

OLD CASES

Case No. 03

NOTE FOR 7th MEETING OF APPROVAL COMMITTEE FOR DAHEJ – SEZ:

Subject:- Amendment to Letter of Approval to include additional products

M/s. Firmenich Aromatics Production (India) Pvt. Ltd., were granted approval for setting up a unit in Dahej SEZ for manufacture and export of No. 1 Aromatic Chemicals Fragrance and Flavour compounds and systems for total quantity of 8850 MT Per year.

Now, M/s. Firmenich Aromatics Production (India) Pvt. Ltd. vide their letter dated 02-05-2009 has requested for enhancement of the total manufacturing capacity to 17990 MT per year as well as for inclusion of the new products as listed below :

1. Ester Beta Isomer
2. Methyl ketone Isomer 1 and Methyl ketone Isomer 2
3. Acetoxysafranone Top
4. Hedione
5. Spent Phosphoric acid, Recovered Tetrahydrofuran, Recovered Methanol, Dilute Methanol, Dilute Triethylamine, Methyl 2-Ethylhexanoate (Bio Products)

The applicant has furnished revised details such as changes in the Raw materials, Process details, Chemical Reactions and Mass Balances and imported capital equipment

The applicant as further submitted that the value of capital equipment for the project has gone down to Rs. 20 Crores from Rs. 25 Crores, due to the above changes.

The request of the unit was put up for consideration by approval committee in terms of Rule -19 (2) of the SEZ Rule 2006.

It was decided by the Approval Committee that M/s. Firmenich Aromatics Production (India) Pvt. Ltd. should give the presentation of the new Project as it was not clear how the NFE earnings will be achieved with reduced to Capital Equipment Investments also it was felt that with the reduced Capital Investments how the manufacturing capacity can be enhanced to the 17990 MT per year. Accordingly , a letter has been issued to the unit to make presentation justifying their proposal during the 8th meeting of UAC on 07.07.2009

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Case No. 02

NOTE FOR 7TH MEETING OF APPROVAL COMMITTEE FOR DAHEJ – SEZ:

Subject: - Request of M/s. ONGC Petro Additions Ltd. for issuance of NOC for construction of HSD Filling Station within the Unit premise

Now, M/s. ONGC Petro Additions Ltd., vide their letter dated 13.02.09 has requested this office for issuance of NOC for construction of HSD Filling Station. The HSD Filling Station is required to be constructed within the premise of the unit to meet frequent refueling by the construction equipments working within the unit premise. M/s. ONGC Petro Additions Ltd. has also submitted consent letter dated 13.02.09 issued by Indian Oil Corp. Ltd. showing their willingness to supply HSD, subject to the unit obtaining mandatory and statutory licenses for storage of HSD.

The request of the unit was put up for consideration by the Approval Committee during the 6th meeting held on 13.05.2009. The Approval Committee decided to call for report from the applicant regarding the procurement of material for construction HSD filling station as well as procurement of HSD on payment of duties / Taxes or otherwise. Now, the applicant M/s. ONGC Petro Additions Ltd., vide their letter dated : 04-06-2009 has clarified as under. :

- 1 M/s. Indian Oil Corporation (IOC) will provide and construct the consumer pump to the OpaL Dahej site wherein they will provide pumps / tanks free of cost. It will be the property of OPaL and they will take it back once the temporary utility will be over. The pumps and construction material are provided by IOC and they do not avail any tax or duty exemption even if it is within SEZ. All the procurement is with all the taxes & duties applicable.
- 2 If HSD is procured availing exemptions, the same shall be used for authorized operations only.
- 3 However for any other purpose the procurement will be without any exemptions.

The request of unit was further taken up by the Approval Committee during the 7th meeting held on 23.06.2009. It was decided by the committee that whether such HSD feeling Stations are permitted in other SEZs ? The details such as their location in the processing or non-processing , whether they have been allotted to the developer or Unit may be collected by the DC Office & put up to Unit Approval committee in the next meeting.

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Case No. 1

NOTE FOR 7th MEETING OF APPROVAL COMMITTEE FOR DAHEJ – SEZ:

Subject:- Proposal for availability of draw back and benefit under rule 49(3) of SEZ rules for ONGC 's C2 plant in Dahej SEZ

ONGC is setting up C2unit in Dahej SEZ for removing C2,C3,and C4 fractions from the imported LNG which will be supplied by Petronet LNG Ltd.

The aforesaid ONGC plant would be handling 4.9 MMTPA (approx) of LNG imported and supplied by Petronet LNG Ltd. after paying applicable custom duty. The SEZ unit of ONGC would consume approx 0.74 MMTPA of LNG for removal of C2+ components and remaining stream of LNG of approx 4.16 MMTPA would be supplied back to PLL in DTA. Though custody of this LNG stream (of 4.16 MMTPA) is temporarily with ONGC, title to the same continues to be with PLL . The title to 0.74 MMTPA (approx) of LNG consumed by ONGC's SEZ Unit will get transferred to ONGC in the SEZ

ONGC vide their letter no BD&JV/C2-C3/CD/08 dt 27th may 2009 (enclosed in Annex) has proposed following proposals

1. The duty paid LNG stream of 4.16 MMTPA (approx) remaining after netting out consumption in ONGC's SEZ unit is to be cleared to PLL in DTA without payment of further duty .
2. The quantity of LNG (approx 0.74 MMTPA) consumed in ONGC 's SEZ Unit due to removal of C2+ components also remains duty paid though the same has been used for the authorized operations of the SEZ Unit . It is therefore proposed to claim duty drawback /refund on the same in terms of Sec 26(1)(d) of the SEZ act 2005 .

The committee deliberated on the matter during 7th meeting held on 23.06.2009 and noticed that M/s. ONGC's plans procuring LNG from PLL and the entire quantity of 4.9MMT PA would be subjected to processing for removal of C2⁺ components in which 0.74 MMTPA of LNG would be consumed and the remaining quantity supplied back to PLL in DTA. It appears that for extraction of requisite quantity of C2⁺ components the entire 4.9 MMTPA would have to be processed. Therefore, it appears that it would not be a case of clearance of LNG to PLL under DTA without processing as such. Under the circumstances it is not clear whether M/s. ONGC intends to avail the benefit of Rule 49 (3) or 49 (4-a). This requires a detailed clarification from ONGC with complete information about manufacturing process,

the input-output ratio for extraction of C2⁺ components, the chemical composition of LNG before processing and after processing. The committee, therefore, desired that the above information may be sought by the Office of the Development Commissioner and M/s. ONGC may also be invited to give a presentation and explain their case in person.

A letter has been issued to M/s. ONGC Ltd. conveying the decision of the Approval Committee & seeking the desired clarifications / information by the Office of the Development Commissioner. The unit has also been invited to make presentation before the UAC during the 8th meeting on 07.07.2009.

The case is put up for consideration by the Approval Committee.