



भारत सरकार /Government of India
वाणिज्य एवं उद्योग मंत्रालय/Ministry of Commerce & Industry
विकास आयुक्त का कार्यालय/Office of the Development Commissioner
दहेज विशेष आर्थिक क्षेत्र/Dahej Special Economic Zone
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KASEZ/DCO/AC/123/2008-09/ 495

Dated: 23rd November, 2016.

To: All Approval Committee members:-

1.	Director, MOC&I, New Delhi;	
2.	Commissioner of Central Excise, Bharuch	hq_bharuch@rediffmail.com
3.	Commissioner of Income Tax, Vadodara -III;	amblinking@yahoo.com
4.	Jt. DGFT, Vadodara	bpbunker1@gmail.com
5.	Director (Banking), Banking Dvn., MOF,	
6.	District Collector, Bharuch, Gujarat.	addl-collector-bha@gujarat.gov.in
7.	General Manager, DIC, Bharuch.	gm-dic-bha@gujarat.gov.in
8.	Developer (Dahej - SEZ), Gandhinagar	ceo@dahejsez.com
9.	Member Secretary, GPCB.	gpcb-bha@gujarat.gov.in


Madam/Sir,

Subject:- Seventy First (71st) meeting of the Approval Committee for Dahej - SEZ.

Reference :- Letter No. KASEZ/P&C/5-A/91/07/6600, dated 01-08-2008.

This is to inform you that the **Seventy First (71st)** meeting of the **Approval Committee** for Dahej – Special Economic Zone, would be chaired by Mrs. Lata Shukla, Development Commissioner, Dahej SEZ, on **Tuesday 29th November, 2016 at 1130 hours** in the Conference Hall, of M/s. **ONGC Petro Additions Ltd. (OPAL), Ground Floor, Omkara Building, Near Sai Chowkadi, Manjalpur, Vadodara- 390 011.** Agenda paper for the said meeting is enclosed herewith. You are requested to kindly attend the meeting.

Yours faithfully,


23/11/2016
(A K Bansal)

Officer on Special Duty,
Dahej Special Economic Zone.
Phone No. 95740-01531 (M)

AGENDA FOR 71st (SEVENTY FIRST) MEETING OF UNIT APPROVAL COMMITTEE FOR DAHEJ – SEZ TO BE HELD ON Tuesday 29th November, 2016 at 11:30 hours in the, Conference Room, of M/s. ONGC Petro Additions Ltd. (OPAL), Ground Floor, Omkara Building, Near Sai Chowkadi, Manjalpur, Vadodara-390 011.

71.1 Fresh cases for unit in Dahej –SEZ:-

71.2 Deferred cases for Dahej –SEZ:- NIL

71.3 Other cases for Dahej – SEZ

Sr. No.	Name of Applicant	Proposal/Request for
1.	M/s Bitumode International Private Limited., Dahej-SEZ	Application for addition of Trading Activity in existing LoA.
2.	M/s. Indofil Industries Limited., Dahej-SEZ	Amendment of HSN code in LOA Item No.4
3.	M/s. Sajjan Specialty Limited., Dahej- SEZ	Request for cancellation of LoA & Exit Order Under Section Rule 74 SEZ Act.2005
4.	a) M/s Survival Technologies Pvt. Ltd. (b) M/s Santo Oil field Industries (c) M/s. J P International (d) M/s. Artee Pesticides	Cancellation of Letter of Approval after lapse of validity of LOA
5.	M/s. Gujarat Alkalies and Chemicals Ltd.	Request for extension of permission for transportation of HDPE pipes and accessories to work site at offshore segment in the Sea through Non-processing area of SEZ road from entry gate Port area to Light House.
6.	M/s. ISGEC Heavy Engineering Ltd., Dahej-SEZ.	Monitoring of performance of M/s. ISGEC Heavy Engineering Ltd. In respect of performance upto 2015-16 . (APRs for the F .Y. { 2011-12 (Only 2 months),2012-13(Revised)}, 2013-14 ,2014-15 & 2015-16
7.	a) M/s Breeze Intermediates Pvt. Ltd. b) M/s C.S. Performance Chemicals Pvt. Ltd. c) M/s Coromondal International Ltd. d) M/s Fermenta Biotech Ltd. e) M/s Glenmark Pharmaceuticals Ltd. f) M/s Hindustan M-I Swaco Ltd. g)M/s Meghmani Industries Ltd. h)M/s Meghmani LLP	Monitoring of Performance of SEZ units in Dahej SEZ

