

The appeal of M/s. Quest Life Sciences Pvt. Ltd., a unit in MEPZ SEZ against the order of cancellation of Letter of Approval.

The twenty ninth meeting of the SEZ Board of Approval was held on 19.10.2008 at 5.00 P.M. under the Chairmanship of Shri Gopal K. Pillai, Secretary, Department of Commerce in Room No. 162, Udyog Bhawan, New Delhi to consider the appeal of **M/s. Quest Life Sciences Pvt. Ltd., a unit in MEPZ SEZ against the order of cancellation of Letter of Approval.** A list of participants is **annexed.**

2. M/s. Quest Life Sciences Private Limited, a unit in the MEPZ SEZ was granted letter of permission on 24.11.2003 for setting up a unit for generating clinical bio-analytical statistics and data management. They started the commercial production on 31-07.2004. On obtaining the information that the unit was selling their services in the DTA, the Development Commissioner initiated proceeding under the FTDR Act. On completion of the proceedings, a penalty was imposed on the unit. When the case was brought before the Unit Approval Committee, it decided to cancel the letter of approval. Accordingly, the letter of approval was cancelled, vide order dated 23.5.2008. The unit had appealed to the Board of Approval against such cancellation order and the appeal was listed on the Agenda of the BoA during its meeting held on 1.8.2008. In the meanwhile, the unit had also approached Hon'ble High Court, Chennai, vide W.P. No. 17878 and obtained interim orders staying the orders passed by the UAC. Hon'ble High Court dismissed the case on 31.10.08 with a direction to the BoA to dispose of the appeal filed by the petitioner in four weeks' time. Accordingly, the matter was placed before the BoA.

3. The representatives of the unit presented their side in detail. The Board noted that the company has committed some irregularities in exporting services without filing shipping bills or SOFTEX form, selling into DTA without following the prescribed procedures. However, after detailed deliberations, the Board decided to revoke the cancellation of Letter of Approval of the company subject to the following conditions:-

- (i) A penalty of Rs.5.00 lakhs may be imposed on the company for irregularities committed in the past.
- (ii) The unit shall clear only such services in the Domestic Tariff Area as are permitted to be exported in the Letter of Approval issued to the unit.
- (iii) The Unit shall, upon receipt of advance foreign exchange payment, submit intimation to the Development Commissioner with a copy of the contract with the foreign party.

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- (iv) Upon completion of the testing and trial an invoice shall be raised on the foreign party a copy of which should be furnished to the Development Commissioner if no shipping bill is filed for export of the results.
- (v) In the event of results being unsuccessful, an intimation shall be furnished to the Development Commissioner indicating the payment effected by the foreign party for that particular series of tests with a copy of the communication furnished to the foreign party.
- (vi) Every clearance into the Domestic Tariff Area of approved services shall be made only after a Bill of Entry is filed, notwithstanding the service being a non-dutiable item under the Customs Tariff Act, by the appropriate party till such time any other document is prescribed for such clearances.

The meeting ended with a Vote of Thanks to the Chair.
