

MINUTES OF THE 16th MEETING (2014 SERIES) OF THE UNIT APPROVAL COMMITTEE MEETING HELD ON 05th, DECEMBER, 2014 AT 11.30 AM UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER, SEEPZ SEZ.

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The following members were present:-

- (1) Shri. P. S. Raman, Jt. Development Commissioner, SEEPZ-SEZ.
- (2) Shri. K. K. Srivastav, Specified Officer, SEEPZ-SEZ.
- (3) Smt. S. R. Motwani, Assistant DGFT, O/o Additional DGFT, Mumbai.
- (4) Shri. Shishir Kumar, Income Tax Officer 8 (3) (1), Mumbai.
- (5) Shri. K. S. More, Industries Inspector (H.G.) BMR, Chhunabhatti.
- (6) Shri. D. D. Kadam, Asstt. Commissioner of Central Excise, Pune.
- (7) Shri. V. U. Brahmakshatri, Asstt. Commissioner of Central Excise, Boisar-II, Thane-II.
- (8) Shri. S. B. Shinde, ITO 5 (2), Pune.
- (9) Shri. V. Shankar, Additional CIT Reg. 15 (1).
- (10) Shri. N. M. Venugopal, Asstt. Commissioner of Service Tax.
- (11) Shri. S. J. Bhandange, Superintendent of Central Excise, Belapur.
- (12) Shri. G. S. Bhandari, UDC, SEEPZ-SEZ.

**I. Confirmation of the Minutes of the 13<sup>th</sup> Meeting held on 29.10.2014.**

The Minutes were confirmed.

**1. Other Application**

**1) M/s. Serum Institute of India Ltd.**

M/s. Serum Institute of India Ltd., Pune-III submitted application for additional location vide letter dated 18.03.2010. The unit had proposed to add two buildings into their existing EOU. One building adjacent to the EOU, an Engineering Company without any machinery, shifted out and the other, an existing DTA unit having plant & machineries under EPCG Scheme to be included as additional location under the EOU scheme. The Central Excise submitted their inspection report along with list of capital goods to be transferred to EOU.

The DGFT also conveyed their no objection in principle for conversion into EOU with the condition that export obligation under the EPCG licence needs to be subsumed with obligation of the EOU.

Accordingly, the proposal of the unit was placed before the Approval Committee meeting held on 08.04.2010. This office vide letter dated 20.04.2010 granted permission for additional location.

The unit has been requesting this office to issue letter that export obligation of EPCG licenses have been subsumed in EOU and NFE achieved by them for onward submission to Joint DGFT, Pune and Customs, Mumbai.

The representative of the unit stated that in their application for setting up of EOU addressed to the SIA, they had stated that the export obligation of EPCG licence No. 31500070 dated 30.03.1999 is to be subsumed in the EOU and accordingly, the same has been reflected in the LOP dated 31.01.2000 granted to them by the SIA. Subsequently, the Office of the Joint DGFT, Pune, also granted NOC for subsuming the Export Obligation under the EOU.

As regards EPCG Licence No. 3130000481 dated 03.09.2003 and 3130000792 dated 17.08.2004, he stated that this unit was added as an additional location of the EOU in the year 2010. The Office of the Joint DGFT, Pune, had conveyed their NOC for subsuming the Export Obligation under the EOU. He, therefore, stated that their request is for confirmation of achievement of Positive NFE by the EOU so that the licenses can be closed by the Joint DGFT, Pune.

**Decision:** - The Committee directed that after obtaining confirmation from the Office of the Joint DGFT, Pune as to whether subsuming the above mentioned licenses in the EOU is in conformity with the FTP, the request of the unit may be resubmitted to Committee.

