

(Print on Rs. 100 Stamp Paper To be Notaries)

SUPPLEMENTARY TERMS AND CONDITIONS

Undertaking by **M/s. Company Name and STP Unit Address**, a 100% Export Oriented Unit for obtaining license for private bonded warehouse and in bond manufacturing under Section 58 & 65 of Customs Act 1962, to the office of the Deputy Commissioner of Central Excise & Customs, New Custom House, Ballard Estate, Mumbai-400001.

The following supplementary regulations are framed under 'Manufacture and other operations in Warehouse Regulations 1966' for manufacture of Computer Software & IT Enabled Services for export in Bond by **M/s. Company Name and STP Unit Address**, a 100% Export Oriented Unit approved by Government of India Department of Electronics vide letter No. **STPI/MUM/VIII(A) _____ / _____ (____)** / **dated _____**.

DEFINITIONS:

Bonder/Manufacturer shall mean **M/s. Company Name** licensed for manufacture of Computer Software & IT Enabled Services in Bond for Export.

Jurisdictional Deputy Commissioner shall mean the Deputy Commissioner of Customs & Central Excise having jurisdiction over the Unit of **M/s. Company Name**

Range Superintendent shall mean the Superintendent of Customs and Central Excise having jurisdiction over the Unit of **M/s. Company Name**

Bond Officer shall mean the Customs Bond Officer-in-charge of the Unit of **M/s. Company Name**

Manufacture shall mean the process as shown in the "Software Development Process & IT Enabled Services " at Sr. No. B-8 as mentioned below.

A. GENERAL:

1. No change/modifications in these regulations shall be made or authorized, unless permitted by the Deputy Commissioner of Customs and Central Excise, Mumbai 400 001.
2. No change in the warehouse and manufacturing premises and manufacture as approved/amended by the Jurisdictional Deputy Commissioner in the ground plan of the warehouse of the Customs Bonded Warehouse License No. _____ dated _____ shall be undertaken by the manufacturer without prior approval of the Jurisdictional Deputy Commissioner.
3. The Bonder shall bear the cost of maintenance of Customs/Central Excise staff as may be posted and shall promptly these charges as per the rules in force from time to time. The Bond Officer-in-charge shall also ensure the timely recovery of such cost.
4. Customs/Central Excise personnel working in the premises shall be paid overtime if they are required to work for more than 8 working hours shift a day on any working day and at any time on Customs/Central Excise holiday as declared by the Central Government. Sunday shall be treated as a normal working day, in case the factory weekly holiday is other than Sunday. The overtime charges shall be at such rates as may be prescribed from time to time, in advance. Beyond these hours, the manufacturer shall requisite the services of Bond Officer by prior intimation of at least 8 hours in advance to the Jurisdictional Deputy Commissioner and on payment of the overtime fees at the prescribed rates.
5. The staff requirement for supervision of the manufacturing activity shall be periodically reviewed by the Jurisdictional Deputy Commissioner and the Bonder shall agree to the staff requirement by the said Authority.

