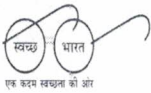


DFA



Government of India
Ministry of Commerce & Industry
Department of Commerce
Office of the Development Commissioner
Indore Special Economic Zone
207, 2nd Floor, Atulya IT Park, Near Crystal IT Park
Khandwa Road, Indore - 452001, Ph. 0731-2971128, 2971129
E-mail: dcisezind-mp@gov.in, Website: www.indoresez.gov.in

F. No. D-3/ISEZ/2006-07/

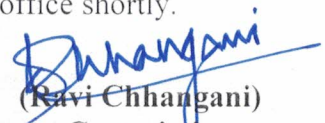
Dated: 23.07.2021

OFFICE – MEMORANDUM

Sub: Third Meeting (2021-22 series) of the Approval Committee for Indore SEZ to be held on 27.07.2021 at 3:00 p.m. – Reg.

The undersigned is directed to inform you that the Third Meeting (2021-22 series) of the Approval Committee constituted by the Govt. of India vide Notification dated 07.02.2007 has been scheduled to be held at 3:00 p.m. on 27.07.2021 under the chairmanship of the Development Commissioner, Indore SEZ through Video Conference (webex). Agenda Items for the same are enclosed as Annxure A.

2. You are requested to kindly make it convenient to attend the meeting through Video Conference. A weblink for the meeting shall be shared by this office shortly.



(Ravi Chhangani)
Asstt. Development Commissioner
For Development Commissioner

To

1. The Commissioner, Indore Division, Moti Bungalow, Indore (**Member representing Govt. of Madhya Pradesh**) or his nominee of suitable seniority.
2. The Managing Director, MPIDC, Cedmap Bhawan, 16-A, Jail Road, Arera Hills Bhopal (**Member representing Govt. of Madhya Pradesh**) or his nominee of suitable seniority.
3. The Commissioner, Customs, Office of the Commissioner of Customs, B-Zone, Business Space, 3rd Floor, 12/27 & 12/28 Village Pipliakumar, Nipania, Indore-452010 (M.P.) (**Member representing Deptt. of Revenue, Govt. of India**) or his nominee of suitable seniority.
4. The Commissioner of Income Tax (CIT-I), Office of the Chief Commissioner of Income Tax, Aayakar Bhawan Annexe, Opp. White Church, Indore-1 (**Member representing Deptt. of Revenue, Govt. of India**) or his nominee of suitable seniority.
5. The Jt. Director General of Foreign Trade, Nirman Sadan, Arera Hills, Hoshangabad Road, Bhopal (**Member**) or his nominee.



6. The Executive Director, MPIDC Regional Office, 1st Floor, Atulya IT Park, Near Crystal IT Park, Khandwa Road, Indore or his representative (**Special Invitee**).
7. The Dy. Secretary to the Govt. of India, Ministry of Commerce & Industry, Deptt. of Commerce, SEZ, Udyog Bhawan, New Delhi (**Member**) or his nominee.
8. The Dy. Secretary (IF-I), Ministry of Finance, Department of Financial Services, Jeevan Deep Building, Parliament Street, New Delhi (**Member**) or his nominee.
9. The Specified Officer, Indore SEZ (**Special Invitee**).

Copy for information to concerned units (without annexure).

INDORE SPECIAL ECONOMIC ZONEAGENDA FOR THE THIRD MEETING OF UNIT APPROVAL COMMITTEE
(2021-22 series) TO BE HELD AT 3:00 p.m. ON 27.07.2021

Venue: Office of the Development Commissioner, Indore SEZ
207, 2nd Floor, Atulya IT Park, Near Crystal IT Park, Khandwa
Road, Indore

Time: 3:00 p.m.

ITEM NO - 1

Ratification of the Minutes of the Second Meeting (2021-22 series) held on 29.06.2021 as at Appendix 'X'.

ITEM NO-2PROPOSAL RECEIVED FROM EXISTING UNIT

PROPOSAL NO. 2(i): M/s Shree Tirupati Balajee FIBC Ltd.

