suppressed the true facts from the department to the extent of mis-declaring by way of claiming ineligible Sr. 03 of Notification 23/2003-CE dated 31.03.2003, which is applicable for DTA clearance of goods manufactured out of indigenous out of imported raw material which has been suppressed from the department with an intention to evade the duty of the excise.
- (iii) M/s. Dana India Pvt. Ltd., EOU had admitted the offence and paid the short payment of duty of Rs.8,44,15,390/- along with the interest of Rs.3,14,72,995/- on the spot during the visit of DGCEI team at their premises.
- (iv) The 'Incident Report' of the "Directorate General of Central Excise Intelligence, New Delhi" under F.No.587/CE/21/Pol/2015/10090 to 10103 dated 15.06.2015 issued by the PR. ADG., DGCEI (HQRS.), New Delhi to the Chief Commissioner, C.Ex., Pune-I, categorically mentions at Para 3 that "Further investigations are in progress".
- (v) Here, it is pertinent to note that (a) M/s. Dana India Technical Centre Pvt. Ltd. (STPI unit), Dighi (Div. Bhosari-I), (b) M/s. Dana India Technical Centre Pvt. Ltd. 100% EOU (Div. Thergaon) and (c) M/s. Dana India Pvt. Ltd., also 100% EOU (Div. Thergaon) are all the entities of one and the same 'Dana Group' under the umbrella name "Dana Holding Corporation".
- (vi) The Development Commissioner has the powers in respect of units under his justification as envisaged in Para 6.34 of the Handbook of Procedures 2015-2020, to permit merger of units and as per Para 6.19 (b) of the Foreign Trade Policy 2015-2020, to permit conversion of STP unit to EOU unit and vice-versa.
- (vii) Vide powers bestowed under Paragraph 6.32, 6.33, 6.34(2) & (10) and 6.38 (b) of the Handbook of Procedures read with Paragraphs 6.07, 6.19 (b) the said Foreign Trade Policy, all applications for setting up of the units under EOU scheme shall be approved or rejected by the Unit Approval Committee within 15 days as per criteria indicated in Handbook of Procedures (HBP). Among other criterion, one of the criteria is that the

unit should not have any case of violations against it (e.g. unauthorized diversion of goods etc.). As in the present case, the unit has intentionally claimed ineligible Sr. 03 of Notification 23/2003-CE dated 31.03.2003 under self-assessment procedure for clearances of finished goods to DTA instead of Sr. No.2 as per Condition No.2 of Notification No.23/2003-CE, dated 31.03.2003, since finished goods are being manufactured out of imported raw materials, thereby violating the provisions of Central Excise Act and rules and regulations there under, leading to payment of duty at lower rates than as was applicable on clearance of such goods. Hence, this office is of the opinion that the merger request of M/s. Dana India Technical Centre Pvt. Ltd. vide there letter dated 12th August, 2015 may be kept in abeyance till the investigations by DGCEI, New Delhi are completed.

The proposal of the unit for merger of STPI unit with EOU and to consider their location as additional location is placed before the Unit Approval Committee for consideration.

**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 :-

Borad Banding of items of M/s. ION Exchange (India) Ltd.,

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

Decision on regularization of items exported before issue of Broad banding permission

c) Relevant Provisions of FTP/HBP :-

In terms of Para 6.34 (5) of Hand Book of Procedure 2015-2020.

d) Other Information :-

M/s. ION Exchange (India) Ltd., Navi Mumbai were issued LOP No. PER/293(1997)/EOA/332/97 dated 02.04.2013 as amended for manufacture and export of Water Treatment Plants, Waste Water Treatment Plants & their components and accessories thereof and Water Treatment Chemicals and Consumables at Plot No. R-14, TTC MIDC, Thane Belapur Road, Rabale, Navi Mumbai – 400 701.

- (i) The unit, vide their letter dated 20.02.2013 has sought approval of renewal of LOP alongwith broad banding of items.
- (ii) The unit was granted renewal of LOP on 02.04.2013.
- (iii) The unit vide letter dated 22.05.2013 submitted the application for broad banding items and this office vide letter dated 25.06.2013 approved the items. The details of as follow :-

Items sought for broad banding	Items approved
1. Water Filtration or Purification Equipments	1. Water Filtration or Purification Equipments
2. Sub-assemblies of Water Treatment Plants, Sub-assemblies of Waste Water Treatment Plants, Sub-assemblies of Water Filtration or Purification Equipments, duly assembled, tested calibrated, labeled, packed for exports.	2. Sub-assemblies of Water Treatment Plants, Sub-Assemblies of Waste Water Treatment Plants, Sub-assemblies of Water Filtration or Purification Equipments, duly assembled, tested calibrated, labeled, packed for exports

3. Household Water Purifiers and its components and accessories thereof	3. Household Water Purifiers and its components and accessories thereof
4. Water Treatment Chemicals and consumables, duly stirred, stabilized, tested, labeled, packed for exports	4. Water Treatment Chemicals and consumables, duly stirred, stabilized, tested, labeled, packed for exports.

