

AGENDA FOR THE 105 UAC MEETING (VSEZ UNITS) SCHEDULED AT 1100 A.M ON 27.05.2019 UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER,VSEZ, SHRI A.RAMA MOHAN REDDY, IFS, IN THE CONFERENCE HALL OF ADMINISTRATIVE BUILDING, DUVVADA

Agenda item No.1.

Ratification of the minutes of the UAC meeting for VSEZ units held on 29.04.2019.

Agenda item No.2

Proposal of M/s.RJT Tobaccos Pvt.Ltd., for setting up of a unit for manufacture of Cigarettes and its packing , trading of Cigarettes and Tobacco., warehousing of Tobacco in VSEZ, Duvvada, Visakhapatnam.

Details of the proposal is as follows:

	Proposal	Setting up a unit for Cigarettes and its packing , trading of Cigarettes and Tobacco , warehousing of Tobacco in VSEZ, Duvvada, Visakhapatnam
2	Name and address of the Company	M/s. RJT Tobaccos Pvt.Ltd.,P54 and 55, Kasaba Industrial Estate, Phase II, Kolkata PIN 700107
3	Item of Manufacture	manufacture of Cigarettes and its packing , trading of Cigarettes and Tobacco., warehousing of Tobacco
4	Capacity Annual	Manufacture: 1,740 million cigarettes Trading (not mentioned) Warehousing(Not mentioned)
5	ITC HS code	24022090 (in respect of manufactured cigarettes)
6	Status of the concern	Pvt.Ltd., Company
6	Investment	Investment in P& M – Rs.Rs.405.00 lakhs Total investment : 747.16 lakh
7	Capital goods(for 5 years)	Rs.228.00 lakhs (indigenous) Rs.177.00 lakhs(imported)
8	Raw materials, Components, Consumables etc packing material, fuel etc for 5 years.	24045.00 lakhs (indigenous)
9	Requirement of built up	730.36 sq.mtr.

	space	
10	Requirement of water	nil However, 15 Kl per month for office use.
11	Employment	45 nos. (for 5 years period) Men: 33 (Manager 1, technicians 2, operators 8 electrician 1 and qualify control 2, Accountant 2 , office assistant 4, office boys 6, Driver 2, Security 4, marketing 1) Women:12(unskilled)
12	Requirement of power	150 KW.
13	FOB value of exports	US\$39511.25 Thuousand Rs.27405.00 lakh
14	Foreign exchange out go for the first five years	177.00 lakhs
15	Net foreign exchange earnings in the first five years.	27228.00 lakhs
16	Foreign technology if any	no
17	Foreign Investment	No

Details of the Company as per application:

The company was incorporated in the year 2013 having identity No. U16009WB2019PTC231144 with Ministry of Corporate Affairs, Govt. of India. The Unit submitted copies of Memorandum and Articles of Association.: There are two Directors in the company viz., 1. Mr. Debasish Banerjee and 2. Ms. Jaya Ganguli. The company submitted copies of PAN card of the Directors and IT returns and Aadhar card.

Back ground of the promoters with Board of Directors

Not submitted

Proposed Activity as an SEZ unit in VSEZ

It is mentioned in the application that the proposed unit is 100% export oriented and 100% environmental friendly and do not generate any processing waste. The entire production and trading in the proposed SEZ unit is meant for export only. No DTA sales would be done.

Initially the proposed unit will be purchasing blended cut tobacco locally from various Tobacco processing companies and manufacturing and packing cigarettes.

The proposed unit will have the capability to manufacture and pack cigarettes in various blends/flavors in hard packs king size. They will develop for other brands as per orders from different trade mark owners.

The proposed project will have the equipment necessary for Cigarette Making and packing lines along with some auxiliary equipment.

Export Market:

Middle East, Africa, Europe, South America.

