

AGENDA IN RESPECT OF UAC MEETING FOR EOUS OF ANDHRA PRADESH AND CHATTISGARH UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER (ADDL.CHARGE) , SHRI D.V. SWAMY, IAS SCHEDULED TO BE HELD ON 10.02.2022 THROUGH VIDEO CONFERENCE.

Agenda-01 : Ratification of Minutes of the UAC meeting held on 25.01.2022 : Copy enclosed.

Agenda-02:

Proposal of M/s.Premier Global Products for setting up of an EOU at Raipur for processing /manufacture of 1. Clove powder 2. Areca Powder 3. Nutmeg Powder 4.Cinnamon Powder for export.

The proposal of the unit was discussed in the earlier UAC meeting and approved it subject to submission of Inspection report by the Jurisdictional Customs Officer and further submission of full 5 year period of Lease Agreement entered into by the promoter with the Land owner in respect of the land on which the unit is being proposed by the unit.

The Jurisdictional Customs Office i.e., O/o the Addl.Commissioner of CGST and CE vide their letter dt.11.01.2022 received in this office on 01.02.2022 submitted the inspection report and made the following observations:

- i. Taxpayer has made a Rent Agreement on 24.09.2021 for 5 years from 01.10.2021 to 31.08.2026 but in on renewal basis after the expiry of every 11 months whereas the minutes of the UAC meeting held on 22.11.2021 has directed to submit fresh lease deed for a full period of 5 years.
- ii. IEC code issued to the tax payer for registered address mentioned at Gandhidham , Katchh , Gujarat.
- iii. Financial feasibility of the project may further be reconsidered by the Committee. Applicant has proposed to import raw materials viz., areca nut, clove , nutmeg, cinnamon from Indonesia for further process these items at Raipur and then re-export them at a consideration of 250 USD/MT . Such type of business operation is generally not prevalent in Chattisgarh.

In view of the above observations, the issue is placed before UAC for discussion on the proposal to take a decision the same.

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Agenda item No.3

Proposal of M/s.Unifort Ceramics Pvt.Ltd., Tirupati for conversion of their existing DTA unit under EPCG obligation to an EOU for manufacture of Ceramic Table Ware/coated/decorated Ceramic mugs – reg.

M/s.Unifort Ceramics Pvt.Ltd., Mattapalem, Narasingapuram, Tirupati submitted application for conversion of their existing DTA unit under EPCG obligation to an EOU for for manufacture of Ceramic Table Ware/coated/decorated Ceramic mugs under ITCH 69111019 at an annual capacity of 57,72,600 Nos.

The Investment details (existing) of the project as per the Application is as follows:

Land & Bldg : Rs.818.33 lakh

P&M(indigenous) : Rs.1500.00 lakh

Imported CG(depreciated as stated): Rs.371.00 lakh

Original value : Rs.2701.97 lakh (under EPCG obligation)

Further Requirement for 5 year period

C.G. (imported) – Nil

Rawmaterial, consumables etc.,- Nil

C.G.(indigenous) – Rs.1500 .00 lakh

Raw material, consumables

Etc.,(indigenous) - Rs.7030.00 lakh

Other overheads - Rs.260.00 lakh

Exports proposed for the 5-year period : Rs.9803.07 lakh

Cumulative NFE projected for 5 year period: Rs.8432.07 lakh

(exports Rs.8803.07 lakh – imports Rs.371.00)

Employment: Men: 55 Women: 45

Means of finance: Rs.3504.15 lakh (already invested)

Rs.1326.15lakh (to be invested)

Rs.Rs.450.00 lakh (to be obtained term loan)

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Equity: Rs.500.00 lakh (Authorised)

Rs.453.50 lakh (subscribed)

Rs.453.50(paid up capital)

List of Directors:

The unit vide their letter dt.27.01.2022 have stated that they have as on today two directors viz., 1. Mr.Ravi Teja Anne 2. Mr.Siva Kumar Bellamkonda in place of the earlier Directors viz., Mr.Yalamachili Mohan Prasad and Mr.Bandlamudi Sivaramakrishna Shailendra are dead and their IT returns are no readily traceable.

IT returns:

The unit vide letter dt.27.01.2022 submitted IT returns ack copies of the present Directors for the last three 3years from AY 2020-21.

Back ground details of the Unit:

1. The unit M/s.Unifort Cermics Pvt.Ltd. was earlier known as M/s.Neycer Unifort Ceramics Pvt.Ltd. vide certificate of incorporation pursuant to change of name dt.15.02.2019.