<u>COMPANY/UNIT PROFILE</u>	
(a) Name and address, telephone/fax/email id	M/s Shree Tirupati Balajee FIBC Ltd. Address: Plot No. AP-14, SEZ Phase II, Sector 3, Pithampur, Distt. Dhar
(b) Issue	<p>Request for rectification in the approved items of manufacture:-</p> <p>M/s Shri Tirupati Balaji FIBC Ltd. has submitted the captioned request stating that vide this office letter of even No. dated 02.06.2021, the annual capacity of FIBC (Flexible Intermediate Bulk Containers)/Jumbo Bags was enhanced from 10000 MT to 12000 MT. The unit has submitted that due to oversight a mistake has been committed at their end as in fact the annual capacity of 12000 MT should be 8000 MT for FIBCs/Jumbo Bags and 4000 MT for manufacturing of Fabric.</p> <p>The UAC in its meeting held on 25.05.2021 had approved modification of the existing project of the unit by backward integration of manufacturing activities in addition to the current manufacturing process and enhancement in production capacity of approved items of manufacture as per the proposal submitted by the unit. The minutes of the meeting are reiterated below:</p>

“Approved. The Committee deliberated in detail on the contents of the Agenda. The unit was represented Shri Binod Kumar Agarwal, Director who explained the proposal to the Committee. The representative stated that the proposed modification by backward integration of manufacturing activities would involve a fresh investment of Rs. 42.00 crores with employment generation of 250 persons. After deliberations, the Committee approved the request of the unit for allowing modification of their project by way of backward integration of the existing manufacturing activities by setting up a Tape and Fabric manufacturing plant for manufacturing of FIBCs/Jumbo Bags from plastic granules in addition to the current process of manufacturing of FIBCs from fabric along with enhancement of the annual production capacity of FIBCs/Jumbo Bags from the presently approved 10000 MT to 12000 MT in terms of the provisions of Rule 18(1) and 19(2) of SEZ Rules, 2006. The Committee also took note of the unit’s submission that at present, the proposed setting up of tape plant/looms is for fulfilling approx. 50% of its requirement and the remaining requirement will be fulfilled by continuing buying of fabric from outside for manufacturing of FIBCs which will gradually reduce to the extent the same is produced by the unit under the backward integration process.”

The unit has now requested for the below mentioned amendment and issuance of a fresh letter:

Item(s) of manufacture permitted as authorized operations in the LoA	Modified annual capacity requested by the unit (Unit in MT)
FIBC (Flexible Intermediate Bulk Containers) / Jumbo Bags	8000
Manufacturing of Fabric	4000

The request of the unit is placed before the Approval Committee for consideration in terms of Rule 19(2) of SEZ Rules, 2006.

Decision required from UAC	Request for rectification the approved items of manufacture.
DECISION OF THE UAC	

PROPOSAL NO. 2(ii): M/s Mudar Exports**COMPANY/UNIT PROFILE**

(a) Name and address, telephone/fax/email id

M/s Mudar Exports
Address: Plot No. C-11 and C-14, Indore SEZ Phase I, Sector 3, Pithampur, Distt. Dhar

(b) Issue

Request for enhancement as well as decrease in annual production capacity of approved items of manufacture under LoA No. C-120/ISEZ/Proj./2016-17/2334 dated 21.03.2017:-

M/s Mudar India Exports is holding LoA dated 21.03.2017 for manufacturing of Pepermint oil, Cornmint oil, Spearmint oil, Basil oil, Menthol Crystol and Glycerol. The unit has commenced production w.e.f 22.05.2019 and is operational on plot No. C-11 & C-14, SEZ Phase I.

The unit has submitted the captioned request vide which the unit has proposed to change the annual production capacity by way of enhancement of capacity of certain manufacturing items and decrease in capacity of one of the items of manufacture as under:

S. No.	Items of manufacture approved under authorized operations	ITC(HS) Code	Existing approved annual production capacity (in Tons)	Proposed annual production capacity (in Tons)	Remarks
1.	Pepermint oil	33012 400	45.00	45.00	No change
2.	Cornmint oil	33012 590	20.00	50.00	Enhancement
3.	Spearmint oil	33012 510	10.00	400.00	Enhancement
4.	Basil oil	33012 990	10.00	10.00	No change
5.	Menthol Crystol	29061 100	200.00	200.00	No change
6.	Glycerol	29054 500	300.00	150.00	Decrease

In support of the proposal the unit has informed that they are receiving positive response from its overseas customers predominantly in USA, Europe and Japan and is also exploring new international markets for future outlook. Further, the unit has been receiving various enquiries from prospective and existing customers for manufacturing the Mint oils as they are organic in nature and does not contain any synthetic fragrances or animal derived components. These products are widely used in aroma therapy, food & flavour industry, medical industry, personal care

products as well as for adding flavour to cigarettes. Thus, these products will see strong and rising demand in the time to come and capacity expansion of these products will help the unit to increase the exports and achieve better NFE.

The unit has further submitted that due to rare orders from customers and need basis manufacturing, they wish to reduce the annual production capacity of glycerol from the presently approved 300.00 tons to 150.00 Tons and this product will be manufactured only on special orders customized for a customer.

The status of NFE achieved by the unit in the first year of commercial production is as under:

Particulars	FY 2019-20 (Rs. In lacs)
FoB value of Exports for the year	2256.39
Less: CIF value of imports during the year	27.45
Less: Outflow of Foreign Exchange	0.71
NFE for the year	2228.23

The unit submits that the enhanced capacity can be manufactured from the existing setup of plant and machinery and equipments for processing and extraction of essential oils and hence no major CAPEX is required. Further, the unit is also working to remove major bottlenecks in various stages of the production process which had been limiting the production capacity and the expansion of capacity will increase the exports and NFE. The major raw materials like mentha piperta oil, mentha arvenis oil, mentha spicata oil ocimum, basillicum oil, menthol crystal and glycerine are procured indigenously and at times raw material like industrial graded glycerine can be imported as per availability and cost effectiveness of the product. With enhancement in capacity, the total employment will be enhance to 9 persons from the presently deployed 6 persons. There is no change in requirement of power connection which is presently 110 KVA.

The revised foreign exchange balance sheet in five years is as under:-

(i) FoB value of exports	- Rs. 35000.00 lacs
(ii) Foreign Exchange Outgo –	
Import of RM	- Rs. 350.00 lacs
Import of CG	- Rs. 0.00 lacs
Other forex outgo	- Rs. 10.00 lacs
(iii) NFE	- Rs. 34640.00 lacs

In response to the rationale regarding the proposed enhancement of production capacity of 'spearmint oil' from the approved 10.00 Tons to 400.00 Tons considering that no new plant & machinery has been proposed for the capacity enhancement, the unit has inter-alia stated that initially while applying for the LoA, the unit had mentioned the annual capacity of 585 MT on the basis of single shift production and now the unit will operate for all the three shifts to meet the demand in international market as over a period of time the unit has explored new customers in overseas market in different countries for its products.

According to the unit, the manufacturing time for spearmint oil is very less as compared to the other items and hence the product can be manufactured in the same manufacturing facility with additional machinery that was added by the unit after the starting of commercial production on 22.05. 2019. Further, the unit has also increased the storage capacity at its site and is getting more orders for spearmint oil and therefore has proposed to manufacture more of this item as compared to the other items. The unit has stated that in Europe the Government has banned the application of chloroform spray on vegetable crops for sprouting and the alternative to this is spraying of spearmint oil for sprouting vegetables. According to the unit they have reduced the manufacturing of glycerol to 150 MT from the approved 300 MT as do not have much export orders for this product. The unit has therefore assured that with the existing set of plant and machinery, they can easily manufacture 400 MT of spearmint oil by operating all the three shifts, and in totality with other products, can manufacture 855 MT of the approved products annually.

(c) Rule provision w.r.t SEZ Rules, 2006

Rule No. 19 of SEZ Rules 2006 applies to the issue.

The first proviso of Rule 19(2) of SEZ Rules, 2006 stipulates as under:

“Provided that the Approval Committee may also approve proposals for broad-banding, diversification, enhancement of capacity of production, change in the items of manufacture or service activity, if it meets the requirement of Rule 18.

In the instant case the requirements of Rule 18 is already met as the LoA dated 21.03.2017 has been issued to the unit and the unit is operational in the Zone.

Considering the submissions made by the unit and the afore-stated applicable Rule provisions, the proposal is placed before the Approval Committee for consideration under the provisions of Rule 19(2).

Decision required from UAC	Request for enhancement as well as decrease in annual production capacity of approved items of manufacture under LoA dated 21.03.2017 under the provisions of Rule 19(2).
DECISION OF THE UAC	

PROPOSAL NO. 2(iii): M/s Anjum Aromatics

<u>COMPANY/UNIT PROFILE</u>	
(a) Name and address, telephone/fax/email id	M/s Anjum Aromatics Address: Plot No. F-16, Indore SEZ Phase I, Sector 3, Pithampur, Distt. Dhar
(b) Issue	<p>Request for broad-banding of LoA by addition of new items of manufacture and enhancement in capacity of existing items - LoA No. C-101/ISEZ/Proj./2015-16/1617 dated 05.02.2017.</p> <p>M/s Anjum Aromatics has submitted the captioned request for addition of new items of manufacture in the existing LoA and enhancement in capacity of already approved items. The unit was granted LoA dated 05.02.2017 for manufacturing of (i) Sandal wood oil, (ii) Sandal wood powder, sandal wood gully chips, sandal wood chillan shavings, sandal wood cut pieces, (iii) Nagarmotha essential oil, (iv) Vettiver essential oil, (v) Lemon grass oil, and (vi) Palmarosa oil. As per records, the unit has commenced production w.e.f 01.06.2018 and is operational on Plot No. F-16, SEZ Phase-I.</p> <p>The unit has proposed for manufacturing of new products namely 'Sandaliya, Attar Sandal, Perfume Compounds & Bakhoor' which are mainly used in perfume and cosmetic industry. Further, the unit wishes manufacture other essential oils like 'Agarwood, Davana, Jasmine, Jatamansi, Lavender, Patchouli, Saffron, Sugandh Mandri, Valarian etc. The unit has claimed that they have installed a setup of machineries for extraction of essential oils from various natural products, however, presently they have been able to produce only Sandalwood oil and the remaining essential oils i.e Nagarmotha, Vettiver, Lemon grass and Palmarosa have not been processed due to the reason that the enquiry for these four essential oils have been very rare and that too couldn't materialize due to some or the other reasons. The unit therefore states that they have not been be able to utilize the full potential due to non availability of orders in the existing approved Essential oil products. As the business of essential oils is highly dependent on</p>

orders and that too very rare orders, the unit has decided to explore production and marketing of other essential oils which can be produced with the existing setup of plant and machinery with addition of some new machines.

The unit has accordingly requested for amendment / broad-banding of LoA along with enhancement in capacity of items approved in LoA as per the below mentioned details:-

S. No.	Approved Item(s) of Manufacture in LoA	Amended Item(s) of Manufacture with present product description	Approved Annual Capacity (in Kgs.)	Revised Annual Capacity (in Kgs.)	ITC (HS) Code
1.	Sandal wood oil	No change	740.00	3000.00	33012937
2.	Sandal wood powder, sandal wood gully chips, sandal wood chillan shavings, sandal wood cut pieces	No change	67500.00	No change	12119050
3.	Essential Oils : (i) Nagarmotha essential oil; (ii) Vettiver essential oil; (iii) Lemon grass oil; and (iv) Palmarosa oil.	Additional Essential Oils: Agarwood, Davana, Jasmine, Jatamansi, Lavender, Patchouli, Saffron, Sugandh Mandri, Valarian etc.	(i) 2000 (ii) 2000 (iii) 2000 (iv) 2000 8000.00	10000.00	3001
4.	--	Sandaliya	0.00	3000	33030040
5.	--	Attar Sandal	0.00	3000	33019031
6.	--	Perfume Compounds	0.00	3000	33030050/ 33030060
7.	--	Bakhoor	0.00	10000	33074100