Item No. 71.2**Deferred cases for Dahej -SEZ:-****Item No. 71.3****Other cases for Dahej -SEZ:-****Item No. 71.3.01****M/s Bitumode International Private Ltd- Request for addition of Trading Activity in existing Unit.**

M/s Bitumode International Private Limited was issued LOA on 02/04/2012, as amended from time to time, for manufacture and export of 1). Waterproofing membrances 2) Bitumode Liquids 3) Waterproofing paints 4) Road Paving Materials 5) Geotextiles 6) Thermal Insulation 7) Processed Plastics. They had commenced commercial production w.e.f. 29-03-2016.

Now the unit has requested vide their letter dated 14.10.2016 for addition of Trading Activity Viz. 1) Prefabricated Vertical Drains (PVD) (ITC (HS)- Code- 59119090) - 250,000 Kgs 2) Corrugated Polypropylene Boards (ITC (HS)- Code- 39202090) - 260,000 Kgs, 3) Atactic (Amorphous) Polypropylene (APP) (ITC (HS)- Code- 39023000) - 750,000 Kgs. The cost of the project is Rs.25,00,000/- in the form of material handling equipment and will be met by internal resources. The unit projected FOB value of export in first five years Rs.6036.65 lakhs and Net Foreign Exchange earnings Rs.5535.29 lakhs in first five years for Trading Activity.

The Approval Committee may kindly like to accord approval for the new items sought, in terms of Rule-19(2) of the SEZ Rules, 2006 subject to the normal terms and conditions.

Item No. 71.3.02**M/s. Indofil Industries Limited- Request for amendment of HSN code in LoA Item No.4**

M/s Indofil Industries Limited., was issued LOA on 14/03/2012, as amended from time to time, for manufacture and export of Fungicide/Insecticide/Herbicide Technical 2932 MTPA.

The request of unit for broad-banding of LoA for additional items name as Fungicide and Insecticide was approved in the 68th UAC Meeting held on 10/06/2016.

Now the unit requests vide their letter no. Logistics/2016-17 dated 27.10.2016 to amend the HSN Code i.e. Cymoxanil Fungicide (ITC (HS)-

29269000) - 338 MT instead of Cymoxanil- Fungicide (ITC (HS)- Code- 38089290) - 338 MT.

The Approval Committee may kindly like to accord approval to amend HSN code in the above product subject to the normal terms and conditions of SEZ Rules, 2006.

Item No. 71.3.03

**M/s. Sajjan Specialty Limited., Dahej – SEZ -
Request for cancellation of LoA & Exit Order under
Section Rule 74 SEZ Act.**

M/s. Sajjan Specialty Limited., were approved vide LoA dated 09.11.2010 for setting up of new unit in Dahej-SEZ. They have now requested vide their letter dated 04.11.2016 for cancellation of LoA of their plot in Dahej SEZ. The unit cited reasons that their foreign buyers backed out suddenly and uncertainty is prevailing in the market. The case is put-up before the Approval Committee for consideration.

Item No. 71.3.04

**Cancellation of Letter of Approval after lapse of
validity of LOA of Dahej SEZ units**

The 70th Approval Committee discussed the matter regarding lapse of Letter of Approval after expiry of validity period of following Dahej SEZ units and decided to give one opportunity to these units to submit their application with explanation of delay before taking action under SEZ Rules, 2006 by Development Commissioner, Dahej SEZ.