- (iv) The unit vide letter dated 16.06.2014 stated that they are encountering delay in clearing their imported consignments of inputs due to the captioned LOP/Green Card not containing all their items of manufacture under EOU Scheme clearly.
- (v) The problem can be obviated by clearly mentioning all their items of manufacture as per their request letter dated 20.02.2013.
- (vi) In any case Water Filtration or Purification Equipment, is another name for "Water treatment Plants/Waste Water Treatment Plants" but the omission of 'their components and accessories thereof' in the LOP dated 25.06.2013 may lead to non-counting of exports of components and accessories of Water Filtration or Purification Equipments made by them since 01.04.2013 under EOU Scheme, in the absence of correct nomenclature of items of manufacture in the LOP.
- (vii) The details of items sought for broad banding and items approved under broad banding is as follows :-

Items sought for broad-banding	Items approved in the broad-banding permission letter dated 25.06.2013	Units request now
Water Treatment Plants/ Water Filtration or Purification equipments, Waste Water Treatment Plants and their components and accessories thereof	Water Filtration or Purification Equipments	To add the items proposed with the existing items approved in the LOP as follows :- Water Treatment Plants/ Water Filtration or Purification equipments, Waste Water Treatment Plants and their components and accessories thereof

Sub-assemblies of Water Treatment Plants, Sub-assemblies of Waste Water Treatment Plants, Sub-assemblies of Water Filtration or Purification equipments, duly assembled, tested, calibrated, labeled, packed for exports	Sub-assemblies of Water Treatment Plants, Sub-assemblies of Waste Water Treatment Plants, Sub-assemblies of Water Filtration or Purification Equipments, duly assembled, tested, calibrated, labeled, packed for exports.	
Household Water Purifiers and its components and accessories thereof	Household Water Purifiers and its components and accessories thereof	
Water Treatment Chemicals and consumables, duly stirred, stabilized, tested, labeled, packed for exports	Water Treatment Chemicals and consumables, duly stirred, stabilized, tested, labeled, packed for exports	

- (viii) Accordingly, corrigendum was issued by amending the item from **Water Filtration or Purification equipments To Water Filtration or Purification equipments and their components and accessories thereof.**
- (ix) The unit was also asked to submit the clarification as to how they are exporting the items which were not approved in the LOP on 01.04.2003.
- (x) The unit submitted the reply on 28.07.2014 stating that they have mentioned in their application while seeking extension of EOU Scheme during the period 2013-14 to 2017-18, the items description as "Water Filtration or Purification Equipments and their components and accessories thereof" so as to bring the same in line with the description of goods as mentioned in the Central Excise/ Customs Tariff. LOP dated 22.10.1997 contains items of "Water Treatment Plants, Waste Water Treatment Plants and their components and accessories thereof" which continues to be in force till today, even as per corrigendum dated 08.07.2014.
- (xi) The unit was issued SCN on 20.12.2014 for violation.
- (xii) The unit appeared for personal hearing on 25.02.2015. During the personal hearing the representative of the unit stated that the alleged export effected during the period April 2013 to June 2013 is within the scope of the items approved in the LOP and requested to drop the SCN. It was directed to get confirmation from the jurisdictional Central Excise Authority in this regard.

- (xiii) Accordingly, jurisdictional Central Excise was asked to confirm the same.
- (xiv) The jurisdictional Central Excise vide letter dated 17.04.2015 informed that they have verified the export clearance effected by the unit during April 2013 to June 2013. The item cleared during the respective period are Water Treatment Plants and Components/Consumables of Water Treatment Plants. It appears that the same are within the scope of LOP.

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

**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 :-

Excess import of Capital Goods during the period 2010-11 to 2014-15 from M/s. Jell Pharmaceuticals Pvt. Ltd., A division of Pan Aromas.

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

The unit has submitted the application for continuation EOU for a further period of 5 years with fresh projection for the period 2015-16 to 2019-20. On Scrutiny of the application, it is noticed that during the period 2010-11 to 2014-15, the unit has imported Capital Goods 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/Lol 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. Jell Pharmaceuticals Pvt. Ltd., A division of Pan Aromas Thane-I were issued LOP No. PER/ SEEPZ/EOU/02/10-11/5530 dated 02.06.2010 as amended for manufacture and export of Scented Wax Candles, Wax Candles, Incense Sticks, Aroma Oil, Reed Diffuser, Incense Cone, Pot Pourri at B-16, Unit No 1-3, & 102, 103, Pritesh Industrial Estate, Bhiwandi, District Thane - 421 302 and additional location at RCC Godown No. 1/2, on Ground Floor, Building No. B/15, Pritesh Complex, Mouje Val Taluka Bhiwandi, District Thane.

The unit vide letter dated 24.06.2015 submitted application for renewal of LOP for further five years period i.e. 01.04.2015 to 31.03.2020. On Scrutiny of the application, it is noticed that during the period 2010-11 to 2014-15, 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 CG	Actual Import of CG
2010-11	84	17
2011-12	0.00	08
2012-13	0.00	31
2013-14	0.00	16
2014-15	0.00	53
TOTAL	84	127

This office vide letter dated 13.07.2015 asked the unit to clarify the Excess import of Raw Material. The unit vide letter dated 05.08.2015 has submitted the following :-

- (i) They have been granted Letter of Permission for manufacturing of Scented Wax Candles, Wax Candles, Incense Sticks, Incense Cone, Aroma Oil, Pot Pourri & Reed Diffuser at B-16 unit No. 1-3 & issued Green Card No. 02655 dated 22.05.2014.
- (ii) They have commenced Commercial Production on 25.08.2010 & they have approved limit of capital goods for 84 Lakhs.
- (iii) Due to urgent export orders and acceptance of their production in the international market they have done expansion of plant & machinery during 2014-15 and urgently imported filling line, which capital fulfilled their long pending orders hence with this additional capacity they have achieved turnover of 2734.20 lakhs in 2014-15 hence they have excess input of capital goods with 127.24 lakhs.
- (iv) Their products have been accepted well in the market and they have achieved turnover of the following :-

Year	Export (Rs. in lakhs)
2010-11	298.01
2011-12	779.75
2012-13	1358.43
2013-14	1948.07
2014-15	2734.20

- (v) They have also taken up additional location permission from this office in 2014-15 to increase production.
- (vi) Their export revenue is in Positive side and they have fulfilled their export obligation on time.

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