2) M/s. Accusynth Speciality Chemicals Pvt. Ltd., (Formerly known as Chemagis India Pvt. Ltd.),

M/s. Accusynth Speciality Chemicals Pvt. Ltd., (Formerly known as Chemagis India Pvt. Ltd.), Thane-II were issued LOP No. PER:22(2009)/SEEPZ/IA-II/24/2009-10/1030 dated 28.01.2010 as amended for manufacture and export of Mannich HCl, Meta Bromo Anisole, Bexhydral Thioacetamide.

The unit submitted application on 16.06.2014 for grant of DTA sale permission. The application was scrutinized and the discrepancies noticed were communicated to the unit. The unit complied with the deficiencies on 11.07.2014.

As per the application submitted by the unit duly certified by CA and Bond Officer the items of production during the application period indicated is Mannich HCL and the same is also exported by the unit. Accordingly, DTA Sale permission was granted for the item exported i.e. Mannich HCL valued to ₹ 155.64/- lakhs on 15.07.2014.

The unit vide E-mail dated 16.07.2014 requested for amendment in the DTA Sale Permission to grant DTA Sale of Meta Bromo Anisole.

The unit repeatedly made representation before Development Commissioner and Ministry of Commerce. It was decided to place the request of the unit before Unit Approval Committee.

The representatives of the unit stated that their request is for grant of permission for DTA sale in respect of Meta Bromo Anisole, which is an approved item in the LOA.

They further stated that the DTA sale application is in respect of export period 2013-14 and during the said period the export of the item viz. Meta Bromo Anisole had not taken place. However, this item was exported during the year 2014-15. They stated that Para 6.8 of the FTP specifies the DTA sale provision of EOUs, which does not distinguish between Advance DTA sale and post-export DTA sale. They further stated that their unit is in the Chemical Sector and in Chemical items, exactly similar product cannot be possible. They contended that FTP, vide para 6.8 (a) also covers the items exported or expected to be exported and their application is covered under this provision. They requested that the approval granted may be suitably amended to allow the DTA sale of Meta Bromo Anisole.

**Decision:** - The Committee noted that the unit had submitted application for DTA Sale in terms of Para 6.8 (a) of FTP i.e. post export DTA Sale entitlement. The Foreign Trade Policy vide para 6.8(a) stipulates the DTA sale Provision and Appendix 14-I-H of the Hand Book of Procedures provides guidelines for the DTA sale of EOUs. The aforesaid FTP provision provides for -

- (a) Units may sell goods upto 50% of FOB value of exports of the products exported.
- (b) Within the entitlement, the unit may sell in DTA, its products similar to goods which are exported or expected to be exported.
- (c) Units, which are manufacturing and exporting more than one product can sell any of these products into DTA upto 90% of FOB value of export of the specific products, subject to the condition that total value of the DTA sale does not exceed the overall entitlement of 50% FOB value of exports.

The Committee noted that as per the application submitted by the unit, the unit had exported Manich HCL during the period 2013-14. Therefore, the unit is entitled for DTA Sale of Manich HCL upto 50% of FOB value of export of the product exported.

The Committee noted that the jurisdictional Central Excise had confirmed, vide letter dated 25.08.2014 that the product viz. Meta Bromo Anisole, which has been requested by the unit to be permitted for sale in DTA is not similar to the products exported during the year 2013-14. Hence the permission cannot be granted to the unit under the provision (b) mentioned above.

The Committee also noted that the unit had not exported the product i.e. Meta Bromo Anisole during the year 2013-14. This product has been exported during the current year 2014-15. Therefore, the provision (c) mentioned above relating to 90% of FOB value of exports of the specific product is not relevant in this case.

It has been contended that Para 6.8(a) also covers the items expected to be exported hence entitle for Advance DTA sale. The Committee noted that Para 6.8 (k) of FTP stipulates that in case of new EOUs, advance DTA Sale will be allowed not exceeding 50% of its estimated exports for first year, except Pharmaceuticals units where this will be based on estimated exports for first two years. In case the unit is not able to adjust the advance DTA sale within the stipulated period, the unit is liable for payment of full duty on the goods sold in the DTA. It is noted that the unit is not new unit, hence rule of Advance DTA Sale is not applicable in this case.

In view of the above, the Committee was of the unanimous in its view that the permission granted by the DC was in conformity with the FTP. However, if the unit so desires, they may prefer an appeal before the BOA.

### 3) M/s. Aishwarya Plast Exports Pvt. Ltd.

M/s. Aishwarya Plast Exports Pvt. Ltd., Thane-I, were issued LOP No. PER:SEEPZ-SEZ/EOU/04/06/2011-12/16487 dated 02.11.2011 as amended.

The jurisdictional Central Excise Thane-I has informed that the unit has imported Capital Goods of ₹ 85,79,185/- without payment of duty on the basis of procurement certificate and are utilizing the same for manufacturing activity in the factory premises. As per the condition of the LOP the unit has not been allowed imported capital goods for the approved project. Accordingly, clarification was sought from the unit for import of Capital goods valued at ₹ 85.79/- lakhs.

The unit vide letter dated 13.09.2014 submitted Clarification on import of capital goods for ₹ 85,79,185/- stating that they had already informed the Commissioner (appeal, Central Excise and Customs) about their proposed plan for import of capital goods and the jurisdictional Central Excise Authority has also granted them permission to release the imported capital goods. The said plant & Machinery was imported solely for the purpose of fulfillment of investment criteria of ₹ 1.00 crores as stipulated in the LOP

**Decision:** - The Committee noted that the Plant & Machinery was imported by the unit solely for the purpose of fulfillment of investment criteria of ₹ 1.00 crores as stipulated in the LOP. Considering the justification submitted by the unit, the Committee approved the proposal of the unit for import of Capital Goods of ₹ 85,79,185/- and modification of condition No. (iii) of the LOP to this extent respectively.

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.

On completion of the 1<sup>st</sup> 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.

As per the APRs there is no export and import activity carried out by the unit till 2012-13. As per the APRs for the year 2013-14, the unit has indicated the following details:

|                       |   |                |
|-----------------------|---|----------------|
| Details of Production | : | 5.89 MT        |
| Value                 | : | Rs.14.38 Lakhs |
| Export Inflow         | : | Rs.32.76 Lakhs |
| GCA Exports           | : | 0.60 Lakhs     |
| Country of Exports    | : | UAE            |
| Total Stem            | : | 24,000         |
| Value in Lakhs        | : | 0.82 Lakhs     |

**Decision:** - The representative of the unit did not attend the meeting. The Committee deferred the case.

## SUPPLEMENTARY AGENDA

### 2. Application for setting up of EOU.

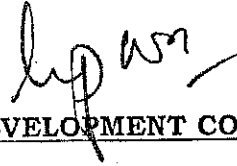
#### 1) M/s. Candigra Vision Process Equipments Pvt. Ltd.

M/s. Candigra Vision Process Equipments Pvt. Ltd., Ahmednagar submitted application vide letter dated 22.08.2014 and subsequent letters dated 20.11.2014 for Establishment of New Undertaking for manufacture of Pump Accessories viz. Actuator Mounting Bracket, Cone, Pump Feet (Leg), Shroud, Leg Motor, Filters, Pipe Fittings and Accessories viz. Tee, Bend, Reducer at Plot No. C-117, Supa MIDC, Parner, Dist. Ahmednagar - 414 301.

The Committee noted that the proposal envisages FOB value of exports of ₹ 2,795/- lakhs, NFE of ₹ 1,096/- Lakhs & Employment of 56 persons.

**Decision:** - The Committee approved the proposal for Establishment of New Undertaking for manufacture of Pump Accessories viz. Actuator Mounting Bracket, Cone, Pump Feet (Leg), Shroud, Leg Motor, Filters, Pipe Fittings and Accessories viz. Tee, Bend, Reducer.

Meeting ended with vote of thanks to the Chair.



CHAIRMAN - CUM- DEVELOPMENT COMMISSIONER