Sr No.	Name of the Unit	LoA Date	LoA Valid upto
1	M/s Survival Technologies Pvt. Ltd.	07.03.2011	06.03.2013
2	M/s Santo Oil field Industries	10.03.2015	09.03.2016
3	M/s. J P International	27.01.2015	26.01.2016
4	M/s. Artee Pesticides	30.07.2013	29.07.2016

Accordingly letter was sent by the office of Development Commissioner, Dahej SEZ to the above units mentioning that the 70th Approval Committee of Dahej SEZ held on 04.10.2016 decided to give one more opportunity to you to submit your application for extension of validity of LOA with explanation of delay before taking action under SEZ Rules, 2006 by Development Commissioner, Dahej SEZ. None of the above units has turned up with explanation of delay for extension of LOA till date.

In view of the above, the Approval Committee may kindly like to approve the cancellation of their Letter of Approval of the above said units of Dahej SEZ as per SEZ Rules, 2006.

Item No. 71.3.05

**M/s. Gujarat Alkalies and Chemicals Ltd, Dahej –
SEZ - Request for extension of permission for
transportation of HDPE pipes and accessories to work
site at offshore segment in the Sea through SEZ road
from entry gate Port area to Light House.**

The 65th UAC held on 15-12-2015 approved the request of M/s Gujarat Alkalies and Chemicals Limited (M/s GACL) and allowed transportation of HDPE Pipes & accessories through Non Processing Area of Dahej SEZ for period of 4 months i.e. upto April, 2016 or till completion of the work whichever is earlier subject to condition that the goods should be transported through SEZ Road in the non-processing area from the entry gate to the light house in the controlled manner and also subject to compliance of the SEZ Rules, 2006.

Now, M/s GACL Promoted by Government of Gujarat again requested vide their letter no. GACL/DHJ/Civil/16-17 dated 11.11.2016 for extension of time limit for transportation of HDPE pipes and accessories through SEZ road from entry gate Port area to Light House till 31st Jan. 2017. The GACL stated that off-shore operations can be undertaken only during fair sea conditions which prevail from October to March only.

The Approval committee may kindly like to consider the above request of M/s GACL .

Item No. 71.3.06

**Monitoring of export performance of M/s ISGEC
Heavy Engineering Limited, Dahej SEZ**

M/s ISGEC Heavy Engineering Limited, Dahej SEZ were granted approval for setting-up of new unit in Dahej SEZ, vide LoA, dated 04/10/2010, as amended from time to time. In terms of the approval granted they had commenced commercial production in Dahej SEZ, with effect from 25/01/2012. The unit has submitted their Annual Performance Report (APR) duly certified by the Chartered Accountant. The export performance of unit is to be monitored and review by the Unit Approval Committee in terms of Rule-22 of SEZ Rules, 2006 read with Rule 54 of the SEZ Rules, 2006.

A summary of the Annual Performance Report (APR) as per the Rule 53 of the SEZ Rules, 2006 submitted by the unit.

PROFORMA – III

FOR THE YEAR 2015-16 (Last Four Years)

Name of Unit : M/s ISGEC Heavy Engineering Limited

Months of operation : 50 months

CG Imports (actual) : Rs. 2217.75 lakhs.

Item of Manufacture : Pressure Vessels, Heat Exchangers,
Columns, Towers, Reactors & Boilers.

Industry norms : - ve (Negative)

Date of Commencement : 25.01.2012

		2011-12	2012-13	2013-14	2014-15	2015-16	Total
01.	Physical Exports. (PE + DE)	00.00	00.00	00.00	00.00	00.00	0.0
02.	Deemed Exports.	152.35	2604.73	00.00	00.00	00.00	2757.08
03.	Capital Goods Debit.	221.78	1995.97	00.00	00.00	00.00	2217.75
04.	Imported RM/Inputs, etc. - used.	150.41	441.89	00.00	00.00	00.00	592.3
05.	Other outgo of FOREX.	52.89	11.14	00.00	00.00	00.00	64.03
06.	Total Imports (Outgo).	425.08	2449.01	00.00	00.00	00.00	2874.09
07.	Net FOREX Earnings (NFE).	(-)272.73	155.72	00.00	00.00	00.00	(-)117.01
08.	DTA Sales.	00.00	00.00	00.00	00.00	00.00	
09.	Remarks.	NFE Negative					

