



सत्यमेव जयते
LE.No.38/02/2019/MEIS Audit
Dated: 17.07.2019

To

The Office of the Principal Director of Audit (Central),
"Lekha Pariksha Bhavan",
361, Anna Salai,
Teynampet,
Chennai-18.

भारत सरकार, वाणिज्य एवं औद्योगिक मंत्रालय
वाणिज्य विभाग, विकास आयुक्त का कार्यालय,
मेप्स विशेष आर्थिक क्षेत्र, तमिलनाडु, पांडिचरी,
अंडमान और निकोबार द्वीप समूह के शत-प्रतिशत
निर्यात अभिमुख एकक, चेन्नै - 45.

Government of India, Ministry of Commerce and Industry,
Department of Commerce,
Office of the Development Commissioner,
MEPZ SPECIAL ECONOMIC ZONE &
NEOUs in Tamil Nadu, Pondicherry,
Andaman & Nicobar Island
Administrative Office Building,
National Highway-45, Tambaram, Chennai - 600 045.

Sub: Statement of Facts on Performance Audit Report on "Merchandise Exports from India Scheme (MEIS) and Service Exports from India Schemes (SEIS) - Reg.

Ref: Your D.O.No.PDA(C)/CRA/MEIS-SEIS/SOF-104/2018-19 dt.01.03.2019.

Sir,

Kindly refer to your letter cited above, whereby you had asked this office to offer its comments on the Statement of Facts on the Performance Audit on "Merchandise Exports from India Scheme (MEIS) and Service Exports from India Schemes (SEIS). The following are the comments of this office on each of the issues raised by the Audit:-

1) Incorrect grant of MEIS on FOB Value of Exports :

The Audit has objected to the grant of reward on the FOB value inclusive of commission which has resulted in grant of excess Reward to the tune of ₹ 30,33,272/-. The Audit was informed about the Circular No.64 of 2003 dated 21.07.2003 issued by Ministry of Finance, whereby the export benefit on FOB value without deducting Agency Commission, if such commission is up to the limit of 12.5% of the FOB value, is allowable. Agency Commission beyond 12.5% alone is to be deducted from the FOB value for grant of export benefits and since the commission in the instant case is below 12.5%, the claim is acceptable.

However, the Audit has not agreed to the reply stating that the said Circular 64/2003 is not applicable to MEIS. On being pointed out about the observations of the Audit, M/s. Shobikka India Private Limited, has submitted that they have not paid any commission for exports to anybody and that they have received the full value of exports. The Unit has enclosed a letter dated 9.4.2019 from Bank of Baroda, Karur, confirming that there was no commission paid against the Shipping Bills for which the MEIS Scrips were issued. Therefore, the Unit has stated that they are eligible for the MEIS

reward and that there is no requirement for refund of any excess reward. Copy of the letter received from the Unit along with the letter from Bank of Baroda, Karur is enclosed herewith for Audit's perusal. The Audit is requested to consider the submissions made by the Unit and drop the para.

2) Excess grant of MEIS reward in respect of Steel Furniture exported :

Since the reply given by this Department was not accepted by the Audit, the Unit has been asked to refund ₹ 9.28 lakh to the Government (this amount has been revised to ₹ 8.39 lakh now by the Audit). The Audit will be informed about the outcome.

3) Excess grant of MEIS credit due to misclassificationn of Perfumed Oil :

On the basis of Audit objections, the Unit has been asked to refund the excess grant of MEIS benefits. Though the Unit has accepted to refund the excess claim on account of misclassification, they pointed out that the excess claim is ₹ 7,67,331/- and not ₹ 9,98,168/-. Once the Unit refunds the excess grant of ₹ 7.67 lakh, the same would be intimated to the Audit.

4) Excess grant of MEIS due to mis-declaration of Long Lasting Insecticide (LLIN) HDPE Mosquito Bed Nets :

Audit objections were conveyed to the Unit and the Unit was asked to refund the excess grant to the Government. However, the Unit vide its letter dt.28.05.2019 has once again reiterated its stand that their product falls under the HS Code 63049270 only. In support of their claim, the Unit has submitted a letter from the Textiles Committee under the Ministry of Textiles, Govt. of India and a letter from the Superintendent of GST & Central Excise, Karur Range stating that their product falls under HS 63049270. The Unit has further stated that they do agree that up to the introduction of GST they were classifying their product under HSN Code 39269099 as "Others" as their product was not elsewhere specified and after the introduction of GST, they got an approval for Broadbanding and started classifying their product under HS Code 63049270.

