

File No. K-22019/1/2019-EOU  
Ministry of Commerce & Industry  
Department of Commerce  
EOU Section


Udyog Bhawan, New Delhi  
Dated: 18<sup>th</sup> FEB, 2019

**Subject: 1st Meeting (2019 series) of Board of Approval (BOA) for EOU Scheme scheduled to be held on 25.02.2019 in Room No. 108 at 3:30 P.M. - forwarding of Agenda reg.**

The undersigned is directed to forward herewith a copy of Agenda items of the 1st Meeting (2019 series) of the Board of Approval for EOU scheme scheduled to be held on 25.02.2019 under the Chairmanship of Commerce Secretary in Conference Room no.108 at 3.30 P.M.

2. May kindly make it convenient to attend the Meeting.

Encl: As Above

  
(Aditya Narayan)  
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1. D/o Industrial Policy & Promotion.
2. CBEC [Member (Customs)], M/o Finance.
3. CBDT [Member(Income Tax)], M/o Finance.
4. DG, DGFT.
5. The Joint Secretary, M/o Environment & Forest.
6. The Joint Secretary, M/o Science & Technology
7. M/o Micro, Small and Medium Enterprises.
8. All DCs.

Copy to: PSO to CS/PS to AS(BBS)/PS to DS (SNS)/PS to DS(GSN)

**AGENDA FOR THE 1st BOA MEETING (2019 SERIES) FOR EOU SCHEME TO BE HELD ON 25.02.2019 at 3:30 P.M. in Room No. 108.**

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**1.1 (19) Confirmation of Minutes of the 7th BOA (2018 Series) meeting held on 09.01.2019.**

**1.2(19) M/s Baxter Pharmaceuticals India Pvt. Ltd., under KASEZ – Proposal for conversion of existing DTA unit into 100%EOU.**

M/s Baxter Pharmaceuticals India Pvt. Ltd., Ahmedabad (formerly known as Claris Injectables Pvt. Ltd.) have applied for conversion of their existing DTA unit situated at Village Chacharvadi Vasna, Bavla Road, Sanand, Ahmedabad-382213. The company is presently engaged in manufacturing and export of Acetic Acid, Acyclovir, Adenosine, Amikacin, Atropine, Benztropine, Bumetanide, Bupivacaine, Buprenorphine, Butorphanol, Caffeine, Clindamycin, Cysteine, Dexmedetomidine, Diclofenac, Dicyclomine, Dopamine, etc. M/s Baxter Pharmaceuticals India Pvt. Ltd. is the part of Baxter Inc. USA, which is a reputed brand in pharma sector.

**Highlights of the proposal (for next five years from proposed EOU)**

(Rs. In Crores)

FOB value of exports	2464.31
Import of capital goods	186.37
Import of raw materials & components	96.07
Other outflow of Foreign Exchange	51.57
Total outflow of Foreign Exchange	334.01
Net Foreign Exchange Earnings	2130.30

FOB value of exports during November 14 to March 18 was Rs. 12180.08 lakhs. The existing investment in P&M is Rs. 18636.89 lakhs. The company has pending export obligation of EPCG of Rs. 17159.98 lakhs. Company has also submitted a copy of application in ANF – 6A and the brief project report.

**Relevant Provision:** As per para 6.19 (c) of FTP 2015-20 (updated as on 05.12.2017):

*“applications for conversion into an EOU / EHTP / STP / BTP unit from existing DTA units, having an investment of Rs. 50 crores and above in plant and machinery or exporting Rs. 50 crores and above annually, shall be placed before BOA for a decision.”*



**DC's Recommendation:** DC, KASEZ has recommended the proposal of the company for conversion of existing DTA unit into EOU.

**1.3(19) M/s. Emcure Pharmaceuticals Ltd., under SEEPZ - Proposal for conversion of existing DTA unit into 100%EOU for manufacture of Bulk Drugs/Drug Intermediates and Chemical substances used in the manufacture of the Pharmaceuticals.**

The unit M/s. Emcure Pharmaceuticals Ltd (Emcure) had established a state of the art facility for the manufacture of Active Pharmaceutical Ingredients –API [including oncology]. The facility is situated in a plot area of 1,52,212 sq. meter of land and planned to facilitate manufacturing, processing, packaging, warehousing and testing of API along with other support functions. Open space for future expansion is approximately 84,212 sq. meter. The unit has been setup on a leased plot allotted by MIDC. The lease is for the period of 95 years.

