

**NOIDA SPECIAL ECONOMIC ZONE**

**Minutes of 4<sup>th</sup> Meeting (2018 Series) of Unit Approval Committee for EOU Scheme held under the Chairmanship of Dr. L.B. Singhal, Development Commissioner, NSEZ, Noida on 20.06.2018 at 12.00 Noon at NSEZ, Noida.**

4<sup>th</sup> Meeting (2018 Series) of Unit Approval Committee for EOU scheme (UAC) was held on 20.06.2018 under the chairmanship of Dr. L.B. Singhal, Development Commissioner, Noida SEZ.

The following members of the Unit Approval Committee were present in the meeting:

1. Shri S.S. Shukla, Joint Development Commissioner, NSEZ, Noida.
2. Shri Akhtar Rasheed, Joint Commissioner, Customs (Preventive) New Delhi.
3. Shri Nand Lal, Consultant, DIPP.
4. Shri Ramphal, Assistant Commissioner, Customs (Preventive), New Delhi.
5. Shri M.C. Verma, Assistant Commissioner, Customs (Preventive, Jodhpur.
6. Shri R.L. Meena, Assistant DGFT, Central Licensing Authority, New Delhi.

Besides during the meeting of UAC, Shri Rajesh Kumar, DDC, Shri Ram Baboo, ADC and Shri Subodh Kumar Jha, ADC were also present to assist the UAC.

2. The Chairman welcomed all participants of the UAC and thereafter agenda was taken up for discussion.

**4.0(2018) Confirmation of Minutes of 3<sup>rd</sup> Meeting (2018 series) of the UAC held on 09.05.2018.**

The Committee ratified the Minutes of the 3<sup>rd</sup> UAC meeting (2018 Series).

**4.01(2018) Proposal for conversion of existing DTA unit into 100%EOU for manufacture and export of Tablets capsules, Oral Liquids, Ointments/ Creams/ Gel, and Lotions/ Shampoo.**

It was informed to the Committee that an application for conversion of existing DTA unit into EOU has been received from M/s Zee Laboratories. This is a proprietorship concern and Shri Rajeev Mukul is proprietor of the firm. The DTA unit proposed to converted into 100%EOU is located at Uchani, G.T. Road, Karnal-132001, Haryana. The proposed items of manufacture and export are as under:-

सिटी ऑफिस: स्टेट ट्रेडिंग कॉर्पोरेशन ऑफ इण्डिया लिमिटेड, चतुर्थ तल, जवाहर व्यापार भवन, टॉलस्ट्रीय मार्ग, नई दिल्ली-110001.

दूरभाष जोन कार्यालय: 0120-2567270; 3021444 से 46. / फ़ैक्स 0120-2562314. 0120-2567276

सिटी ऑफिस टेलीफ़ैक्स: 011-23701096; वेबसाइट: [www.nsez.gov.in](http://www.nsez.gov.in); ई-मेल: <dc@nsez.gov.in>

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*A. male*

S.No.	Item	Capacity	ITC (HS) Code
1	Tablets	30 Lacs/Day	3004
2	Capsules	7 Lacs/Day	
3	Oral Liquids	15000 Bottles/Day	
4	Ointments/Creams/Gel	22000 Tubes/Day	
5	Lotions/ Shampoo	8000/Day	

ii) Shri Sandeep Singla, Chartered Accountant of the firm appeared on behalf of the Proprietor before the Approval Committee to explain the proposal. He informed that M/s Zee Laboratories has been running since 1994 as a proprietorship firm and Sh. Rajeev Mukul is proprietor of the unit. Shri Rajeev Mukul is proprietor of two another units of Zee Laboratories – one at Karnal and one in Paonta Sahib (H.P.) which were established in 2005 and 2010 respectively. Besides this, he is also director in a unit M/s Zee Laboratories Limited in pharma sector. They have also ventured into hospitality industries and packaging industry

iii) It was also informed that the unit has bagged National Award from the Hon'ble President of India in the year 2013 for quality products and also have Udyog Patra Award from the Union Ministry of Industries and currently, they provide employment to nearly 2000 families.