A copy of the letter received from the Unit along with enclosures thereto are forwarded herewith for perusal by the Audit. The submissions made by the Unit may be considered by the Audit and para may be dropped.

5) Delay in issue of MEIS Scrip :

As already explained to Audit MEIS applications received from Non EDI Ports where data is manually entered by the Units in DGFT Portal, this Office is required to physically verify a lot of parameters such as LOA date, FOB Value, HS code and exchange rate before sanctioning the claim. This leads to delay in processing the claim as compared to that of claims received from EDI Ports. Nevertheless, this Office takes all necessary efforts to dispose the claims as early as possible. Therefore, Audit is requested to kindly drop the Para.

6) Excess grant of MEIS Rewards due to incorrect levy of late cut :

Letter / email sent to 16 units in respect of 20 files to remit the excess grant of MEIS reward on account of incorrect levy of late cut.

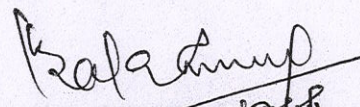
Out of 20 files, 3 files in respect of 2 units have remitted the recovery amounts vide TR 6 Challan. (Copy Enclosed). As soon as the rest of the units pay, the same will be intimated.

7) Excess grant of MEIS Rewards due to incorrect adoption of exchange rate (EURO) :

Letter / email sent to 22 units in respect of 25 files to remit the excess grant of MEIS reward on account of incorrect adoption of exchange rate (EURO).

Out of 25 files in respect of 22 units, 9 files have remitted the recovery amounts vide TR-6 Challan (copy enclosed). As soon as the rest of the units pay, the same will be intimated in due course.

Yours sincerely,


(K. BALASUBRAMANIAN)

ASSISTANT DEVELOPMENT COMMISSIONER

Encl: As above

ET 2120274103

DEBATCHED ON
17.7.19.

Dispatched/Noted-Ser

Corporate Office : 34, Sannathi Street, Vennaimalai (P.O.),
Karur - 639 006. TAMILNADU. INDIA.
Ph : +91 4324 220301 Fax : +91 4324 220241
email : sivasamy@shobikaaimpex.com
CIN : U17291TN2009PTC073749
GSTIN : 33AANCS6483M1ZM

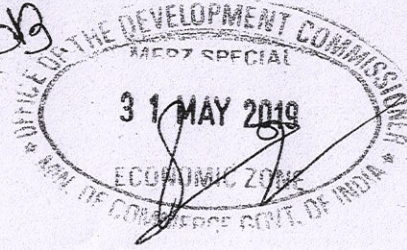
SHOBIKAA IMPEX PRIVATE LIMITED



REF.: SIPL/LOG/62/2019-20
Date: 28.05.2019

The Asst. Development Commissioner
MEPZ-SEZ, Administrative office building
NH-45, Tambaram
Chennai - 600045.

6282
Ase/103



Dear Sir

Sub.: Correct grant of MEIS on FOB Value realized exclusive of Commission- Reg

Ref.: 1) MEIS audit for the year 2015-19 to 2017&18

2) Your letter F.No.: 25/MEIS/Audit/AI

3) Our Letter SIPL/LOG/160/2018-19 dated 14.11.2018

4) Our Letter dt.: 26.11.2018

5) Your letter No.: 25/MEIS/Audit/AI Dt.: 20.05.2019

We have received your letter File No.: 25/MEIS/Audit/AI dated 13.11.2018.

In your reply it is stated that the circular no.: 64/2003 is not applicable to MEIS, and hence our reply was not accepted.

Whereas, as per our additional reply dated 26.11.2018 we quoted the following Foreign Trade policy.

Quote:

As per Foreign Trade Policy 2015-20, chapter 3, Para 3.04 (Entitlement under MEIS), reads as

The reward under MEIS scheme is on the FOB value realized under Free Foreign Exchange or on the FOB values as mentioned in the shipping bill (Whichever is lower).