The Company was incorporated as Emcure Pharmaceuticals Private Limited on April 16, 1981, at Pune, as a private limited company under the Companies Act, 1956, as amended ("Companies Act"). Thereafter, the Company was converted into a Public Limited Company on August 2000, 2001 and consequently, the name of the Company was changed to Emcure Pharmaceuticals Limited. The domestic business of the Company has grown at a compound annual growth rate ("CAGR") of 5% more than the CAGR of the Indian pharmaceutical industry (Source: IMS Health India, SSA, March 2018), making Emcure one of the fastest growing pharmaceutical companies in India. The Company is ranked as the 7<sup>th</sup> largest pharmaceutical company in the therapeutic areas in which they operate (Source: IMS Health India, SSA, March 2018). The Company has also recently entered the oncology and diabetes therapeutic areas.

The manufacturing facility situated at Plot No. D-24 and D-24/1, M.I.D.C., Kurkumbh, Pune is operating as a Domestic unit (DTA) since 2005. The company from time to time has applied and taken Advance Authorization Licenses as per Foreign Trade Policy for procurement of various imported raw material required for manufacture and export of the products. The company has received various FDA approvals from drug regulatory authorities of USA, leading to increase in exports, which in turn will increase import of various raw materials / intermediates etc. Considering the amount of export orders and schedules, procurement under Advance Authorization will be time consuming, therefore the company prefers to convert existing DTA unit which is majorly catering for export manufacturing into 100% EOU.

The Company has obtained the EPCG authorization. Vide email dated 08.02.2019, DGFT, Pune has given the list of pending 5 EPCG Licence and 3 Advance Licence issued to the unit. The said unit is also operating under the EOU Scheme and has 2 LOPs issued by SEEPZ office. The unit has also the Inspection Report for the proposed factory premises. There is a separate Entry and Exit

provided for the proposed EOU and is physically segregated from DTA unit to avoid intermingling of the goods.

**Existing Export performance of DTA unit is as follows:-**

(Rs. in Lakhs)

Year	Export	DTA Sale
2015-16	36,11.99	161.50
2016-17	33,80.84	232.98
2017-18	2234.58	235.55
2018-19	892.49 (Upto July 2018)	23.67

**INVESTMENT:**

The proposed cost of the project is as follows:-

(Figures Rs. in Lakhs)

	Existing	Proposed
Land& Building	4201	0.00
<b>Plant &amp; Machinery</b>		
Imported	1134.58	120
Indigenous	9544.88	1000
<b>Total</b>	<b>10679.46</b>	<b>1120</b>

Therefore, the existing building and Plant & Machinery would be converted into the EOU unit.

**Proposed FOB and NFE for the next five years of the unit is:**

Rs. in lakhs

<b>FOB value of Export</b>	199735
<b>Net Foreign Exchange</b>	135170

**Relevant Provision: -** In terms of Para 6.19 of Foreign Trade Policy 2015-20:

“ Application for conversion into an EOU/EHTP/STP/BTP unit from existing DTA units, having an investment of Rs.50 crores and above in plant and machinery or exporting Rs.50 crores and above annually, shall be placed before BOA for a decision.”



**DC's Recommendation:** - DC, SEEPZ has recommended the proposal of the company for conversion of existing DTA unit into EOU.

**1.4(19) M/s Accusynth Speciality Chemical Pvt. Ltd., EOU under SEEPZ – Request for debonding.**

M/s. Accusynth Speciality Chemical Pvt. Ltd. were granted LOP No. PER/22/(2009)/SEEPZ/IA-II/24/2009-10/1030 dated 28.01.2010 for manufacture and export of Mannich HCL/Mannich Base, Meta Bromo Anishole, Bezhydral Thioacetamide . They have been in operation since 17.07.2010.

The unit has applied for debonding of the project. Vide letter dt. 26.04.2018 the Asstt. Commissioner of CGST and Central Excise has stated that the unit has been issued 3 SCNs and 2 SCNs are to be issued to the unit for which the unit has furnished Bank Guarantee of 10% of SCN Amount. These SCNs are pending for adjudication.