6. The Bonded warehouse shall be visited from time to time by the Jurisdictional Superintendent and the Jurisdictional Deputy Commissioner and their traveling agreement shall be made at the cost of Bonder/Manufacturer.
 7. No operations such as warehousing, receiving, issues, packaging, return of goods, removal of goods for export etc., shall be conducted without the supervision of the Bond Officer.
 8. The store room shall not be kept open except when the operation of the deposit into or withdrawal from the same are being conducted under the supervision of Bond Officer.
 9. The Bond Officer shall have free access to all parts of the licensed premises where the bonded goods and other indigenous goods brought in for manufacturing activity are stored or manufactured and all accounts maintained by the Bonder in respect of such goods.
 10. No manufacturing operations shall be conducted at any place outside the premises/area licensed under Section 65 & 58 of the Customs Act, 1962.
 11. No manufacturing activity for local market shall be conducted in this area, except as authorised according to Government rules.
 12. No manufacturing operations other than the one mentioned in "Bond Manufacture" shall be conducted at any time except with the prior written permission of the Jurisdictional Deputy Commissioner.
 13. The Bonder shall make suitable arrangements for periodical inspection of his Bonded warehouse and manufacturing unit by the Jurisdictional Deputy Commissioner as and when required and by the Range Superintendent once a month.
 14. Once every 6 months a full stock taking of all bonded materials and indigenous material brought into the manufacturing area shall be carried out. The Bond Officer or any other Officer deputed by the Jurisdictional Deputy Commissioner shall physically verify and take the inventory of all bonded materials under the manufacturing process and in the form of finished products under the supervision of Range Superintendent. The statement shall be reconciled with recorded accounts. The imported and bonded goods not accounted for shall be charged to duty in addition to the fine and penalty as provided under the relevant laws and the Rules & Regulations made there under.
 15. In respect of the bonded material which is not exported and not accounted for properly, the Bonder shall promptly pay on demand all the duty, charges and any other sums, dues together with interest on the same as well as fines and penalties imposed for violation of the provisions of the Customs Act, 1962 and any other law, rules/regulations for the time being in force.
 16. The Bonder shall promptly pay on demand all charges and any other sums, dues, together with interest on the same at the prescribed rate from the date of such demand in respect of all bonded material not properly accounted for. All the fines and penalties imposed for violation of the provisions of the Act and/or rules, regulations shall also be paid promptly.
- B. WAREHOUSING & MANUFACTURING OPERATIONS:**
1. The Warehousing and manufacturing unit shall consist of various sections as per the approved layout drawing.
 2. The Bonder shall display boards identifying various place such as Store Rooms, Work place, etc.
 3. The Bond Officer of the Warehouse shall verify the B/E, invoices, Packing List, etc. and receive the consignment and store the bonded Capital Goods in the work place, after proper entry is made in the warehouse register according to specified format.

4. The Bonder shall simultaneously maintain a stock register item wise after the imported cases are opened, goods checked and verified invoice wise and packing list wise, under supervision of Bond Officer-in-Charge of the Bond.

5. Indigenous material brought in without payment of excise duty for the manufacture of the product as sanctioned shall be received by the Bond Officer after checking and stored in the indigenous raw material store, after reflecting the receipts in the item wise register maintained by the Bonder. One copy containing the details of indigenous materials brought in the manufacturing area shall be preserved by the Bond Officer-in-Charge of the Bond. For bringing indigenous material in manufacturing area the Bonder shall make an application as per approved proforma, a copy of which shall be retained by the Bond Officer.

6. A product register shall be maintained. The register shall have two parts; one containing accounts pertaining to the duty free materials and the other containing the accounts pertaining to the duty paid materials.

7. The Bonder shall properly account for the capital goods imported on availing exemption under Notification No. 13/81 dated 9/2/1981 issued under Section 25 of the Customs Act, 1962 and will pay duty for 100% Export Oriented Units on the capital goods not satisfactorily accounted for or on any other shortages/wastages/scrap accrued during erections/installation or other operations carried out under the Regulations, 1966. The damaged /obsolete/ unsuitable / scrap capital goods shall be cleared/disposed off in the manner as prescribed by the Jurisdictional Deputy Commissioner/Collector of Customs, Mumbai/The Approving Authority in Government of India, Department of Electronics, Software Development Division, 'A' Block, CGO Complex, Lodi Road, New Delhi 110 003, as the case may be.

8. SOFTWARE DEVELOPMENT & IT Enabled PROCESS:

(Please enter the process of manufacture here)

9. The Bonder shall also abide by the other Central, State, Municipal regulations or laws as applicable without prejudice to the above regulations.

10. The Software developed for export shall be stored and transmitted abroad under the supervision of proper office appointed by the Department of Electronics posted at the Software Technology Park, Mumbai.

11. The Bonder is permitted to import/store/manufacture/store the manufactured products in their bonded premises. The manufacturing process, and contents shall be as per their application for the manufacturing of Computer Software.