iv) He further explained that they want to convert their unit at Karnal (Haryana) into 100%EOU to avail benefit of exemption of Customs duty on procurement of quality raw material, packing material and capital goods so that cost of inputs can be reduced. He further informed that they have Drug Licences of 1300 items and also having Drug Licences in respect of each of their products in the proposed application. The Committee advised him to provide copies of relevant Drug Licences for record of this office too.

v) It was also observed that positive site inspection report from jurisdictional Customs Office has been received. Besides this, positive antecedent verification reports from Falta SEZ, Vizag SEZ and MEPZ SEZ are also received and nothing adverse is observed.

The Committee after due deliberations, approved the proposal.

**4.02(2018) Proposal of M/s Pacific Industries Limited, a 100%EOU situated at Village Bedla, Distt. Udaipur, Rajasthan, for fixation of ad-hoc wastage norms of various inputs**

It was informed to the Committee that an application is received from M/s Pacific Industries Limited, a 100%EOU situated at Village Bedla, Distt. Udaipur, Rajasthan, for fixation of ad-hoc wastage norms of (1) Diamond Wire Set; and (2) Granite Block in ANF-4B.

ii) Shri Mukesh Agarwal, Sr. Manager of M/s Pacific Industries Limited represented the unit and informed that they are working as an EOU since Oct'1989. Their main export is Polished Granite Slabs and Tiles. The employment generated by them to 100 people. On being asked as to why now they need it adhoc wastage norms fixed on above commodities, after working as an EOU for such a long time? He explained that they are using new machinery in which Diamond Wire Set is being used as an input and that is why they need to wastage norms of Diamond Wire Set fixed. In respect of fixation of adhoc wastage norms of Granite Block, the main input for manufacture of Granite Slabs / tiles, he explained that earlier, the commodity was duty free hence they did not get wastage norms fixed. But in GST era, the commodity granite block is dutiable and they have to pay duty on DTA clearance of wastage arisen in manufacturing process.

iii) Since for fixation of Adhoc wastage norms, technical input is important, representative of DIPP had been requested to attend the Approval Committee Meeting. Shri Nand Lal, Consultant, accordingly attend the meeting. The Committee deliberated the proposal and observed that wastage norms of inputs for manufacture of Unpolished / Polished Granite Slabs are mentioned at S.No. A1833 of Input-Output Norms – Chemical and Allied Products in following manner:-

S.NO.	Export Item	Import Item	Quantity allowed
A 1833	Unpolished/ polished granite slabs	i) Steel grits or shots/ Gangsaw Blades	Upto 5% of FOB value of exports
		ii) Diamond Segment/ Diamond circular saw blades/ circular saw blades or blanks	Upto 4% of FOB value of exports

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	iii) Polishing Abrasives (for polished granite slab only)	Upto3% of FOB value of exports.
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The inputs proposed by the unit i.e. Diamond Wire Set and Granite Blocks are not there in A1833 of SION. In terms of para 6.06 (e) (ii) of Handbook of Procedures 2015-2020, "where additional items other than those given in SION are required as inputs or where generation of waste, scrap and remnants is beyond 2% of input quantity, use of such inputs shall be allowed by the jurisdictional DC within a period of three months from the date and based on self-declared norms, with the unit undertaking to adjust self-declared / ad-hoc norms in accordance with norms as finally fixed by Norms Committee in DGFT."

iv) It was observed by the Committee that Diamond Wire Set is a Consumable and wastage norms of Consumables are being fixed on value basis whereas unit has given consumption based data. It is impossible to monitor consumption based data. The Committee directed the unit to file online application by putting digital signature, for fixation of wastage norms in prescribed format of ANF-4B in respect of Diamond Wire Set to Norms Committee DS-IV in DGFT within 15 days, based on value-based data and also inform to this office. The Committee directed that copy of the same may also be forwarded to the DIPP for their comments.

v) The Committee, after detailed deliberations and in view of advice of representative of DIPP present in the meeting, approved adhoc wastage norms for Granite Blocks based on self-declared norms subject to the condition that the unit would undertake to adjust self-declared/ ad-hoc norms in accordance with the norms to be finally fixed by the Norms Committee in DGFT. The Committee also directed unit to file online application to DGFT and also decided that intimation in this regard be sent to DGFT by NSEZ also.

