

**SEEPZ SPECIAL ECONOMIC ZONE**

**ANDHERI (EAST), MUMBAI.**

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**SUPPLEMENTARY 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, 2<sup>nd</sup> Floor, Behind the  
Office of the Development Commissioner, SEEPZ-SEZ,  
Andheri (East), Mumbai.**

**DATE : 14<sup>th</sup> September, 2015.**

**TIME : 11.00 A.M.**

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**MEETING OF THE UNIT APPROVAL COMMITTEE FOR EXPORT  
ORIENTED UNITS UNDER THE CHAIRMANSHIP OF DEVELOPMENT  
COMMISSIONER, SEEPZ-SEZ ON 14<sup>th</sup> SEPTEMBER, 2015.**

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<b>Agenda Item No.</b>	<b>Subject</b>
<b>Supplementary Agenda item No. 01 : -</b>	Excess import of capital goods - M/s. Precision Camshafts Ltd.,

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

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**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. Precision Camshafts Ltd.

**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. Precision Camshafts Ltd., Pune-I were issued LOP No. PER:50 (1999)/EO/61/99 dated 18.03.2015 for manufacture and export of Camshafts casting and other valve train components, Chills, Valvetrain Components (tappets), Machined camshafts, Resin Coated Sand (Reclaimed Burn Sand), Assembled Camshafts (Tabular) at D-5, 6, 7, 7/1, MIDC, Chincholi, Solapur - 413 255.

The unit vide letter dated 20.02.2015 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 Capital Goods in excess of the approved value. The details are as follows :-

.....2/-

(₹ in lakhs)

YEAR	Approved Limit of CG	Actual Import of CG
2010-11	1,193	719
2011-12	0.00	1,585
2012-13	0.00	3,281
2013-14	0.00	227
01.04.14 to 30.12.2014	0.00	0.00
<b>TOTAL</b>	<b>1,193</b>	<b>5,812</b>

This office vide letter dated 18.03.2015 asked the unit to clarify the Excess import of Capital Goods. The unit vide letter dated 15.04.2015 has submitted the following :-

- i) They have predicted the import machinery for 2010-2011 for casting/machined camshafts manufacturing only.
- ii) They have not predicted for 2011-2012 to 2014-2015 for the expansion of Machining and supply of machined camshafts and hence the quantity for 2011-12 to 2013-14 was shown as ₹ Nil.
- iii) However, they have gone through all procedure of procurement certificate filling.
- iv) Rewarehousing verification from local Custom Authorities.
- v) Their export performance is increased in every year and they have earned more NFE for the nation.
- vi) The sale performance year wise is as under :-

(₹ in Lakhs)

Year	Approved Limit of CG	Actual Import of CG	Export Sale	DTA Sale
2010-2011	1,193	719	18,468	2,541
2011-2012	0.00	1,585	20,075	3,888
2012-2013	0.00	3,281	24,422	4,266
2013-2014	0.00	227	33,452	4,628
2014-2015 (upto Dec 2014)	0.00	0.00	28,862	4,740
<b>Total</b>	<b>1,193</b>	<b>5,812</b>	<b>1,25,279</b>	<b>20,063</b>

The proposal of the unit for regularization of excess import was placed before the Unit Approval Committee in its meeting held on 08.07.2015. The representative of the unit stated that they have submitted letter seeking time for detailed reply. The Committee deferred the proposal

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The unit vide letter dated 27.07.2015 & subsequent letter dated 17.08.2015 has stated the following :-

- i) They are 100% EOU status holder unit working since 1999.
- ii) They supply the camshafts to the renowned four wheeler manufactures in the world General Motors USA, Ford Motors, USA, Mercedes Benz Germany, Porsche Germany, Hyundai Motors, South Korea, Arrow Engines USA as per their drawings and designs.
- iii) The camshafts required by the said foreign buyers are tailor made and castings of one buyer's design are not usable to the other.
- iv) Thus, they have to manufacture the final goods to meet the changes and the modern technology adopted by the buyers and they switch their manufacturing depending upon the buyer and hence projection of the import of C.G. also remains changing.
- v) After all the projected quantities are just the forecasting of the future requirement and the same are not fixed even at the time of filling the amendment to the LOP for a block period.
- vi) The foreign market is very delicate and they have no control on it and have to accept the terms and conditions and instruction of the foreign buyers to remain in the business upto the block period 2010-11.
- vii) They were manufacturing and supplying the goods camshafts in the as cast nature only to the foreign buyers.
- viii) The CG for the foundry i.e. the furnace and the patterns and moulds were purchased in the DTA market only and they did not import the CG for foundry working.
- ix) All of sudden in the block period 2010-11, buyers in abroad having their arrangements of doing machining on the castings supplied by them, asked for the supply of the casting duly machined.
- x) They could not predict the requirement of the CG and imported the CG one by one to meet the requirement of the machined process of the foreign buyers. The prediction thus could not be worked out at the beginning of the block period 2010-11 and the CG remained to be added in the amended LOP projection.

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

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