12. The said finished product shall have indigenous ingredients as per the Bonder's application.

C. ISSUES:

1. Bonder shall clearly declare Capital Goods imported for manufacturing actually in the B/E. Bonder shall file a separate issue application for having capital goods for use in the manufacture. An account for the same shall be kept in a separate register as specified to enable the recovery of duty on such goods at the depreciated value.

D. MANUFACTURING PROCESS:

1. The Bonder is at present permitted to manufacture in the above factory the following item:
Computer Software: Process as per Software Development process in Section-B para-8 above.

2. The Bonder shall use both indigenous duty free as well as duty paid indigenous raw materials in the manufacture of above item in the manufacture mentioned above.

3. These raw materials are: Magnetic tapes, tape cartridges floppy diskettes, paper tapes, printer ribbons, continuous stationery, etc.

4. All refuse/waste obtained in the process of manufacture shall be duly brought to account. It should be stored separately, its disposal shall be shown separately. As soon as possible after the manufacturing operations start, the Jurisdictional Deputy Commissioner shall arrange fixation of the percentage of waste/refuse arising in the course of manufacture after taking into consideration the result of the operation conducted under the supervision of one or more custom officers entrusted with the task. Only as much of the waste/refuse worked out on the basis of the percentage as fixed shall be eligible for accounting as stipulated in Section 65 (2) of the Customs Act, 1962.

E. MANUFACTURING LOSS/WASTAGE/REJECTS:

1. The refuse/waste obtained at various stages of the manufacture are not easily accountable.

F. CAPITAL GOODS:

1. The Capital goods and their deposition, erection in the warehouse shall be such, every item is easily accessible for inspection and shall be stocked Bond-cum-item wise unless directed otherwise by the Jurisdictional Deputy Commissioner.

2. The Bonder shall keep separate Stock Register for imported Capital goods as well as those obtained indigenously with separate stock cards and shall give distinctive marks, Sr. No. to each of this for easy checking and identification.

3. The fixation of the Capital goods, both imported and indigenous shall be done in accordance with the plans submitted by the Bonder and jurisdictional Deputy Commissioner.

4. The damaged/obsolete/scrap material shall be accounted for separately and shall be disposed in such manner and on such condition as may be prescribed by the jurisdictional Deputy Commissioner.

G. FINISHED GOODS STORAGE:

1. The manufacturer is permitted to store the manufactured goods under the supervision of Department of Electronics Officer appointed at Software Technology Park, Mumbai, till the same is forwarded for Export after making suitable entries in the finished product export register,

2. The store room shall not be kept open except when the operations of deposit into or withdrawal from the same are being conducted.

H. EXPORT/RETURN OF CAPITAL GOODS:

1. The export of the software & IT Enabled services shall be conducted according to the procedure laid down by the Director, Software Technology Park.

2. The export package Capital Goods (returned) shall be sealed with Custom's Seal at the time of return of Capital Goods, etc., with export mark and Nos.

3. The movement of export consignment of such Capital Goods from Bond to the place of shipment shall not be allowed except under escort of Customs/Central Excise, which the Bonder shall arrange well in advance either from the Office of the Jurisdictional Deputy Commissioner or from the Office of the Customs authorities at the port of shipment.

4. The Escorting Officer shall enter the consignment in Bond Register available with Bond Officer.

5. After export, the Bonder shall complete entries in the Bond Register. A zerox copy of each Airway Bill and Bill of Entry shall be taken and filed in the Office of the Range Superintendent who shall

scrutinize the entries with relevant documents and certify the correctness by countersigning them immediately on receipt of the Bill of Entry.

I. CANCELLATION OF BOND:

Immediately on exhaustion of the goods of each Bond, the Bond Officer shall ensure that Bonder furnishes a full account of each Bond of Capital Goods, finished goods manufactured, exported, transferred to another warehouse, bills of entry/transfer application and any other clearance, including letters of credit. The Bond Officer shall also verify these statements with reference to the warehouse records and forward to the Jurisdictional Deputy Commissioner for detailed verification. The Bonder will then make an application to Jurisdictional Deputy Commissioner for cancellation of Bond.

Accepted above Supplementary Terms and Conditions and will abide by them.

For Company Name

Name:

Designation: