

AGENDA for EOUs

AGENDA FOR THE UAC MEETING OF EXPORT ORIENTED UNITS IN THE STATE OF ANDHRA PRADESH SCHEDULED AT 1100 A.M ON 27.09.2021 THROUGH VIDEO CONFERENCING UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER, VSEZ SHRI, A.R.M.REDDY, IFS IN THE ADMINISTRATIVE BUILDING, DUVVADA, VSEZ.

Visakhapatnam Special Economic Zone

INDEX

	Particulars	Page No.
Agenda Item-1	Ratification of the Minutes of the Meeting of the Approval Committee held on 26.06.2021 (Copy enclosed)	2
Agenda Item-2	Proposal of M/s Glaukos Algae Technologies Private Limited for conversion of existing DTA into EOU unit under EOU scheme : Located at Plot Field S.No.469-B, East Gogupalle Village Po(Vil No.13) Alluru mandal, Potti Sriramulu Nellore District, A.P	2-5
Agenda Item-3	Revised Proposal of M/s Kaleesuwari Refinery and Industry Pvt Ltd for starting operations for manufacture of 'Bio-diesel' and Crude Glycerin (by Product) by importing alternate raw materials	6-7
Agenda Item-4	Joint Monitoring Meeting in respect of EOUs to review the performance for the period 2017-2018 and 2018-18 located under Commissionerate of Customs (P). Visakhapatnam and Vijayawada.	7

AGENDA for EOUs

Agenda-01 : Ratification of Minutes of the meeting held on 26.06.2021 : Copy enclosed

Agenda-02: Proposal of M/s Glaukos Algae Technologies Private Limited for conversion of existing DTA into EOU unit under EOU scheme : Located at Plot Field S.No.469-B, East Gogupalle Village Po(Vil No.13) Alluru Mandal, Potti Sriramulu Nellore District, A.P- Reg.

M/s Glaukos Algae Technologies Private Limited vide application dated 10.05.2021 received in this office on 31.05.2021 has submitted an application for conversion of their existing DTA into EOU located at Plot Field S.No.469-B, East Gogupalle Village Post (Vil No.13) Alluru Mandal, Potti Sriramulu Nellore District, A.P for manufacture of 'Dunaliella Salina (DS)-Marine Micro Algae (Algae based beta Carotene/Biomass) '.

Applicant has furnished the application in ANF- 6A along with DD of Rs. 5000/- towards application fees.

The following are the details of the proposal:

1	Name of the unit	M/s Glaukos Algae Technologies Private Limited Plot Field S.No.469-B, East Gogupalle Village Po(Vil No.13) Alluru Mandal, Potti Sriramulu Nellore District, A.P. Ph.No.9585811979/7021164811 Fax No. NS E. Mail: info@glaukosalgae.com Website : - www.glaukosalgae.com Passport No. NS Name of the Bank: Indian Bank ,Traunk Road , Nellore-524001 A/C No. : 6798440031 PAN No. : AAHCG9340H Digital Signature : Not submitted		
2	The proposal is for	Manufacture of 'Dunaliella Salina (DS)-Marine Micro Algae(Algae based beta Carotene/Biomass)		
		Item Description	Annual capacity (UOM Nos)	ITC Classification(HS)
		Dunaliella Salina (DS)-Marine Micro Algae (Algae based beta Carotene/Biomass)	65 Tons	32030090
3	Location of the project	Plot Field S.No. 469-B, East Gogupalle Village Po(Vil No.13) Alluru Mandal, Potti Sriramulu Nellore District, A.P.		

4	Manufacturing/Service	Manufacturing Cultivation & Processing				
5	Nature of the Applicant Firm	Private Limited				
6	Investment	Land -(existing)	300 lakhs			
		Building-(existing)	300 lakhs			
		Plant & Machinery				
		Indigenous	Rs. 1260 lakhs			
		Import CIF value	Rs. 1000 lakhs			
		Others	Rs. -			

		Total	Rs. 2260.00 lakhs			
7	Import Requirement	Capital goods	Rs. 1000.00 Lakh			
		Raw materials	0			
		Spares & Consumables	Rs. 50 Lakhs			
		Other OFE	Rs. 25 Lakhs			
		Total	Rs. 1075 Lakh			
8	FOB Value of export	Rs. 44850 lakhs over a period of 5 years i.e 60605 US \$ (in Thousands)				
9	Indigenous requirement	Capital goods	Rs. 1000 Lakh			
		Raw materials, spares, Consumables Components etc.	Rs. 4000 Lakh			
		Other Overheads for a period of 5 years	Rs. -			
		Total	Rs.5000 Lakh.			
10	Rejects	5%				
11	Foreign Technology	No.				
12	NFE (Sl. No. 8 -7)	Rs. 43775 Lakhs				
13	Employment		Existing		Proposed	
		a) Supervisory	5		Men:5	Women:0
		b) Non-Supervisory	10		Men:15	Women:50
14	Destination of Export	USA				
15	Nature of application firm	Private Limited Company				
16	Whether project Submitted	Furnished				
17	Marketing tie-ups submitted	Furnished in project report				
18	Residence Proof	Furnished				
19	Income Tax returns for the last 3 years	IT Retunes of Two Directors furnished for three years				
20	Directors	1. Busa Janardhana 2. Nalagamalle P Jayaprakash				

