

**Office of the Development Commissioner,
Sri City SEZ (Multi Product),
Project Office, N.H. 5, Tada – 524 401. A.P.**

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**Supplementary Agenda of the Unit Approval Committee for Sri City SEZ (Multi Product)
Meeting scheduled to be held on 03.06.2015**

Supl. AGENDA No. 1

M/s. UNP, a partnership firm having its Head Office at D. No. 19/1, Kasturi Ranga Road, Alwarpet, Chennai – 600 018 have submitted their application through SEZ Online System on 27.05.2015 for grant of Letter of Approval for setting up a manufacturing unit in Sri City SEZ. **Hard copy of online Agenda along with copy of application dtd. 27.05.2015** is enclosed for kind information of UAC.

The Proposal of the Unit is placed before UAC for **approval** please.

Supl. AGENDA No. 2

M/s. Sri City Private Limited, Developer vide letter dtd. 15.05.2015 (received on 29.05.2015)(copy enclosed) have submitted half yearly report for the period October, 2014 to March, 2015 in the Form – E duly certified Chartered Engineer, as required under Rule 12 (6) read with Rule 15 of SEZ Rules, 2006 for material consumption & utilization of goods. They also submitted the report through SEZ Online System on 29.05.2015(copy enclosed) as advised.

However, the Developer has yet to submit consumption statement in the proforma provided to them for the completed projects after 11.08.2014.

The Report is placed before the UAC for **approval** pl.

Supl. AGENDA No. 3:-

M/s. Astrotech Steels Pvt. Ltd., an existing manufacturing unit in Sri City SEZ vide letter dtd.01.06.2015(copy enclosed) have brought to the notice of DC's office that Service Tax Authorities are not considering issue of Form A2 inspite of Form A1 issued by Specified Officer of the Zone for claiming ab-initio exemption in respect of certain services for example Clearing and Forwarding activities for imports & exports.

Since, Place of Provision of Rules applicable as per Service Tax Notifications No. 17/2011-ST dtd.01.03.2011 and No.40/2012-ST dtd. 20.06.2012, classification (List I, II & III) of services have been followed upto 30.06.2013. Accordingly Services listed in category III have to be exempted by way of refund route only, upto 30.06.2013.

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As per Notification No. 12/2013-ST dtd. 01.07.2013, Place of Provision of Rules are not applicable. Hence, list of services earlier approved by UAC and after the issue of said notification dtd.01.07.2013 are all eligible for ab-initio exemption w.e.f. 01.07.2013, subject to the satisfaction of Specified Officer and certification of Form A1. A default list of around 66 services has also been approved by Ministry of Commerce vide letter dtd. 16.09.2013 as expanded vide letters dtd.19.11.2013, 19.07.2014 and 09.07.2014.

The proposal of the unit is placed before the UAC for **discussion** pl.

Supl. AGENDA No. 4

M/s. Nui Pulp & Paper Industries (P) Ltd., vide letter dtd. 01.06.2015 (copy enclosed) have requested for ratification of excess import of Capital Goods and Indigenous procurement of CG, Raw Material etc., and Construction Materials for factory and also approval for revision of projections on Imports & Indigenous procurement.

1. The unit has executed BLUT on 15.03.2010 for a duty saved amount of Rs. 10 Crs without an annexure showing break up of imports and indigenous procurements and the same has been accepted by this office.
2. On scrutiny of project report and application available in the file and utilization of BLUT statement submitted by the unit the following are observed:
 - a. Project cost for building, machinery & equipment and office furniture etc. as per project report was Saudi Riyals 1,99,51,284 equivalent to Rs. 25,73,71,564 (@Rs.12.90).
 - b. At the time of execution of BLUT for duty saved amount, the unit is required to attach calculation of duty saved on imports and indigenous items including construction materials required for factory, with break up of values based on Project Report & Application. But the unit did not do so while executing BLUT for a lump sum amount of Rs. 10 Crores which was accepted by this office.
3. The unit has started commercial production w.e.f. 09.05.2012 and made exports worth Rs. 65.58 Crores upto 31.03.2015(2 years 9 months) and value of Rs. 42 lakhs Upto 31.05.2015(2015 – 16).
4. The unit has not submitted revised projections at the time of request for inclusion of additional item of manufacture viz., PAPER CUP, hence resulted in excess import of Capital Goods.
5. During the period of operation from March, 2010 to 31.03.2015 they made the following imports, indigenous procurement of CG & RM etc.:
 - i. Imported Capital Goods : Rs. 2243.70 lakhs.
 - ii. Imported Raw Material etc: Rs. 3018.82 lakhs
 - iii. Indigenous Capital Goods : Rs. 49.51 lakhs.
 - iv. Indigenous Raw Material etc: Rs. 101.88 lakhs.
 - v. Construction materials through approved contractor viz., M/s. Qcon Infra Pvt. Ltd.,for a value of Rs. 639.77 lakhs.

6. Excess Import/DTA procurement for the period from 15.03.2010(date of BLUT) to 31.03.2015) :
- i. Excess Imported capital goods Rs.1193.22 lakhs & Indigenous Capital Goods Rs.49.51 lakhs. (but within the value of Rs. 25.73 crores as per Project Report as they have not specified whether import or indigenous).
 - ii. The details of duty saved are as under :
 - a. On Imported CG Rs. 570.66 lakhs +
 - b. On Indigenous CG Rs. 6.11 lakhs +
 - c. On Indigenous Constn. Materials Rs. 43.44 lakhs = Total Rs. 620.21 lakhs.
 - d. On Imported RM etc. Rs.1212.43 lakhs +
 - e. On Indigenous RM etc.Rs.6.92 lakhs = Total Rs. 1219.35 lakhs.

Total Duty saved on capital goods + Construction of Factory = Rs. 6.21 Cr as against Rs. 10 Cr. of BLUT.
Total Duty Saved on Imp & Indigenous RM etc. = Rs. 12.20 Cr. (there is no debit & credit for Inputs).

In view of the above, proposal of the unit may be considered for ratification and approve the following revised projections

1. Ratification of excess Import of capital goods Rs. 1193.22 lakhs
2. Ratification of excess DTA Procurement of CG Rs. 49.51 lakhs
3. Revised Projections for 5 years as under (which includes above)
 - i. Imported Capital Goods for 5 years Rs. 2500.00 lakhs. (enhancement from 1050.48 lakhs to Rs. 2500 lakhs including excess import of Rs. 1193.22 lakhs).
 - ii. Indigenous Capital Goods for 5 years : Rs. 100.00 lakhs.(including Rs.49.51 lakhs)
 - iii. Imported Raw Materials etc. for 5 years : Rs. 6000.00 lakhs
 - iv. Indigenous Raw Materials etc.for 5 years: Rs. 300.00 lakhs.
 - v. Construction Materials Rs. 650.00 lakhs (including 639.77 lakhs capitalized as above)

Net Foreign Exchange earnings: Exports as per application: Rs. 344.00 Crores (5 years)

Total Foreign Exchange outgo : as per revised projections: Rs. 85.00 Cr (5 years)

N.F.E. = Rs. 259 Crores.

The Proposal of the Unit is placed before UAC for **approval** please.

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Encl: as above.