**4.03(2018) Proposal for conversion of existing DTA unit into 100%EOU from M/s Kohinoor Foods Limited for manufacture and export of Ready to Eat Packaged Foods and Ready to Cook packaged Foods.**

It was informed to the Committee that the proposal received from M/s Kohinoor Foods Limited for conversion of existing DTA unit into 100%EOU at 42-43 KM Stone, G.T. Road, Sultanpur, Bahalgarh, Sonapat, Haryana-131021 for **manufacture and export of Ready to Eat**

**Packaged Foods (96 products) and Ready to Cook packaged Foods (67 products)** with annual capacity 2,40,00,000 Pouches PA. It was also informed that unit has received 07 Nos. of Advance Licences and 04 Nos. of EPCG Licences from O/o DGFT and stated that import of Packing Material under Advance Licence and Import of Machinery under EPCG Scheme the unit completed almost Export Obligation, imposed on the above licenses.

ii) Unit is a Three Star Export House Status Holder. Unit is having HACCP and ISO 9001:2000 certified, US-FDA & FSA compliant as well as Kosher certified. Unit has informed that they have National Award for Export Excellence, Brand Equity Award and many APEDA awards.

iii) As per Memorandum of Articles of Association, M/s Kohinoor Foods Limited (erstwhile M/s Satnam Overseas Limited) incorporated in July 1981.

iv) The unit has three directors namely Shri Jugal Kishore Arora, Shri Satnam Arora and Shri Gurnam Arora. All have experience of more than 40 years. Shri Satnam Arora, Joint Managing Director of the company attended the meeting and elaborated the project before the Unit Approval Committee. He informed that they started their unit in 1978 in the name of M/s Satnam Overseas. Later on in 1994, it became Public Limited firm namely M/s Satnam Overseas Ltd. and they changed name into M/s Kohinoor Foods Limited. Their Group of companies is exporting their products to more than 65 countries in the world and have high demand of their products worldwide. The current location 42-43 KM Stone, G.T. Road, Sultanapur, Bahalgarh, Sonapat has been purchased from Bank of India two years ago, and fresh investment has been made.

v) He further explained that they want to convert their unit into 100%EOU to avail benefit of exemption of Customs duty, mainly on procurement of quality packaging materials from Korea which have shelf life of 18 months) and other quality raw materials. However, they will procure most of the raw materials indigenously..

vi) On being asked the loss of Rs.192.50 crore shown in the ITR of the unit for Assessment Year 2017-18, he clarified that in 2011, M/s Kohinoor Foods Limited (100%EOU) was transferred to M/s Kohinoor Speciality Foods Limited which was an Indian subsidiary of McCormik, a US based company. They had big business issues and disputes with McCormik and had huge loss. He informed that now the dispute has been settled and M/s Kohinoor Foods Limited will independently implement proposed 100%EOU.

vii) It was also observed that Vide letter C.NO. VIII(SB)10/Cus.Prev/EP/ROH/Kohinoor/107/2018/5208 dated 18.06.2018, the AC Customs (EPC-Rohtak) has forwarded site inspection report and in its letter, they have recommended the proposal. Antecedent report from Falta SEZ and Vizag SEZ has also been received and nothing adverse found in the report.

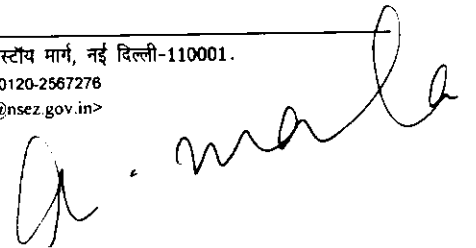
The Committee, after due deliberations, approved the proposal of the unit subject to the condition that in terms of para 6.01 (d)(i) of FTP 2015-2020, any permission required for import under any law shall be applicable.

