

**SEEPZ SPECIAL ECONOMIC ZONE
ANDHERI (EAST), MUMBAI.**

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

DATE : 18th March, 2016.

TIME : 11.00 A.M.

MEETING OF THE UNIT APPROVAL COMMITTEE FOR EXPORT
ORIENTED UNITS UNDER THE CHAIRMANSHIP OF DEVELOPMENT
COMMISSIONER, SEEPZ-SEZ ON 18TH MARCH, 2016.

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Agenda Item No.	Subject
Supplementary Agenda item No. 01 :-	Application for new unit application - M/s. Repro Knowledgecast 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 Establishment of New Undertaking-Manufacturing M/s. Repro Knowledgecast Ltd., for manufacture and export of Printed Books, Brochures, Leaflets and similar printed matter whether or not in single sheets, Children's picture drawing or colouring books, Newspapers, Journals and Periodicals, whether or not illustrated or containing advertising material, Other printed matters, including printed Pictures and Photographs.

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

Grant of Letter of Permission (LOP) for Establishment of New Undertaking - Manufacturing.

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 Establishment of New Undertaking - Manufacturing for manufacture and export of Printed Books, Brochures, Leaflets and similar printed matter whether or not in single sheets, Children's picture drawing or colouring books, Newspapers, Journals and Periodicals, Whether or not illustrated or containing advertising material, Other printed matters, including printed Pictures and Photographs at Building No. A-1, GEBI Industrial Park, Opp. Reliance Pump, Sonale Village, Thane - 421 302.

The Assistant Commissioner of Central Excise & Service Tax, Kalyan I Division, 3rd Floor, Chandrama Building, Vali Peer Road, Kalyan (W) - 421 301 vide their letter dated 09.02.2016 has submitted the Inspection Report & stated the following :-

- i) The premises is on lease basis period for 60 months w.e.f. 01.10.2015.

.....2/-

- ii) The lease agreement is for A1 Building, comprising of Glass A,B & C on the Ground Floor, First Floor and Second Floor admeasuring about 14100 Sq. Fr. Carpet area and the terrace on the third floor and 21150 Sq. Ft. Built up area. However, the applicant has proposed to set up the EOU only in Gala A, the area of which is informed by the unit vide letter dated 05.02.2016 as 1100 Sq. Ft. Carpet area and 1400 Sq. Ft. Built up area. They have constructed a mezzanine floor in this GalaThe floor of the building is RCC built with roof of GIC sheet.
- iii) The nature of building is concrete construction.
- iv) The source of power is Electric Connection.
- v) There is separate Entry and Exit is provided for the proposed EOU. However, they have a DTA unit in Galas B & C, under the same name, which are adjacent to Gala A, Manufacturing similar/ identical products for local clearance.
- vi) The proposed premises does not appear to be suitable for setting up an EOU. The applicant have a DTA unit in Galas B & C, under the same name, which are, adjacent to Gala A (proposed EOU unit), Manufacturing similar/ identical products for local clearance. Since their products falling under Ch49 are attracting Nil rate of duty, the said unit is not registered with Excise.**
- vii) There is always a possibility of diverting the imported/under CT-3 raw material procured duty free by the EOU unit to their DTA unit. Besides,, since the DTA unit is not under Excise control, their records can also be not monitored. There have been number of cases booked in the past against EOUs in the jurisdiction of their range as well as in their Division, for diversion of imported duty free raw material in the local market without using them in the manufacture of goods exported.
- viii) The applicant has 3 Galas in A1 Building, of which they have proposed to set up EOU unit in Gala A. They have DTA unit in Galas B & C, which are adjacent to Gala A, manufacturing similar products for local clearance, This arrangement of premises can led to misuse by the EOU unit.

This office vide letter dated 03.03.2016 ask the unit to submit the clarification on observation of Central Excise Authority.