In the FY 2012-13, the total FOB Value of Export shown by the unit is Rs. 2604.73 Lacs , out of which Rs. 2048.21 Lacs is shown as FOB Value of the Capital Goods cleared under EPCG (Deemed Export) to DTA unit. Capital Goods was imported vide Bill of Entry No. DSEZ/013/2011-12 dated 20/06/2011 in the SEZ unit and the same was cleared under EPCG Lic.No.0530158560/2/11/00 dated 15/06/2011 to Sister Concern located outside the SEZ.

A SEZ unit may clear the Capital Goods to Domestic Tariff Area under the following SEZ Rules:- .

Rule 25 of SEZ Rules,2006

Non-Utilisation of goods

Where an entrepreneur or Developer does not utilize the goods or services on which **exemptions**, drawbacks, cess and concessions have been availed for the authorized operations or unable to duly account for the same, the entrepreneur or the Developer, as the case may be, shall refund an amount equal to the benefits of exemptions, drawback, cess and concessions availed without prejudice to any other action under the relevant provision of the Customs Act, 1962 (52 of 1962), the Custom Tariff Act, 1975 (51 of 1975), the Central Excise Act, 1944 (1 of 1944), the Central Excise Tariff Act, 1985 (5 of 1986), the Central Sales Tax Act, 1956 (74 of 1956), the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992) and the Finance Act, 1994 (in respect of service tax) and the enactments specified in the First Schedule to the Act, as the case may be:

Provided that if there is a failure to achieve positive net foreign exchange earning, by a Unit, such entrepreneur shall be liable for penal action under the provisions of Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992) and the rules made thereunder.

Rule 34 of SEZ Rules, 2006 :

Utilisation of goods

The goods admitted into a Special Economic Zone shall be used by the Unit or the Developer only for carrying out the authorized operations but if the goods admitted are utilized for purposes other than for the authorized operations or if the unit or Developer fails to account for the goods as provided under these rules, duty shall be chargeable on such goods as if these goods have been cleared for home consumption:

Provided that in case a Unit is unable to utilize the goods imported or procured from Domestic Tariff Area, it may export the goods or sell the same to other Unit or to an Export Oriented Unit or Electronics Technology Park Unit or Software Technology Park Unit or Bio-technology Park Unit, without payment of duty, or dispose off the same in the Domestic Tariff Area on payment of applicable duties on the basis of an import license submitted by the Domestic Tariff Area buyer, wherever applicable.

Rule 49(1) of SEZ Rules, 2006:

Domestic Tariff Area removals – abatement of duties in certain cases:-

(1) A Unit may remove capital goods to Domestic Tariff Area after use in Special Economic Zone on payment of duty as under: –

(a) duty shall be levied on such goods on the depreciated value thereof and at the rate in force on the date of removal of the goods;

(b) depreciation in value shall be allowed for the period from the date of commencement of production or where such capital goods have been received in the Unit after such commencement of production from the date such goods have been put to use for production till the date of presentation of Bill of Entry for home consumption;

Rule 74(4) of SEZ Rules, 2006:

Exit of units:-

Development Commissioner may permit a Unit, as one time option, to exit from Special Economic Zone on payment of duty on capital goods under the prevailing Export Promotion Capital Goods Scheme under the Foreign Trade Policy subject to the Unit satisfying the eligibility criteria under that Scheme.