Further, the unit has 1 pending CRA objection regarding short debiting of bond by Rs.29.80 lakhs. In this regard reply received from Central Excise Authority has been forwarded to CRA vide this office letter dt. 29.11.2016, 18.07.2018 and 08.08.2018 and CRA was asked about the status of the objection. However, reply from CRA is still awaited and it is not closed.

In the similar case wherein a CRA objection was pending in respect of M/s. Videocon Industries Ltd. and the unit intended to debond from the EOU scheme was forwarded to BOA as per the suggestion of DGFT, for decision and BOA has considered the request and approved the debonding of the unit in its 3rd BOA meeting in 2007.

Department of Commerce, vide its letter dated 10.01.2019 addressed to DC, SEEPZ, has also directed that a suitable proposal may be sent to the Department of Commerce for consideration of the BOA w.r.t. debonding of M/s. Accusynth Speciality Chemical Pvt. Ltd.

**Relevant Provision:** Appendix 6K of APPENDICES AND AAYAT NIRYAT FORMS OF FTP 2015-2020 provides that "In case the unit has failed to fulfill the terms and conditions of LOA and **penal proceedings are to be taken up/are in process**, a legal undertaking for payment of penalties, that may be imposed, would be executed with the concerned Development Commissioner"

**DC Recommendation:** DC, SEEPZ has recommended the proposal of unit.

**1.5(19) M/s Stangl Pickles and Preserves, an 100% EOU under MEPZ – proposal for renewal of EOU status for 3<sup>rd</sup> five year block period i.e. from 15.10.2014 to 14.10.2019.**

M/s Stangl Pickles and Preserves, an 100% EOU located at Sivagangai, Madurai District, was issued LOP vide No. A/2004/027/EOU-TN dated 25.06.2004 for manufacture and exports of pickling cucumber (processed) & white onion (processed). The unit's DCP was on 15.10.2004, thereby the unit's 2<sup>nd</sup> five year block period expired on 14.10.2014.

After the expiry of the LOP i.e. on 14.10.2014, the unit did not approach MEPZ office for either renewal or for exit from the EOU scheme within the stipulated time limit as per Para 6.01 (i) of HBP 2015-20. In this regard, the unit was issued a Show Cause Notice dated 09.08.2018 for cancellation of LOP for not applying for renewal or exit within the prescribed time limit of 6 months, for which the unit had requested for exit from EOU scheme. Further the unit was given a Personal Hearing to discuss their issue and to know the actual facts for the reason for exit from EOU scheme by the unit. On 03.12.2018, unit's Managing Director Shri. M. Gnanasekar appeared before the Development Commissioner and after substantial discussion with the DC, the unit showed their willingness to renew their EOU status for a further period of 5 years i.e. from 15.10.2014 to 14.10.2019.

Unit has projected exports of Rs. 69 lakhs for the year 2018-19 which would also be the total export projection for the block 2014-19.

**Relevant Provision:** As per Para 6.01(i) of HBP 2015-20 mentions that "if the unit gives their option to continue in the EOU scheme after expiry of 6 months of the LOP, DC will grant extension after obtaining approval of BOA".

**DC Recommendation:** DC, MEPZ has recommended the request of M/s Stangl Pickles and Preserves for renewal of their LOP for the 3<sup>rd</sup> 5 year block period from 15.10.2014 to 14.10.2019.



**1.6(19) M/s Nord Sinew Technologies (I) Pvt. Ltd., an EOU under VSEZ – Proposal for extension of Letter of Permission for the next 5 years period i.e. from 10.09.2017 to 09.09.2022.**

M/s. Nord Sinew Technologies(I) Pvt. Ltd., 49-54-13/6, Balayya Sastry Layout, Setthammadhara, Visakhapatnam-13 were issued with Letter of Permission(LoP) No. PER: 411/EOU/VSEZ/2007 dt.21.08.2007 dated 04-03-1999 by the Development Commissioner, VSEZ for I.T. and IT enabled Services. The Unit declared commercial production with effect from 10.09.2007 under EOU scheme.

On completion of initial block period of 5 years, the unit was granted extension of LOP/EOU status from 10-09-2012 to 09-09-2017. The Unit's LoP expired on 10.09.2017. However, upon expiry of the LoP, the Unit neither sought for extension of LoP nor opted for exit from the EOU Scheme, as required under para 6.01(i) of HBP, 2015-20 i.e., within 6 months of expiry of LoP.