Unquote:

No where it is mentioned that the MEIS is on the FOB value deducting the commission declared in the shipping bill. Even though the commission was not paid.

In our case we did not pay commission for these exports to anybody and received the full value of the export.

We enclose herewith the letter no.: BOB/KARUR/02/2019-20 dt.: 09.04.2019 as a proof confirming that there was no any commission paid against these shipping bills of subject MEIS authorizations.

Accordingly we are eligible for MEIS reward for which the proof of BRC's were already submitted along with MEIS application.

Thanking you,

Yours faithfully,

For SHOBIKAA IMPEX PRIVATE LIMITED

VIJAYAKUMAR. A
PROJECT MANAGER.



ENCL.: above Bank letter in original.

ISO 9001:2015 Certified Company

Manufacturers Of (LLIN) Long Lasting Insecticide Mosquito Nets

Factories : Plot No. 29, 32-37, SF No.558, 559, Athur SIDCO, Industrial Estate, Vennaimalai (P.O.), Karur-639 006.
SF No. 37-A, Kovai Road, Thanneerpandal, Pavithram Village, Aravakurichi (T.K), Karur - 639 002.



बैंक ऑफ बड़ौदा **Bank of Baroda**

Ref:BOB/KARUR/02/2019-20

Date : 09.04.2019

The Development Commissioner,
Office of the Development Commission,
MEPZ Special Economic Zone & Heous (in Tamil Nadu & Pondicherry, Andaman & Nicobar Island),
Administrative Office Building,
National Highway – 45,
Tambaram, Chennai – 600045.

Dear Sir,

Sub: Nonpayment of Sales Commission against M/s Shobikaa Impex Pvt Ltd export invoices made during 2015-16. I.E Code 3808000287

Our customer M/s Shobikaa Impex Pvt Ltd exports Mosquito Nets to various countries in the World since 2012.

We confirm that no sales commission was paid/deducted against the specific shipping bills raised against M/s Shobikaa Impex Pvt Ltd exports, attached herewith.

This letter is issued at the specific request of our customer M/s Shobikaa Impex Pvt Ltd in order to enable the firm to claim export incentive from MEPZ.

Thanking you,

Yours faithfully,

(Backialakshmi . S)

Chief Manager



करूर शाखा, 1,5 वीम क्रॉस स्ट्रीट, सेंगुतपुरम, करूर -639 002. भारत.

Karur Branch, 1, 5th Cross Street, Sengunthapuram, Karur - 639 002, India.

फोन / Phone : + 91 04324 274326 / 274325 ईमेल / Email : karur@bankofbaroda.com, www.bankofbaroda.com

Exports during 2015-16 the FOB Value and the BRC value.

