

MINUTES OF THE 20th MEETING (2014 SERIES) OF THE UNIT APPROVAL COMMITTEE MEETING HELD ON 9th JANUARY, 2015 AT 11.00 AM UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER, SEEPZ SEZ.

The following members were present:-

- (1) Shri. P. S. Raman, Joint Development Commissioner, SEEPZ-SEZ.
- (2) Shri. K. K. Srivastav, Specified Officer, SEEPZ-SEZ.
- (3) Shri. S. R. Motwani, Assistant DGFT, O/o Additional DGFT, Mumbai
- (4) Shri V. U. Brahmakshatri, Asstt. Commissioner of Central Excise, Boisar-II, Thane-II
- (5) Shri. H. N. Khemchandani, Superintendent of Central Excise, Belapur Commissionerate.
- (6) Shri. V. V. Pandit, Dy. Commissioner of Central Excise.
- (7) Shri. S. B. Akashi, Jt. Commissioner, Central Excise
- (8) Shri. Mohit Agrawal, Dy. Commissioner of Central Excise, Mumbai-III Commissionerate.
- (9) Shri. G. S. Bhandari, UDC, SEEPZ-SEZ.

1. Confirmation of the Minutes of the 16th Meeting held on 05.12.2014.

The Minutes were confirmed.

2. Application for setting up of EOU.

1) M/s. Sandvik Asia Pvt. Ltd.,

M/s. Sandvik Asia Pvt. Ltd., Pune-I submitted application vide letter dated 23.09.2014 and subsequent letters dated 21.11.2014 & 23.12.2014 for Conversion of existing DTA unit into EOU for manufacture of High Speed Steel TAPS, Solid Carbide Drills at Taluka Haveli, Mumbai-Pune Road, Dapodi, Pune - 411 012.

The Committee noted that the proposal envisages FOB value of exports of ₹ 48,351.76/- lakhs, NFE of ₹ 21,910.95/- Lakhs & Employment of 95 persons. The Assistant Commissioner of Central Excise & Customs, Bhosari Division-I, Akurdi, Pune have submitted the Inspection Report and it is stated that the proposed plan of premises/building is suitable for necessary permission under Section 58 & 65 to be issued by Central Excise & Custom Authority.

The Committee also noted that in the fact sheet submitted by the unit the annual export of the applicant company during the year 2013-14 is ₹ 54.37/- crores. In terms of Para 6.7 (d) of the FTP, "Applications for conversion into an EOU/EHTP/STP/BTP unit from existing DTA units, having an investment of ₹ 50 crores and above in plant and machinery or exporting ₹ 50 crores and above annually, shall be placed before BOA for decision.

The representative of the applicant company stated that they require immediate permission for EOU to cater their urgent demand of foreign buyers. In case the proposal requires BOA approval they may convert the DTA area as an EOU as Additional Location and intimate their proposal to this office and their application may not be forwarded to BOA.

Decision: - The Committee recommended the proposal for submission before Board of Approval.

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2) **M/s. Crown Chemicals Pvt. Ltd.**

M/s. Crown Chemicals Pvt. Ltd., Thane-II submitted application vide their letter dated 23.09.2014 & Subsequent letter dated 10.11.2014 for Conversion of existing DTA unit into EOU for manufacture of Perfumery Aldehydes (Such as Piperonal) & By product (Distillation Residues) at E-87 & E-88/1 & E-88/2, MIDC, Tarapur Industrial Area, Boisar, District Thane - 401 506.

The Committee noted that the proposal envisages Fob value of exports of ₹ 9,001.00/- lakhs, NFE of ₹ 7,586.50/- Lakhs & Employment of 97 persons.

The Committee noted that the Jurisdictional of Central Excise Authority has forwarded the Inspection Report confirming that the proposed plan of premises is suitable for necessary permission under Section 58 & 65 to be issued by Central Excise & Customs authority.

Decision: - The Committee approved the proposal for Conversion of existing DTA unit into EOU for manufacture of Perfumery Aldehydes (Such as Piperonal) & By product (Distillation Residues) at E-87 & E-88/1 & E-88/2, MIDC, Tarapur Industrial Area, Boisar, District Thane - 401 506.

3) **M/s. Syndicate Printers Ltd.**

M/s. Syndicate Printers Ltd., Goa submitted application vide their letter dated 03.12.2014 & Subsequent letter dated 26.12.2014 for Conversion of existing DTA unit into EOU for manufacture of i) Wrist bands, Tickets and other similar products including RFID enabled ones, ii) Labels, Tags and Cards and other similar products including RFID enabled, iii) RFID inlays at N-6 Verna Industrial Area, Phase IV, Verna, Goa - 430 722.

The Committee noted that the proposal envisages Fob value of exports of ₹ 31,479/- lakhs, NFE of ₹ 9,253/- Lakhs & Employment of 58 persons.

The Committee noted that the Inspection Report from the Jurisdictional of Central Excise Authority is still awaited.

Decision: - The Committee approved the proposal for Conversion of existing DTA unit into EOU for manufacture of i) Wrist bands, Tickets and other similar products including RFID enabled ones, ii) Labels, Tags and Cards and other similar products including RFID enabled, iii) RFID inlays at N-6 Verna Industrial Area, Phase IV, Verna, Goa - 430 722 receipt of Inspection Report subject to issuance of suitability for bonding of premises under 58 & 65 by Central Excise & Custom Authority. In case report is not received, it will be re-submitted to UAC.