Raw material and packing materials required are:

Blended cut tobacco, Cigarette, Tissue paper, Gum , Filter Rod, Cork Tip Paper, Aluminium paper Foil, Printed packing material, BOPP Film, Printed Corrugated Box

Cigarette making:

Blended cut tobacco is fed on the cigarette rolling machine along with cigarette tissue paper, adhesive, filter rods and cork tipping paper. The tobacco is rolled in cigarette tissue paper which is then glued to make a cigarette rod. The rod is then cut as per required size. Same is the case with filter rods, it is cut into sizes as per requirement and both the cigarette rod and filter rod pieces are joined together and cork tipping paper is rolled on top.

Policy:

General Notes regarding Import policy:

Import of cigarette or any other tobacco product shall be subject to the provisions contained in the Cigarettes and other Tobacco products (packaging and labeling) Amendment Rules, 2018 (as amended from time to time) as notified by Mo H& FW . Hence, any import of tobacco will be subjected to within the conditions mentioned in the said Rules.

Industrial Policy

Manufacture of Cigarettes is placed under Industrial Licence and hence BoA is to consider the proposal.

Export Policy

As could be seen in the ITC HS for export products in the Schedule I of Export items , the export of the Cigarettes is free.

With regard to 'Trading and Warehousing' mentioned in the application , the unit has not given any details, which could be asked to the unit in the UAC meeting.

In terms of Rule 17(2) of the SEZ Rules, 2006 the proposal is placed before the UAC for consideration.

Agenda item No.3

Proposal to cancel the Letter of Approval (LoA) granted to M/s. Worthington Nitin Cycliners Pvt.Ltd., for manufacture and export of cylinders, CNG compressor packing unit, CNG Dispenser, Fire Protection systems, Fire fighting equipment for non-operation since 2015 and non-payment of penalty imposed for its negative NFE for the period from 1.4.2013 to 31.3.2018.

Brief details of the unit:

M/s. Worthington Nitin Cycliners Pvt.Ltd., has been issued LoA dt.25.4.2006 by this office for manufacture and export of cylinders, CNG compressor packing unit, CNG Dispenser, Fire Protection systems, Fire fighting equipment for exports.

- The unit commenced production w.e.f. 1.4.2008.
- The Unit has stopped their operations since Feb. 2015 stating global recession and no export market and gave lay off to their staff and workers.
- The unit completed their second block period of 5 years by 31.3.2018.
- As per records on file, the unit's cumulative NFE performance for the second block period from 1.4.2013 to 31.3.2018 found to be negative NFE of Rs.15430.81 lakhs.
- This office issued Show Cause Notice dt.14.08.2018 for not fulfilling the prescribed positive NFE as per SEZ Act and Rules, 2006.
- The unit vide their 10.9.2018 requested office of DC to extend their LoA upto Dec.2018 to clear their goods in stock and pay the outstanding statutory dues and lease rentals.
- The SCN was adjudicated and O-in-O dt.26.9.2018 on the basis of PH and written submissions of the unit and a penalty of Rs.10.00 lakh has been imposed on the unit.
- The unit has not paid the penalty amount yet. However, vide their letter dt.1.10.2018 requested for renewal of their LOA upto 31.12.2018 to clear processed material lying at their premises to over come the financial crisis of the unit and to payment of lease rental and statutory dues .
- The request of the unit for extension of LoA was dealt on file and the request was not agreed and a letter dt.29.10.2018 issued to the unit for payment of penalty for taking further action.
- Further, this office vide letter dt.12.04.2019 served a letter of notice to the unit sent at their Regd. Office at Mumbai stating that their LoA will be cancelled if they fail to pay the dues within 15 days from the date of this letter and if the unit has any grievance they may appear before DC, VSEZ before 30.04.2019 to explain their position as to why action should not be taken and failing which lease agreement will also be cancelled and dues will be adjusted by seizing the Unit under the relevant Rules.
- No reply has received from unit till date.

The above facts were put up on file in the office of the DC,VSEZ and it was decided on file to place the matter before UAC meeting for taking suitable course of action on the issue.