For the purpose of broad-banding and capacity enhancement, the unit has proposed a CAPEX investment of Rs. 25.00 lacs in indigenous plant and machinery as the unit proposes to install essential oil distillation unit, oil fractionation unit, oil storage tanks, pulverizer, powder blending machine, pouch packing machine, bottle filling machine, labeling machine etc. at its site.

With regard to exports effected and NFE achieved in first two years of operation, the unit has informed export value as Rs. 166.87 lacs with cumulative NFE achieved as (-) Rs. 292.20 lacs i.e. Negative NFE. The unit has claimed that they have been able to achieve sales of Rs. 845.56 lacs till December 2020 and are confident to achieve positive NFE in FY 2020-21. According to the unit, after addition of new products and enhancement in

capacity, the projected foreign exchange earnings will be as under:

(i) FoB value of exports	- Rs. 5530.00 lacs
(ii) Foreign Exchange Outgo –	
Import of RM	- Rs. 3602.00 lacs
Import of CG	- Rs. 0.00
Other forex outgo	- Rs. 7.50 lacs
(iii) NFE	- Rs. 1928.00 lacs

According to the unit, the raw material for the essential oils will be procured from local market or can be imported from Indonesia, Bulgaria, Malaysia or Nepal. The sandal wood oil will be manufactured from raw sandalwood logs imported mainly from Africa, Australia or South Asian countries. For manufacturing of new requested products, the unit proposes to procure additional raw materials like aroma compounds, resins, synthetic oils etc. from local market or through import from France, UAE, Qatar, Indonesia or Singapore.

The unit has imparted employment to 18 persons and additional employment to 16 persons has been proposed. Further, the existing power connection is sufficient to meet increased operations and manufacturing of new products.

Certain clarifications regarding items proposed for export, import or procured from DTA by the unit are restricted or prohibited under the current FTP and applicability of Instruction No. 47 dated 04.03.2010 issued by DoC among others was sought from the unit.

In this context, the crux of the submissions from the unit is that, only two of their items of manufacture namely, sandal wood oil (HSN code 33012937) and sandal wood products (HSN code 12119050) fall under the category of restricted items of export and as per Instruction No. 47 dated 04.03.2010 issued by DoC, SEZ units do not require any permission to export restricted items of export. Further, the unit will be importing the raw materials from overseas country for manufacturing of these items. As regards any of the items prohibited for export, the unit stated that none of their items proposed for broad-banding fall under the category of prohibited items of export under the current Foreign Trade Policy (FTP).

As per DGFT Notification N0. 37/2015-20 dated 27.01.2017, subsequently amended vide Notification No. 15/2015-20 dated 05.07.2017 on export policy sandalwood oil and sandalwood products fall under restricted category. Subsequently, the DoC vide letter No. F.5/7/2017-SEZ dated 19.09.2017 has forwarded DGFT O.M. No. 01/91/171/17/AM06/PC-III/EC/661 dated

01.09.2017, vide which it has been advised to ensure the compliance with the conditions imposed on the policy on import/export of items related to Sandalwood and making it mandatory for SEZ units to obtain NoC from MOEF&CC through DGFT in prescribed proforma.

Having regard to the afore stated provisions, it is observed that as the unit is dealing in sandalwood oil and sandalwood products, it would require to obtain NOC from MOEF&CC through DGFT as per procedure contained in DGFT O.M. dated 01.09.2017.