The Independent Chartered Accountant of Office of Development Commissioner, Dahej SEZ has scrutinized the APRs of this unit and pointed the following discrepancy which is as under:-

- (1) FOB value of Rs. 2048.21 Lacs shown against the Capital Goods sold under EPCG (Deemed Export) not considered in the NFE calculation**
- (2) The CG cleared under EPCG scheme without payment of full custom duty may be considered as CG cleared without payment of customs duty by the unit to DTA.**

As per the Chartered Accountant observation a summary of the Annual Performance Report (APR) of Unit is under:-

		2011-12	2012-13	2013-14	2014-15	2015-16	Total
01.	Physical Exports. (PE + DE)	00.00	00.00	00.00	00.00	00.00	0.0
02.	Deemed Exports.	152.35	556.52	00.00	00.00	00.00	708.87
03.	Capital Goods Debit.	221.78	55.45	00.00	00.00	00.00	277.23
04.	Imported RM/Inputs, etc. - used.	150.41	441.89	00.00	00.00	00.00	592.3
05.	Other outgo of FOREX.	52.89	11.14	00.00	00.00	00.00	64.03
06.	Total Imports (Outgo).	425.08	508.45	00.00	00.00	00.00	933.53
07.	Net FOREX Earnings (NFE).	(-)272.73	48.07	00.00	00.00	00.00	(-)224.66
09.	DTA Sales.	00.00	2048.21	00.00	00.00	00.00	
12.	Remarks.	NFE negative					

Further the unit have not taken any permission from the DC to clear the capital goods under the prevailing Export Promotion Capital Goods Scheme as per the Rule 74(4) of the SEZ Rules, 2006. As per the Rule 25, 34 & 49(1) of the SEZ Rules, 2006 capital goods can be cleared to DTA on payment of applicable s duty by the SEZ unit.

The above case is placed before the Approval Committee for consideration and authorizes the Development Commissioner of the SEZ to take penal action under the FT (D&R) Act, 1992, as the unit have not earned positive NFE from the date of commercial production i.e. 25/01/2012 to 31/03/2016 (50 Months) and also authorizes to recover applicable duty on capital goods cleared in DTA to their sister concerned unit under the relevant provision of the Customs Act, 1962 (52 of 1962), the Custom Tariff Act, 1975 (51 of 1975), the Central Excise Act, 1944 (1 of 1944), the Central Excise Tariff Act, 1985 (5 of 1986), the Central Sales Tax Act, 1956 (74 of 1956), Customs Act 1962.

SEZ Units should, after the commencement of production or service activities, submit to the Development Commissioner and the Specified Officer, Annual Performance Return within a period of ninety days following the close financial year, in the form prescribed under the Special Economic Zone Rules, 2006 certified by a Chartered Accountant. and the same needs to be placed before the Approval Committee for consideration. The information given in the formats for APRs should be authenticated by the authorized signatory of the Unit and certified by a Chartered Accountant. The Office of the Development Commissioner has appointed independent Chartered Accountant for the purpose of scrutiny of APRs.

Accordingly the following APRs of the SEZ units have been placed before the Approval Committee for monitoring in terms of provisions of Rule 22 of the Special Economic Zones Rules, 2006,

Sr No.	Name of the SEZ Unit	Date of Commencement of operation	Months of operation as on 31.03.2016	Cumulative NFE earned (Rs. in lacs)
1	M/s Breeze Intermediates Pvt. Ltd.	28/02/2012	37 months	1342.38
2	M/s C.S. Performance Chemicals Pvt. Ltd.	03/07/2012	45 months	8158.20
3	M/s Coromondal International Ltd	26/03/2013	36 months	2489.37
4	M/s Fermenta Biotech Ltd.	24/06/2011	58 months	7459.78
5	M/s Glenmark Pharmaceuticals Ltd.	12/09/2013	31 months	2980.34
6	M/s Hindustan M-I Swaco Ltd.	12/05/2014	23 months	1570.5
7	M/s Meghmani Industries Ltd.	25/05/2011	59 months	35942.59
8	M/s Meghmani LLP	21/11/2014	17 months	889.75

There is no case of negative NFE wherein penal action is required in Dahej SEZ. In case of M/s. Meghmani Industries Ltd., the foreign exchange realization of Rs. 3.66 Cr is pending as on 31.03.2016 which is more than 2 years. The approval of the RBI has not been submitted for the said amount by the unit. Some units did not submit their APRs within the stipulated time

The Approval Committee may kindly like to note the Annual Performance Reports of the above Dahej SEZ units.