21	Article and Memorandum of Association	Furnished
22	Equity including Foreign Investment	i) Authorised - Rs.99 lakhs ii) Subscribed - Rs.99 lakhs iii) Paid up capital - Rs. 99 lakhs Pattern of share holding in the paid up capital a) Foreign holding -NIL b) Non Resident Indian Company/individual holding i) Repatriable NIL Non repatriable Nil c) Resident holding 100% d) Commercial Borrowing Nil e) ECB -NIL
23	Project Cost	i) Land - 300 lakhs ii) Building - 300 lakhs iii) Plant & Machinery(indig) 1260 lakhs iv) Imported CIF value - 1000 lakhs existing capital goods - 230 Lkhs Total Rs. 3090 lakhs (: additional :Existing capital goods from EPCG scheme)
24	Means of finance	Equity and Debt
25	Lease Agreement	Sale deed agreement furnished

It has been informed in the application that product proposed to be manufacture in EOU falls under ITC HS code of Chapter Heading 32 (32030090). The unit has submitted that they have imported Capital goods worth Rs.2.30 Crores under EPCG scheme. Further the unit has indicated that their EPCG obligation is 492.99 Lakhs. It is reported that the capital goods imported by the unit has not been installed in the company.

The unit has submitted that they have established an exclusive company for the cultivation and processing of Marine Micro Algae at Nellore in an area of 10 acres. M/s Glaukos Algae Technologies Private Limited is incorporated on 05.08.2019 . Initially they have started their project in DTA and later they have decided to convert the DTA to EOU by subsuming the imported Capital goods against EPCG. As a newly incorporated company, the unit has submitted that there is no existing capital structure and they have not made any exports. The unit has submitted photographs of the existing project.

In terms of para 6.07(d) of FTP .2015-20 which states that 'Applications for conversion into an EOU/EHTP/STPI/BTP unit from existing DTA unit, having an investment of Rs.50 Crores and above in plant and machinery or exporting Rs.50 Crores and above annually, shall be placed before BOA for a decision.

In the instant case, investment of the unit is less than 50 crores (22.60 Crores) and annual projected exports is more than 50 Crores.

Criteria to be adopted for Automatic approval of units under EOU Scheme in terms of Appendix 6A of Hand Book of Procedures, 2015-20

Proposals for setting up of units under EOU Scheme under automatic route shall be considered by the Unit Approval Committee taking into account the following:-

1	Residence proof in respect of individual/partnership firms of all Directors/ Partners (passport/ ration Card / driving license/ voter identity card or any other Proof to the satisfaction of Development Commissioner	Copies of the Aadhaar card enclosed
2	Income Tax return of all the promoter for the last 3 years	Three years Income Tax returns of Directors furnished
3	Experience of the promoter	Not furnished
4	Marketing Tie-Ups	As per ANF 6-A.
5	Inspection of the project site by an officer	- Yet to be inspected
6	Land Details	Sale deed submitted.
7	A Report from other DCs as to whether any under EOU Scheme in regard to diversion of goods etc. is pending/to be verified from Fraudulent list being maintained by PA to DC VSEZ	Action taken on file for getting the said report.

Policy Provision (FTP-2015-20)

In terms of para 6.06 of Foreign Trade Policy, 2015-20, the Criteria of a minimum investment of Rs. 1.00 Crore on plant and machinery prescribed for setting up of EOU is complied with in this proposal.

The present proposal does not fall under the category of requirement of Industrial license under I (D&R) Act, 1951.

The proposed product i.e Dunaliella Salina (DS)-Marine Micro Algae (Algae based beta Carotene/Biomass) has been verified from the prohibited list of items under Wild Life Protection Act, 1972 under Export Policy of DGFT, DOC and the same is not listed under the same. In this context, the unit has also submitted NOC copy dated 01.07.2020 from National Biodiversity Authority.

The request of M/s Glaukos Algae Technologies Private Limited located at Plot Field S.No.469-B.East Gogupalle Village Po(Vil No.13) Alluru mandal, Potti Sriramulu Nellore District, A.P for manufacturing and Export of 'Dunaliella Salina (DS)-Marine Micro

Algae(Algae based beta Carotene/Biomass)' is submitted before UAC in terms of Para 6.01 read with Para 6.32 of HBP, 2015-20, please.