But, vide their letter dt. 8.05.2018 i.e., after lapse of 8 months of expiry of LoP, the Unit sought for renewal for the next 5 year period stating that due to change of staff in their Office and communication gap they could not submit their proposal to renew their LoP in time.

The unit was issued a Show Cause Notice dated 28.03.2018 calling upon the Unit to show cause, in writing, within 15 days of receipt of the Notice to DC, VSEZ as to why the LoP of their Unit shall not be cancelled suo-moto for not adhering to the provisions of Foreign Trade Policy.

In the Personal Hearing conducted on 25.07.2018, the Managing Director of the notice-firm attended and explained that there was some mis-communication in their office and the staff were unaware of the Foreign Trade policy with regard to renewal of the LoP and requested to condone the delay and renew the LoP as they were interested to be there in the EOU scheme.

The Development Commissioner adjudicated the SCN and amount of Rs.50,000/- was imposed on the unit as penalty. The Unit paid the penalty amount of Rs.50,000 ( Rupees fifty thousand only). The Unit's cumulative NFE performance for the last block period of 5 years is Positive.

**Relevant Provision:** As per Para 6.01(i) of HBP 2015-20 mentions that "if the unit gives their option to continue in the EOU scheme after expiry of 6 months of the LOP, DC will grant extension after obtaining approval of BOA".

**DC Recommendation:** DC, VSEZ has recommended the proposal of M/s Nord Sinew Technologies (I) Pvt. Ltd. for extension of Letter of Permission for the next 5 years period i.e. from 10.09.2017 to 09.09.2022.

**1.7(19) M/s Kross Air Distribution Systems Pvt. Ltd., an EOU under VSEZ - Proposal for extension of Letter of Permission for the next 5 years period i.e. from 01.01.2018 to 23.09.2022.**

M/s. Kross Air Distribution Systems Pvt. Limited was issued LOP vide No. PER: 361/EOU/VSEZ/2006 dated 28.07.2006 for setting up of 100% EOU for manufacture and export of "Integral Parts of Air Cooling Systems" at Plot No. 90-93, Sy. No. 43 & 118, EPIP, Road No. 9, IDA, Pashamylaram, Patancheru Mandal, Medak District – 502307. The unit had commenced operations on 24.09.2007 and the LOP is valid upto 31.12.2017.

Vide letter dated 10.10.2017, VSEZ has accorded approval for extension of In-Principle permission for exit from EOU scheme granted by VSEZ on 7.10.2014 upto 31.12.2017 subject to submission of Legal Undertaking in the prescribed format in accordance with Appendix 14-I-L of HBP, 2009-2014 and No Objection/No Due Certificate issued by the jurisdictional Customs & Central Excise authority. The LOP was also extended upto 31.12.2017 on technical grounds to complete the Exit formalities.

The unit vide its letter dated 14.8.2018 has stated earlier they had planned for De-bonding but now the Management has decided to continue their EOU unit, as they have already received Purchase Order. Hence, they requested for extension of their LOP for a further period of five years. The Monitoring Report is prepared based on the CA certified APRs from 2012-13 to 2016-17 (60 months) and the NFE is positive. The unit sought extension after a lapse of 8 months from the date of applying for extension of their LOP.

**Relevant Provision:** As per Para 6.01(i) of HBP 2015-20 mentions that "if the unit gives their option to continue in the EOU scheme after expiry of 6 months of the LOP, DC will grant extension after obtaining approval of BOA".



**DC Recommendation:** DC, VSEZ has recommended the proposal of M/s Kross Air Distribution Systems Pvt. Ltd., for extension of Letter of Permission for a further period from 01.01.2018 to 23.09.2022.

**1.8(19) M/s Astra Rafael Comsys Pvt. Ltd., under VSEZ – Proposal for setting up 100% EOU.**

M/s Astra Rafael Comsys Pvt. Ltd. having its registered office at 2<sup>nd</sup> Floor, Astra Towers, Sy. No. 12 (P), Opposite CII Green Building, Hitech City, Kondapur, Hyderabad – 500038 has submitted a proposal on 20.09.2018 for setting up of 100% EOU for manufacturing and export of “(i) Tactical Radio Communication Systems for annual capacity of 100 Nos, (ii) Electronic Warfare Systems for annual capacity of 500 Nos, (iii) Signal Intelligence Systems for annual capacity of 500 Nos and (iv) Technical Testing Analysis Services” at Plot No. 21 (P)/B, Hardware Park, Sy. No. 1/1, Raviryala Village, Maheswaram Mandal, Ranga Reddy District, Telangana.