SL No.:	Invoice		Shipping Bill	Shipping Bill Value of	BRC	BRC Value of
	No.	Date	No./Date	USD	No./Date	USD
SHOBIKAA IMPEX PRIVATE LIMITED SF. NO.: 558 & 559, ATHUR SIDCO INDUSTRIAL ESTATE, VENNAIMALAI POST, KARUR - 639006						
1	02	14.05.2015	9595986 15.05.2015	1559096.00	BARB0KARURX000871868 DT.: 16.07.2015	1559096.46
2	04	02.07.2015	1561882 02.07.2015	2204251.88	BARB0KARURX000912094 DT.: 15.09.2015	2204222.40
3	05	06.07.2015	1625790 06.07.2015	2204247.60	BARB0KARURX000912095 DT.: 15.09.2015	2204247.60
4	07	20.07.2015	1908695 20.07.2015	60499.89	BARB0KARURX000912092 DT.: 15.09.2015	60484.00
5	10	04.08.2015	2221682 04.08.2015	14638.49	BARB0KARURX000912093 DT.: 15.09.2015	14568.50
6	12	14.08.2015	2422860 14.08.2015	11025.00	BARB0KARURX000984561 DT.: 10.12.2015	11025.00
7	13	14.08.2015	2422908 14.08.2015	11025.00	BARB0KARURX000984562 DT.: 10.12.2015	11025.00
8	16	21.08.2015	2545919 21.08.2015	30029.94	BARB0KARURX000974909 DT.: 25.11.2015	30010.00
9	33	28.11.2015	4373718 28.11.2015	831090.90	BARB0KARURX001076177 DT.: 07.04.2016	831090.90
10	41	29.12.2015	5963174 19.02.2016	1079641.65	BARB0KARURX001065598 DT.: 24.03.2016	1079641.65
11	42	29.12.2015	5699079 05.02.2016	1794375.00	BARB0KARURX001086463 DT.: 06.05.2016	1794375.00
12	45	25.01.2016	5475422 25.01.2016	1683094.05	BARB0KARURX001070770 DT.: 07.04.2016	1683094.05
13	47	28.01.2016	5630313 02.02.2016	193174.69	BARB0KARURX001132131 DT.: 14.06.2016	193174.69
14	48	29.01.2016	5630250 02.02.2016	816693.34	BARB0KARURX001132132 DT.: 14.06.2016	816693.34
15	50	02.03.2016	6231257 03.03.2016	7980.00	BARB0KARURX001082751 DT.: 25.04.2016	7960.00
16	51	02.03.2016	6231260 03.03.2016	18619.99	BARB0KARURX001082752 DT.: 25.04.2016	18619.99
SHOBIKAA IMPEX PRIVATE LIMITED Plot No.: 32 to 37, ATHUR SIDCO INDUSTRIAL ESTATE, VENNAIMALAI POST, KARUR - 639006						
1	01	03.04.2015	8810543 04.04.2015	117450.00	BARB0KARURX000871865 DT.: 16.07.2015	117439.99
2	02	10.04.2015	8937336 10.04.2015	30799.97	BARB0KARURX000870699 DT.: 16.07.2015	28969.50
3	03	18.04.2015	9086725 18.04.2015	25000.02	BARB0KARURX000871866 DT.: 16.07.2015	24990.01
4	04	20.04.2015	9108917 20.04.2015	144430.00	BARB0KARURX000871867 DT.: 16.07.2015	144420.00
5	06	16.05.2015	9625995 18.05.2015	121000.04	BARB0KARURX000870700 DT.: 16.07.2015	120984
6	09	03.07.2015	1598247 04.07.2015	1904585.13	BARB0KARURX000912091 DT.: 15.09.2015	1904557.26
7	10	15.07.2015	1821724 16.07.2015	1907524.57	BARB0KARURX000912090 DT.: 15.09.2015	1907524.57



Signature

Corporate Office : 34, Sannathi Street, Vennaimalai (P.O.),
Karur - 639 006, TAMILNADU, INDIA.
Ph : +91 4324 220301 Fax : +91 4324 220241
email : sivasamy@shobikaaimpex.com
CIN : U17291TN2009PTC072749
GSTIN : 33AANCS6483MIZM

SHOBIKAA IMPEX PRIVATE LIMITED



REF.: SIPL/LOG/160/2018-19
Date: 14.11.2018

The Development Commissioner
MEPZ-SEZ
Tambaram
Chennai - 600045.



Dear Sir

Sub.: Correct grant of MEIS on FOB Value realized exclusive of Commission- Reg.

Ref.: 1) Your Letter F. No.: 25/MEIS/Audit/AI.

2) MEIS Authorization Nos.:

- a) 3819000837 dt.: 13.07.2016
- b) 3819000100 dt.: 17.02.2016
- c) 3819001184 dt.: 26.08.2016

We are in receipt of your letter File No.: 25/MEIS/Audit/AI dated 13.11.2018.

In this connection we would like to submit that

- 1) As per circular No.: 64/2003 - cus dt.: 21st July 2003, in point No. 4 it was clearly clarified that "the field formation may continue to permit export benefits on F.O.B. value without deducting agency commission if such commission is upto the limit of 12.5% of F.O.B value. Agency commission exceeding this limit should be deducted from the F.O.B value for granting export benefits under Drawback / DEPB / Advance License / DFRC schemes". The copy of the above circular No.: 64/2003 - cus is enclosed.
- 2) In all our above shipping bills we had mentioned the commission 10% on FOB Values only which is well within the limit of above said 12.5% on FOB value. Hence this is permitted as per above circular.
- 3) And we would like to state that though we had declared the commission 10% on F.O.B in these shipping bills, we did not pay any commission to anybody in this regard and collected the full payment of FOB value which is reflecting in the relevant B.R.Cs.

