

**O/O DC, DAHEJ - SEZ,
AHMEDABAD.**

**AGENDA FOR 7th (SEVENTH) MEETING OF APPROVAL COMMITTEE FOR
DAHEJ – SEZ TO BE HELD ON, TUESDAY, 23rd JUNE, 2009 AT 12.00 HOURS
IN THE CONFERENCE ROOM OF OPAL, (FOURTH FLOOR), VCCI
COMPLEX, OPP. FIRE STATION, MAKARPURA, VADODARA.**

A. Fresh proposal for unit in Dahej – SEZ, and other cases:-

Sr. No.	Name of the Applicant	Item of manufacture
01.	<u>M/s. Firmenich Aromatics Production (India) Pvt. Ltd.</u>	Request of the unit for enhancement of capacity and for inclusion of products in terms of Rule 19, of SEZ Rules 2006.

B. Other Cases : -

Sr. No.	Name of the Applicant	Item of manufacture
01.	<u>ONGC Petro Additions Ltd.</u>	Permission for construction of HSD Pump station within the Unit premise.
03.	<u>M/s. Meghmani Specialty Chemicals Ltd., Ahmedabad</u>	Request of M/s. Meghmani Specialty Chemicals Ltd., for change of entrepreneurship to their parent company. i.e., M/s. Meghmani Industries Ltd. in terms of rule 19 of SEZ Rule 2006.

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

.....

OTHER CASES

Case No. 03

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 filling 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.

.....

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

Subject: - Change of the entrepreneur, Request by M/s. Meghmani Specialty Chemicals Ltd., Dahej SEZ.

M/s. Meghmani Specialty Chemicals Ltd., Ahmedabad, were granted approval for setting up a unit in Dahej SEZ for manufacture and export of 1) S.O. Dyes, Intermediates and other chemicals, 2)Optical Brightening Agents 3) Agrochemicals – Technical & Formulations.

Now, the M/s. Meghmani Specialty Chemicals Ltd vide their letter bearing Ref. No..MSCL/0809/021 has requested for transfer of their unit in favour of their parent company M/s. Meghmani Industries Ltd., in terms of rule 19 of SEZ Rules 2006. The said unit has submitted a legal undertaking to the effect that the transferee company M/s Meghmani Industries Ltd., would be responsible for the liabilities, duties & obligations of the existing unit with respect to all terms & conditions of letter of approval issued to M/s. Meghmani Specialty Chemicals Ltd.

The case was put-up before the Approval Committee during sixth meeting held on 13-05-2009. The committee deliberated on the requested applicant and directed applicant to give detail information regarding Central Excise / Customs cases pending against their group companies. Further, as per directives of the Approval Committee, the unit was directed stop the development activities.

Now, the applicant vide the letter dated 16-05-2009, has submitted list of the cases pending against their group companies M/s. Meghmani Dyechem Industries Ltd. and M/s. Meghmani Industries Ltd. (copy of which each enclosed). Further vide their letter number Ref. : MSCL/08-09/025dated 03-06-2009 has submitted that no cases pending against M/s. Meghmani Specialty Chemicals Ltd. and M/s. Meghmani Industries Ltd. (except two case which are related to the matter of interpretation), the transferor and transferee company respectively. (Copy enclosed). The unit has requested to permit them to continue development activities to avoid delay in execution of their project.

The cases is put up for consideration by the Approval committee in terms of Rule 19 of SEZ Rules 2007.

The matter has been discussed in UAC & following decisions were taken :

-
1. Committee has agreed to transfer for M/s. Meghmani Speciality Chemicals Ltd. Dahej SEZ to M/s. Meghmani Industries Ltd.
 2. Committee has permitted to start their development activity in the Unit.
 3. In the original Application of M/s, Meghmani Speciality Chemicals Ltd., Ahmedabad for setting up the Unit they have not informed regarding pending

cases of Central Excise & Customs against their group Companies & mislead the UAC. SCN may be issue to the Company in this regards. Also the latter may be issue to the Unit for submission of assessment details in respect of Income Tax for last 3 years & also assessment details of Directors.

.....

AGENDA NOTE FOR THE 7TH (SEVENTH) MEETING OF APPROVAL COMMITTEE FOR MULTI-PURPOSE DAHEJ – SPECIAL ECONOMIC ZONE

Subject:- Approval of list of items required for Authorized Operations; request of the Developer of multi-product SEZ - M/s. Dahej SEZ Ltd., Dahej Bharuch – Under Section-14 (1) (a) of the SEZ Act, read with Rule-10 & 12 of the SEZ Rules, 2006.

Multi-product Special Economic Zone developed by M/s. Dahej SEZ Ltd., (a joint venture of GIDC & ONGC) was notified for an area of 1718-93-87 Hectares at Villages Dahej, Ambheta, Luvara, Suva, Lakhigam & Jageshwar, in Taluka Vagra, District Bharuch on 20-12-2006. Further an area of 1697-92-34 Hectares and an area of 21-01-53 Hectares were demarcated as processing and non-processing area respectively on 27-02-2007, by the Development Commissioner. The Ministry (BOA) has approved the list of Authorized Operations to be undertaken in the notified area on 13-02-2007.

The Developer vide their letter dated 17-06-2009 (copy enclosed) has now sought approval of duty free goods and services required for their approved authorized operations i.e. for laying down the water pipeline network in Dahej Special Economic Zone. The Developer has requested for approval the same as well as for procurement of duty free raw material. The Developer has submitted the requisite Chartered Engineer's certificate for the authorized operations, under Rule-12 (2) of the SEZ Rules, 2006.

The Approval Committee may kindly like to accord approval for duty free procurement of goods and service for undertaking authorized operations in the notified area of the multi-product Dahej - SEZ.

The committee examined the list submitted by the Developer & approved the items.

AGENDA NOTE FOR THE 7TH (SEVENTH) MEETING OF APPROVAL COMMITTEE FOR MULTI-PURPOSE DAHEJ – SPECIAL ECONOMIC ZONE

Subject:- Request of Developer M/s. Dahej Special Economic Zone for N.O.C. for setting up storage facilities in respect of HSD.

Multi-product Special Economic Zone developed by M/s. Dahej SEZ Ltd., (a joint venture of GIDC & ONGC) was notified for an area of 1718-93-87 Hectares at Villages Dahej, Ambheta, Luvara, Suva, Lakhigam & Jageshwar, in Taluka Vagra, District Bharuch on 20-12-2006. Further an area of 1697-92-34 Hectares and an area of 21-01-53 Hectares were demarcated as processing and non-processing area respectively on 27-02-2007, by the Development Commissioner. The Ministry (BOA) has approved the list of Authorized Operations to be undertaken in the notified area on 13-02-2007.

The Developer vide their letter dated 01-05-2009 and 09-06-2009 have requested to issue No Objection Certificate for setting up Captive Storage facility or storage infrastructure facilities in respect of High Speed Diesel which will be used exclusively for running readymade concrete Mixing plant and Batching plant. (copy enclosed)

The request of the Developer is put up for consideration by Approval Committee.

Old Case

Case No. 2

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.