**Following are the details of the project:**

Investment in Plant and Machinery	1745 lakhs
Import Requirements	Import – 37,500 lakhs Raw material, components, consumables, packing material fuel etc. for 5 years : 1,33,172 lakhs
FOB value of Exports	Rs. 3,45,900 lakhs
Indigenous requirements	CG – 620 lakhs Raw material, components, consumables, packing material fuel etc. for 5 years : 57,053.80 lakhs

The unit vide letter dated 24.01.2019 furnished the Industrial Licence granted under IDR Act, 1951, issued by the Department of Industrial Policy & Promotion (DIPP) on 05.12.2018 for manufacturing of the aforesaid items.

It is to be mentioned that BOA is competent to issue industrial licence under IDR Act, 1951. However, the unit applied for industrial licence to DIPP instead of DOC. And the unit M/s Astra Rafael Comsys Pvt. Ltd. was issued industrial licence for manufacture Tactical Radio Communication Systems, Electronic Warfare Systems and Signal Intelligence Systems by DIPP dated on 05.12.2018.

Since the BOA is empowered to decide the cases of manufacture of items covered under IDR Act, 1951 the proposal of the unit is forwarded to BOA for clearance.

**Relevant Provision:** In terms of Para 6.01(c) of HBH 2015-20: "Proposals for setting up EOU requiring industrial licence may be granted approval by Development Commissioner after clearance of proposal by BOA (as per Appendix 6 C of Appendices & ANFs) and Department of Industrial Policy & Promotion within 45 days on merit".

**DC Recommendation:** DC, VSEZ has recommended the proposal of M/s Astra Rafael Comsys Pvt. Ltd.

**1.9(19) M/s Narasimha Textiles Pvt. Ltd., under MEPZ – Request for approval of BOA for ratification of the LOP.**

M/s Narasimha Textiles Pvt. Ltd. (Unit – I), Coimbatore was issued LOP by SIA, Department of Industrial Policy and Promotion (DIPP) on 30.09.1994 vide No. PER/355/1994/EOB/359/94 for manufacture and export of Cotton Yarn and M/s Narasimha Textiles Pvt. Ltd. (Unit –III) was issued LOP by DC, MEPZ SEZ on 05.07.2004 vide No. A/2004/030/EOU/TN for manufacture of the same product.

These two units applied for merger of their EOUs on 01.04.2011 (Unit-III with Unit-I) and their merger proposal was approved by MEPZ SEZ on 27.04.2011 under Para 6.32 (10) of HBH 2009-14.

The referred LOP No. A/2004/030/EOU/TN dated 05.07.2004 issued by DC, MEPZ was not listed for ratification of BOA at that time by oversight. Now the unit made a request for BOA's ratification, to complete the Income Tax assessment of their unit for the period they remained as a 100% EOU i.e. from 05.07.2004 to 27.04.2011 i.e. prior to merger with Unit-I, as the Income Tax Department insisted for the same.

Vide email dated 14.02.2019, DOC directed DC, MEPZ to furnish the reason for delay in ratification of the aforesaid LOP issued to M/s Narasimha Textiles Pvt. Ltd. (Unit-III). In response to this, DC, MEPZ has stated that while preparing the list of LOPs issued upto 31.12.2004 for ratification which was placed before BOA in its meeting held on 30.08.2013, the referred LOP No. A/2004/030/EOU/TN dated 05.07.2014 issued by DC, MEPZ SEZ was not included in the list for ratification of BOA since the LOP of Unit-II had already got merged with LOP of Unit-I. However, now that the Income Tax Department is insisting the unit to obtain separate ratification of



the LOP of Unit-III irrespective of its merger with Unit-I.

**DC Recommendation:** DC, MEPZ has recommended the proposal of M/s M/s Narasimha Textiles Pvt. Ltd., for ratification of BOA.

**PART II**

**Approval granted by Development Commissioner Under Delegated Powers for  
RATIFICATION OF BOA as per Press Note No. 3 of 1995**

A	Approvals granted under delegated powers for the period 01.10.2018 to 31.12.2018	KASEZ
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