2. Before that, M/s. Neycer Unifort got amalgamated M/s.Tam Fine Ceramics Pvt.Ltd., with them vide confirmation of scheme of amalgamation vide confirmation given by Regional Director (SR) , M/o Corporate Affairs in Form No.CAA.12 dt. 18.04.2018

3. On examination of Photo- copy of the the Sale Deed dt.17.01.2015 submitted by the Applicant , it has been observed that One M/s. Spartek Ceramics India Ltd., was declared a sick unit by BIFR and appointed IDBI as the operating agency and permitted M/s.Spartek to sell the surplus assets situated in Mittapalem, Chittor measuring 14.05 acres by way of competitive bidding in a transparent manner and further it ordered that the selling process shall be monitored by the Asset Sales Committee for transparency and genuineness.

3(i) M/s. Varalakshmi Aencies, a partnership firm being the highest bidder was the ORIGINAL PURHASER' of the entire 14.05 acres and paid the sale consideration to M/s.Spartek which is kept in the 'No Lien Account ' in IDBI and it did not register the sale deed in its name.

3(ii) M/s.Varalakshi Agencies being the Original Purchaser and M/s.Spartek being the Vendor have executed the sale deed in favour of M/s.Tams Fine Ceramics Pvt.Ltd., which is the sub-purchaser of the scheduled property measuring a total extent of 1.30 acre which has an ACC sheed roofed shed area of 15524 sq ft.

M/s. Unifort Ceramics vide their letter dt.06.02.2021 stated

- that they had acquired an existing factory from a BIFR open auction in 2008 (Hower *Sale deed is dated 2015*) with two EPCG Authorizations dt.27.05.2008 and 25.04.2008 in respect of imported CG and due to various legal tangles, the auction sale of the factory building by BIFR got delayed beyond two year and the tile documents for the above property could not be taken in time.
- That subsequently, global financial meltdown started and investors of the unit got into financial difficulties .
- That under the circumstances, the applicant could not proceed with balance construction and installation of the machinery.
- That now market conditions have stabilized and there is demand for the products in the market and the promoters are in talks with prospective investors .
- That once project is revived, balance civil works would start and would take roughly 9 months
- That they have to export Rs.64 cr within a period of 8 years in respect of EPCG obligation.
- That though import of C.G. under EPCG were made, modification of the factory got delayed beyond expected time because of legal issues of acquiring the factory and that they are hopeful of completing the export obligation within the block period of 5 years in the EOU scheme.
- That they have submitted application as prescribed for conversion of the existing DTA unit into EOU .
- That they will execute necessary LUT in Appendix 6 E once LoP is received from VSEZ

It is pertinent to mention here that the Jurisdictional RA, O/o Zonal Addl. Director General of FT, Chennai vide their letter dt.26.10.2021 informed that there are two EPCG licences Nos. 0430006068 dt.25.4.2008 and 0430006159 dt.27.05.2008 with CIF values of CG Rs.14,82,96,898.07 and Rs.12,62,92,451 and the same may be taken into account for subsume into the EO of EOU in terms of para 6.01, 6.34, 6.38 of HPB r/w para 4 of Appendix 6M which says that the outstanding EO of EPCG should be added by adding the value of CGs imported into the EO of EOU and requested to confirm subsuming of the CG in the EO of EOU status a/w LoP to enable them finalize the case as per Appendix 6M of FTP.

The para is reproduced hereunder:

EPCG authorization

(4) In case there is an outstanding export commitment under EPCG scheme, it will be added to future Export obligation by adding value of capital goods to the imported capital goods value of the EOU and all previous obligations under EPCG would cease to exist on such inclusion.

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further important aspects for discussion by UAC

1. legal issues, if any, still pending in respect of acquisition of the sick unit by M/s.Unifort
2. Encumbrances/liabilities if any on M/s.Unifort on acquisition of the sick unit.
3. Value of C.G. to be transferred to EOU scheme from EPCG scheme : whether full CiF value or depreciated value since RA, DGFT vide letter dt.26.10.2021 intimated that full cif value of Rs.27,45,89,349.07 may be added into the EO of EOU status while issuing LoP to the unit and confirm the same to them.

The proposal of conversion of the existing DTA unit with EPCG obligation into an EOU is placed before UAC in terms of para 6.19 of FTP and para 6.34(1) and 6.38 of HBP of FTP .