With regard to the items proposed for import, the unit submits that only one item namely Agarwood is under restricted category and subject to provisions of CITES (Convention of International Trade in Endangered Species of wild fauna and flora), the unit can import the item with CITES certificate issued by the specific authority of exporting country. Further, in terms of Instruction No. 47 and provisions of FTP, an item whose import is restricted can be imported under Custom Bond for export. The unit further submits that if any permission is required, it will approach this office or the competent authority for obtaining the same. According to the unit, there are no items proposed for import which fall under the list of prohibited items for import under the current FTP.

With regard to the clarification regarding procurement of any restricted or prohibited items from DTA under the current FTP, the unit has submitted that they are currently not procuring any raw materials from DTA nor do they intend to purchase from DTA. However, in case they need to purchase any restricted items, they will approach this office or the competent authority for obtaining the required permission. As per Instruction No. 47, the DTA unit can supply restricted items to an SEZ unit for undertaking manufacturing operation accept refrigeration, cutting, polishing and blending for which prior approval from BOA is required. According to the unit, concerning the query raised regarding blending, it is clarified that blending is one small part of the activity out of the total long manufacturing process and the main manufacturing activity is condensation, fractionation or steam distillation and therefore blending is only one process out of sequence of other processes during the total manufacturing process.

Apart from above, the unit submits that their main product of manufacture is Essential Oils under HSN code family '3301' and therefore in addition to the existing essential oils there are other essential oils which the unit intends to produce, and since every essential oil has different 8 digit HSN code, and for the production

of these oils it is dependent on future orders to be received so it would be practically impossible to ascertain the quantity against each and every eight digit HSN code for Essential oil, and therefore considering the practical difficulty, the unit has requested to allow the permission for the product 'manufacturing of Essential Oil' under the HSN code family of '3301', instead of only a few essential oils permitted/proposed in instant request. This proposal has been made by the unit stating that a variety of essential oils can be manufactured in the same setup of plant and machinery with slight modification like change in composition or temperature setting or storage time and that the unit will continue to manufacture the essential oils as per the existing manufacturing process.

With regard to reasons and justification for increase in annual capacity of approved items, the unit has stated that it was not able to utilize its production capacity in the first two years of operations due to gestation, slow orders and time taken to establish its identity and goodwill in the overseas export market for the quality of the product. Additionally, during the initial years the enquiry for the permitted essential oils was very rare and that too couldn't materialize due to some or the other reasons and therefore the unit was not able to utilize the full potential due to non availability of orders in the existing approved Essential oil products. According to the unit, introduction of new essential oils will open a better prospect for them in export market and allow to increase its Exports. Further, the unit has submitted the requisite production layout and manufacturing flow chart of the items of manufacture.

In addition to the above the unit has also submitted a list of raw material required for the essential oils along with an Undertaking that none of the proposed items is prohibited for export or import under the current foreign trade policy, except Sandalwood and Agarwood, and the unit would take the requisite permission/NOC from concerned authorities in this regard.

(c) Rule provision w.r.t SEZ Rules, 2006

Rule No. 19 of SEZ Rules 2006 applies to the issue.

The first proviso of Rule 19(2) of SEZ Rules, 2006 stipulates as under:

“Provided that the Approval Committee may also approve proposals for broad-banding, diversification, enhancement of capacity of production, change in the items of manufacture or service activity, if it meets the requirement of Rule 18.

In the instant case, the requirements of Rule 18 is already met as the LoA dated 05.02.2017 has been issued to the unit and the unit

	is operational in the Zone. Considering the submissions made by the unit and the afore-stated applicable Rule provisions, the proposal is placed before the Approval Committee for consideration under the provisions of Rule 19(2) .
Decision required from UAC	Request for broad-banding of LoA by addition of new items of manufacture and enhancement in capacity of existing items under LoA dated 05.02.2017 under the provisions of Rule 19(2).
DECISION OF THE UAC	

ITEM NO - 3

Any other proposal, if received.