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- The unit vide their letter dated 10.03.2016 stated the following :-
- i) Proposed 100% EOU unit will be set up at Gala No. A, which is separately demarcated from their DTA unit operating from Gala No. B & C. Furthermore, there is a separate entry and exit point for proposed EOU unit and does not have any interference with their DTA unit.
 - ii) The Concern Jurisdictional Central Excise Authority w.r.t. possibility of diverting the imported goods or goods procured under CT-3 such as raw material procured by EOU unit to DTA unit, citing the reason that since their DTA Unit product falls under Ch. 49 and are attracting Nil rate of duty, therefore the said unit of their is not registered with Central Excise.
 - iii) They would like to bring our kind attention to the provisions of Circular issued by Ministry of Finance vide circular No. 38/95-Cus dated 17.05.1995 which states as follows :-
"That the operation of DTA and 100% EOU/EHTP/STP etc. units form a common or adjacent premises is to be carefully monitored. Preventive checks at regular intervals should necessarily be carried out to ensure against the utilization of EOU facilities for DTA manufacture further goods manufactured by EOU unit or DTA unit must be correctly reflected in the separate records of the respective units".
In lieu of the said circular, they would like to mention here that they have already provided an undertaking through their Board Resolution attached along with their EOU application that they shall maintain separate books of account for proposed EOU unit.
 - iv) As required under said circular issued by Ministry of revenue, they hereby agree that Jurisdictional Central Excise authority may conduct preventive checks at regular intervals at their EOU premises which will be customs bonded and will be under the supervision of Central Excise authorities to ensure that there is no mis-utilization of EOU material and facilities with DTA unit.
 - v) **They would also like to highlight following additional measures to ensure there is no intervention of EOU unit and DTA unit:**
 1. Separate records for Raw material, capital goods and consumables etc for EOU unit shall be maintained by us per EOU provision and Excise Rules and shall be made available as and when demanded by any of the authority.
 2. Proper recordings of finished goods produced and sold to customer shall be maintained separately for EOU Unit.

3. Furthermore, in order to avail benefit under EOU unit on any kind of material i.e. either imported one or procured from DTA, we need to obtain procurement certificate or CT-3 from Excise authorities. Therefore we shall be maintaining proper records for such documents and can be inspected by Central Excise authority as and when required.
4. Since there is a separate Entry and Exit already provisioned for proposed EOU unit, which will ensure that goods are not being mis-utilized.
5. They shall be executing B-17 bond which is a general purpose surety bond along with Bank guarantee for the proposed unit, so that in the event of any mis-utilization of EOU benefits, revenue authorities can recover the same from us anytime
- vi) Lastly they would like to emphasize here that Repro Group is a well-known group and its holding company M/s. Repro India Ltd is a BSE Listed company, and as a matter of practice due to their values they always ensure compliance under all relevant law for the time being in force are adhered to in whatever they do.
- vii) They will use best of industry practices to ensure that EOU facility and benefits are not utilized for DTA unit and the same can be inspected by any of the authorities on a regular intervals as per the provisions prescribed in said MOR circular.

INVESTMENT:

The proposed cost of the project is as follows:-

	Existing	Proposed
Land	-	Lease Hold
Building	-	Lease Hold
Plant & Machinery		-
Indigenous	-	Rs. 21.60 Lakhs
Imported	-	Rs. 140.00 Lakhs
Total	-	Rs. 161.60 Lakhs

.....5/-

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\$'00 0
XII	FOB value of exports in first five years	425	567	567	780	780	3,123	4,804
XIII Foreign Exchange outgo on								
(i)	Import of Machinery	140	-	-	-	-	140	215
(ii)	Import of raw materials and components	74	99	99	136	136	546	840
(iii)	Import of spares and consumables	-	-	-	-	-	-	-
(iv)	Repatriation of dividends and profits to foreign collaborators	-	-	-	-	-	-	-
(v)	Royalty	-	-	-	-	-	-	-
(vi)	Lump sum know how fee	-	-	-	-	-	-	-
(vii)	Design and drawing fee	-	-	-	-	-	-	-
(viii)	Payment of foreign technicians	-	-	-	-	-	-	-
(ix)	Payment on training of Indian technicians abroad	-	-	-	-	-	-	-
(x)	Commission on Export etc.	-	-	-	-	-	-	-
(xi)	Foreign Travel	4	5	6	8	8	31	48
(xii)	Amount of interest to be paid on external commercial borrowing/deferred payment credit	-	-	-	-	-	-	-

.....6/-

(xiii)	Any other payments	-	-	-	-	-	-	-
	Total (i) to (xiii)	218	105	105	144	144	717	1,104
	Net Foreign Exchange earnings in five years	207	462	462	636	636	2,405	3,700

EMPLOYMENT:

The employment proposed as follows:-

	Men	Women
Supervisory	11	1
Non-supervisory	-	-

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