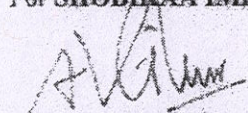
The respective shipping bills and the B.R.Cs were already submitted to you while applying for MEIS claim.

Hence it is confirmed hereby that the MEIS granted on the FOB/BRC value exclusive of commission is in order and there is no any excess rewards granted.

Thanking you,

Yours faithfully,

For SHOBIKAA IMPEX PRIVATE LIMITED


VIJAYAKUMAR A
PROJECT MANAGER.



Encl.: Circular No.: 64/2003-cus

ISO 9001:2015 Certified Company

Manufacturers Of (LLIN) Long Lasting Insecticide Mosquito Nets

Factories : Plot No. 29, 32-37, SE. No. 558, 559, Athur SIDCO, Industrial Estate, Vennaimalai (P.O.), Karur-639 006

SF No. 37-A, Kovai Road, Thanjoornandhal, Pavithran Villages, Arakkonam District, Tamil Nadu - 621 007

Corporate Office : 34, Sannathi Street, Vennaimalai (P.O.),

Karur - 639 006, TAMILNADU, INDIA

Ph : +91 4324 220301 Fax : +91 4324 220241

email : sivasamy@shobikaaimpex.com

CIN : U17291TN2009PTC073749

GSTIN : 33AANCS6483M1ZM

SHOBIKAA IMPEX PRIVATE LIMITED



Dt.: 26.11.2018

The Development Commissioner
MEPZ-SEZ
Tambaram
Chennai - 600 045

In addition to our letter Ref No. SIPL/LOG/160/2018-19 dtd 14.11.2018.

We would like to submit the following points.

As per Foreign Trade Policy 2015-2020, Chapter 3, PARA 3.04 (Entitlement under MEIS), the reward under MEIS scheme is on the FOB value realised under Free Foreign Exchange or on the FOB Value as mentioned in the shipping bill (whichever is lower). Accordingly we are eligible for the MEIS reward, for which the proof of BRCs were already submitted along with MEIS Application.

Moreover as per Customs Circular No.64/2003, Dt. 21st July 2003, in point no.4 it is clearly clarified that the field formations may continue to permit export benefit on FOB value without deducting Agency Commission, if such commission is upto a limit of 12.5% on FOB Value. Agency commission exceeding this limit should be deducted from the FOB value, for granting export benefit under the Drawback/DEPB/ Advance Licence / DFRC scheme. The copy of the above circular is attached. So this clearly clarifies that while calculating FOB Value for giving rewards under any scheme, the Agency commission should not be deducted it does not exceed 12.5%.

In all our above shipping bills we had mentioned the commission 10% on FOB Values only, which is well within the limit of above said 12.5% on FOB value. Hence this is permitted as above circular.

And moreover, we would like to state that though we had declared the commission 10% on FOB in these shipping bills, we did not pay any commission to anybody in this regard and collected the full payment of FOB value which is reflecting clearly in the relevant BRCs

These respective shipping bills and the BRCs were already submitted to your good office while applying for MEIS claim.

Hence it is confirmed that the MEIS granted by your good office on the FOB/BRC value is in order and there is no excess rewards granted from your end.

So we once again kindly request you not to hold on issuing of Fresh MEIS licences to us, due to the above issue. Hope & Trust that there will not be any further delay from your end on issuing the pending and fresh MEIS licence, which we are duly eligible.

Thanking you,
Yours faithfully,

For SHOBIKAA IMPEX PRIVATE LIMITED

VIJAYAKUMAR A
PROJECT MANAGER



Encl.: 1) FTP Policy 3.04
2) CBEC Board Circular 64/2003

ISO 9001:2015 Certified Company

Manufacturers Of (LLIN) Long Lasting Insecticide Mosquito Nets

Factories : Plot No. 29, 32-37, SF. No.558, 559, Athur SIDCO, Industrial Estate, Vennaimalai (P.O.), Karur-639 006.

SF No. 37-A, Kovai Road, Thanneermandal, Pavithram Village, Arakkonam Taluk, Karaikal.