Agenda item No.2: Proposal of M/s.Kaleesuwari Refinery and Industry Pvt.Ltd- Reg.

Revised proposal of M/s.Kaleesuwari Refinery and Industry Pvt.Ltd., for starting operations for manufacture of 'Bio-diesel ' and Crude Glycerin (by product) by importing alternate raw material i.e., Pal Acid Oil (HSN 38231900) and Spent Earth Oil (HSN 15159010) instead of Used Cooking Oil – Request for revival of the LoP No.PER/480/EOU/VSEZ/2019 dt.30.8.2019 and extension of the same in terms of para 6.01(b)(ii) of HBP 2015-20 by Development Commissioner, VSEZ.

The LoP was actually withdrawn by the office of DC, VSEZ, vide letter dt.08.11.2019, till further orders consequent upon rejection of the proposal of the Unit for import of Used Cooking Oil, a prohibited item , for manufacture of 'Bio diesel and its by product glycerin , .by BoA, New Delhi - vide minutes of the meeting of BoA held on 4.10.2019 .

The unit has in their letter above letter stated the following for consideration by the UAC:

- that a few suppliers including M/s.British Petroleum , with whom they had buyback agreement for export of biodiesel has approached them for supplying them alternate raw material viz., 1. Palm Acid Oil HSN 38231900 and 2. Spent Earth Oil HSN No.15159010 both stated to be free for import for manufacture of Bio diesel under buy-back agreement.
- that all the imported raw material will be manufactured into Biodiesel (with Glycerin as By-product coming out of the manufacturing process) and exported back after conversion of the same into Biodiesel as per the agreement.
- That they have implemented stringent internal controls with respect to the movement of imported raw material , by-product and finished goods within the premises with installation of CCTV camera, maintenance of stock registers and submission of monthly and quarterly returns to the jurisdictional customs authorities, to ensure there is end- to-end utilization of the imported raw material.
- That the written down value of Capital goods to be included part of EOU is Rs.10.14 crore (and submitted CE certificate for the same) and expected turnover from the EOU for the 5 year period is Rs.1500 cr.
- Submitted brief write up with respect to the proposed contract for supply of Bio diesel
- Revised projections along with projected balance sheet, showing Exports for the 5 year period as Rs.151423.00 lakh and NFE earnings for the 5 year period as Rs.36,623.00lakh

In this regard, the following are submitted to the UAC for kind attention:

- M/s.Kaleesuvari Refinery was earlier functioned as M/s.Natural Bio-Energy Ltd., under EOU scheme. They had switched over to EPCG scheme from the EOU scheme with an additional export obligation for the negative NFE in the EOU scheme to the EPCG scheme granted by the PRC, DGFT, New Delhi on their application for the same.
- The representation of the unit for manufacture of Bio-diesel with the imported UCO with certain additional conditions was forwarded to DoC vide letter dt.23.12.2019 by this office for re-consideration. The reply from DoC is still awaited.
- The HSN nos. declared by the Unit for alternate raw material i.e., Pal Acid Oil (HSN 38231900) and Spent Earth Oil (HSN 15159010) may be discussed for confirmation of the same by the UAC.

Policy provision:

“On approval, a Letter of Permission (LoP) shall be issued by DC / designated officer to EOU unit. LoP shall have an initial validity of 2 years to enable the Unit to construct the plant & install the machinery and by this time the unit should have commenced production. **In case the unit is not able to commence production in initial validity of 2 years, an extension of one year may be given by the DC for valid reasons to be recorded in writing. Subsequent extension of one year may be given by the Unit Approval Committee subject to condition that two thirds of activities including construction, relating to the setting up of the Unit are complete and Chartered Engineer’s certificate to this effect is submitted by the Unit. Further extension, if necessary, will be granted by the Board of Approval. Once unit commences production, LoP / Lol issued shall be valid for a period of 5 years for its activities. This period may be extended further by DC for a period of 5 years at a time”**

The revised proposal of the Unit for manufacture of Bio-diesel and glycerin as by product with alternate raw material as stated above for revival of the LoP and simultaneously extending the same up to 31.08.2021 is placed before UAC. please.

Agenda No.4: Joint Monitoring Meeting of the Approval Committee (s) of various EOUs to review the performance of EOUs for the period 2017-2018 and 2018-19 located in Preventive Commissionerate , Visakhapatnam and Vijayawada (copy enclosed).

In terms of Para 6.12 of FTP 2015-20 “performance of EOUs shall be monitored by Units Approval Committee (UAC) as per the guidelines given in Appendix 6-F of Appendices of FTP ,2015-2020.”.

Review of performance of EOUs for the period 2017-18 and 2018-19 is submitted before UAC in terms of Para 6.12 of FTP 2015-20

Performance sheets enclosed.