4) M/s. Ravechi Floritech Pvt. Ltd.,

M/s. Ravechi Floritech Pvt. Ltd., Raigad submitted the application vide their letter dated 15.01.2014 for renewal of LOP and approval of fresh projection for the next block of five years commencing from January, 2014.

It was brought to the notice of the Committee that on completion of the 1st five year block period, the unit submitted fresh projections for the period 2009-10 to 2013-14. The application was processed and it was noticed that the request of the unit has not been received within the prescribed period of 6 months. The proposal was therefore, forwarded to BOA for consideration in terms of para 6.2.9 of the HBP. The BOA in its meeting held on 14.09.2012 considered the proposal of unit. The deliberation of BOA is as follows:-

"The request of the unit was considered by the BOA. In the light of the submissions made by DC that the hindrances faced by the units in export of its products has since been sorted out and that the unit has assured of positive outcome, the BOA approved the renewal of LOP for a period of five years w.e.f. 01.04.2009 on the condition that no further import will be allowed to the unit till such time that it meets the NFE positive criteria".

The jurisdictional Central Excise stated that the unit will not be able to achieve NFE positive within one year time especially with the old and outdated machinery. Hence, requested that the grant of extension of LOP issued on 11.10.2012 to the said unit may be revisited.

The unit vide letter dated 18.07.2013 informed this office that they have brought the capital goods in working conditions. They have also re-started their activities and would soon be in a position to commence the exports and would be making all efforts to effect as much export as they can within the remaining 6 months. The unit vide letter dated 24.01.2014 submitted application for continuation of LOP for further five year period with revision of projection for the period 2014-15 to 2018-19.

The Jurisdictional Central Excise Authority informed that the unit has been issued Show Cause Notice and which has been adjudicated confirming demand of duty of ₹ 337.20 lakhs and imposed equal penalty. The CESTAT vide order dated 26.02.2013 demanded the case for denovo adjudication. The unit has requested them to grant permission to re-export/destruction of imported capital goods stating that the capital goods have become obsolete. The unit is not in a position to export and achieve positive NFE hence extension of LOP may not be granted.

The representative of the unit stated that in the last 5 year block period also four and half (4-1/2) years were consumed for obtaining approval from all the authorities and only six months were left at their disposal to grow the produce and fulfill the export obligation which was practically not possible for a floriculture company. They have neither misused and misutilised the capital goods imported by them duty free nor have they violated any provisions of the Foreign Trade Policy and Procedure ever since the Letter of Permission has been issued to them.

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They are making their efforts to export their product and will fulfill export obligation.

Decision: - The Committee deferred the proposal and directed the unit to bring sufficient evidence regarding export prospect to consider their proposal.

5) **M/s. Zydus Takeda Healthcare Pvt. Ltd.,**

M/s. Zydus Takeda Healthcare Pvt. Ltd., has been granted Letter of Permission No. PER/243(1998)/EOU/221/87 dated 02.12.1998 for manufacture and export of 2-Chloromethyl, 3-4 Dimethoxypyridinium Chloride (KSM-14), 5-Difluoromethoxy-2 Mercapato-1H-Benzimidazole (KSM-6), Pentoprazole Tablets etc. The validity of LOP is 31.03.2016.

The unit vide letter dated 20.11.2014 has stated that :-

- i) One of the products manufactured and exported by them is the Bulk Drug 'Pantapazole Sodium Sesquihydra EP'. They had exported 3060.600 Kgs. Of Pantaprazole to Takeda, Germany vide Shipping Bills dated 21.02.2011, 09.03.2011, 20.06.2011, 06.03.2012 & 19.06.2012.
- ii) They have realized the Foreign Exchange from Takeda, Germany in respect of the above exports.
- iii) Due to prolonged storage at Germany, the moisture content in Pantaprazole exported by them has increased. Takeda, Germany is unable to use Pantaprazole for further production into tablets etc. and they have no facility to re-process/re-condition Pantaprazole in its facility at Germany in the API Form. Hence Takeda has requested them to reprocess/recondition the exported Pantaprazole, to reduce the moisture content in the same.

The unit has requested to grant permission to re-import Pantaprazole 2821.020 Kgs. for the purpose of reprocessing/re-conditioning the same to reduce the moisture content. After such reprocessing/re-conditioning, Pantaprazole shall be exported out of India and no portion of the same will be cleared in DTA.

The Committee noted that the Foreign Trade Policy provides replacement/repair of goods which has been exported and otherwise unfit for used may be imported for repair and sequent re-export. In the present case the unit is importing the goods which has been exported to their parent company and will carry out to reduce the moisture content and re-export the same.

Decision: - The Committee approved the proposal for import of Pantapazole Sodium for repair and subsequent re-export to M/s. Takeda, Germany.

6) **Joint Monitoring Performance of EOUs falling under the jurisdiction of Mumbai-III Commissionerate, for the year 2011-12 & 2012-13.**

The Company reviewed the performance of EOU units falling under the jurisdictional of Mumbai-III Commissionerate for the year 2011-12 & 2012-13.

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The Committee was informed that M/s. Infoservices was issued Show Cause Notices for failure to achieved positive NFE. Subsequently the unit has submitted the revised APR and now they have achieved positive NFE.

Decision: - The Committee directed that the APR of M/s. Infoservices may be forwarded to jurisdictional Central Excise Authority for verification.

Meeting ended with vote of thanks to the Chair.



CHAIRMAN - CUM- DEVELOPMENT COMMISSIONER