**4.04 (2018) Proposal for Bulk procurement of inputs by group of EOUs under para 6.13 (d) of FTP by M/s Danblock brakes India Pvt. Ltd., 100%EOU of Sonapat, Haryana.**

It was informed to the Committee that M/s Danblock Brakes India (P) Ltd. was issued LOP No. 12-396/2007-100%EOU dated 31.10.2007 for manufacture and export of Disc Brake Pads and Friction Mix. Unit's DCP is 04.02.2008 and during last block 2013-14 to 2017-18, the NFE of the unit is positive.

ii) Vide letter dated 04.06.2018, unit has requested for bulk procurement of inputs by group of EOUs' under para 6.13 (d) of FTP 2015-2020.

iii) Shri Manoj Bhala, Group CFO has attended the Meeting. He informed that they are a group of Companies (EOUs), working in same jurisdictional Customs and Development Commissioner under the management of M/s MAT Holding Inc, USA. Other units in the groups are:-



1. M/s Roulunds Braking India Pvt Ltd;
2. M/s MAT Brakes India Pvt Ltd; and
3. M/s Alliance Friction Technologies Pvt. Ltd

iv) Unit's representative informed that the unit and its group companies are manufacturers of 'Disc Brake Pads'. The following inputs are common for all of its group companies:-

- Back Plate
- Shim
- Kit Set
- Chemical
- Accessory like clip, wear indicator, spring etc.
- Packing Material

v) Hence, they propose to source these inputs centrally. Unit's representative stated that the overall group turnover in India is around Rs.1300 crore and deemed export worth of Rs.300 crore total Rs.1600/- crore approximate during last financial year and approx 8000 people are working in their Group companies.

vi) He stated that they need to reduce the cost of product so they are under process to explore the possibility of reducing logistic cost, improve supply chain, avail more discount from vendor on bulk procurement of goods. Under this process they want to avail the benefit by way of procurement centrally by one company on behalf of other group companies as provided in para 6.13 (d) of FTP and under this clause approval is required from UAC for centrally procurement of Inputs.

vii) The Committee after due deliberation approved the proposal of the unit subject to the condition that conditions of para 6.13 (d) shall be fulfilled.

**4.05 (2018) Proposal for Import of Old / Obsolete Brake Pads for re-fabrication/ re-conditioning, repair and export thereof under para 6.16(a) of FTP 2015-2020.**

*A. mala*

It was informed to the Committee that M/s Danblock Brakes India (P) Ltd. has applied for another proposal for import of Old / Obsolete Brake Pads for re-fabrication / re-conditioning, repair and export thereof under para 6.16(a) of FTP.

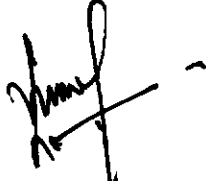
ii) It was informed by unit's representative that due to technological upgradation, huge quantity of Brake Pads are become obsolete and available in foreign market. They have plan to import such obsolete Brake Pads for re-fabrication / re-conditioning, repair and to export after making them compatible with latest technologies and earn foreign exchange..

iii) It was also informed that the Customs authorities vide their letter dated 16.06.2018 has forwarded their views that the request of the unit for permission for re-fabrication / reconditioning, repair for re-export of old/ obsolete brake pads procured from foreign market may be considered as per government policy subject to following conditions:-

- 1) The unit will maintain separate stock accounts of the goods from the stage of procurement upto the stage of re-export thereof;
- 2) A quarterly return comprising the details regarding description, quantity, value etc. of the goods procured and exported after re-conditioning will be submitted on or before 10<sup>th</sup> of the next month after each quarter; and
- 3) The unit will present all the relevant records for scrutiny as and when required by the jurisdictional officers of EPC.

The Committee after due deliberations approved the proposal of the unit subject to the condition that conditions of para 6.16 (a) of FTP shall be fulfilled along with the conditions as stipulated above, by the Customs authorities.

Meeting ended with a vote of thanks to the Chair.

  
**Dr. L.B. Singhal**  
Development Commissioner