

Agenda Item for approval under Automatic Approval Scheme

M/s C.B. Industries, Jamnagar

M/s C.B. Industries have been a DTA unit promoted by two partners and one of them is NRI who has investment to the extent of Rs.55 lakh as on date and hold 49% of shares without any right of repartition. They are a Manufacturer Exporter having registered with the Central Excise having Registration No. AAGFC6426LEM001. They engaged in manufacturing of **Pandharpuri Tobacco and Empty paper Pouches**. The capacity of the unit is 9600 no. of Sachets(480Kgs./50 gms) per day and each sachet weighing 50 gms. They have also furnished Export Performance report duly verified by the CA which reflects that they have effected export of INR(Rs.15873567.00)at page-159/crs. and in USD(\$298294.00)since F.Y.2011-12 to 2013-14 to UAE, Saudi Arabia, Doha Katar etc. It appears that they have sound knowledge of manufacturing and export of the item and also have a profound business knowhow/tactics to earn foreign exchange.

Summary of their 5 years projection is as under:

(Rs. In Lakhs)

- | | |
|------------------------------------------------|-------------------|
| 1. FOB value of export | : Rs. 1569 Lakhs. |
| 2. Imported Capital Goods | : Nil. |
| 3. Total investment in Plant & Machinery | : Rs.7/-Lakhs |
| 4. Imported Raw materials , components etc. | : Nil. |
| 5. Other F.E. out go in Foreign Tour, E.C. etc | : Nil. |
| 6. Net foreign exchange earnings | : Rs. 1569 Lakhs. |

The unit have revealed that they have a ready market in GCC countries and support from their long term buyers in the above region are extending their support to them. They projected in their application that their goods will be 100% exported.

The proposal of conversion of DTA units involves NRI investment on Non-repatriation basis. In light of the recent clarification vide Office Memorandum No.12/6/2013-FC.I dated 03.01.2014 issued by the director, MOCI, Deptt. Of Industrial Policy & Promotion, Udyog Bhawan communicated by the leltter No. 12/4/2013-EOU dated 20.01.2014 of the Under Secretary , MOCI, Deptt.of Commerce, EOU Division, Udyog Bhavan, New Delhi,the **NRI investment on non-repatriation basis are covered under schedule 4 of FEMA which have not been included in the definition of foreign investment(Page-294-296/crs.)**. As the proposal requires approval under EOU scheme under the automatic approval route in a manner as applicable to new units in light of Point (1) of Appendix 14-I-O, therefore, the proposal is placed before the UAC for consideration.

2nd Meeting
-435-

Agenda Item for approval under Automatic Approval Scheme

M/s. United Phosphorus (India) LLP

M/s. United Phosphorus (India) LLP, has submitted an application for setting up a new EOU at Plot No.3101/2, GIDC, Tal-Ankleshwar, Dist.Bharuch, Gujarat State-393002, for manufacturing of Agro Chemicals viz. Insecticides, Herbicides & Fungicides etc.

M/s. United Phosphorus (India) LLP is Limited Liability Partnership Firm, which is a part of M/s. United Phosphorus Limited Group. M/s. United Phosphorus Limited Group has already established their marketing arrangement and networking in the International market and their products are known for their quality in the international community. The Group operates in every continent and has a customer base in 123 countries. UPI LLP (EOU unit) will also use the same sources and markets for exporting their products.

The total project cost is Rs.2050.00 lakhs which will be financed through their internal accruals, Unsecured Loan and Term Loan etc. The unit will provide employment to around 67 employees.

Summary of Projection for 5 years:-

(Rs. in Lakhs)

1. FOB value of export	: 197375.00 Lakhs
2. Imported Capital Goods	: 1000.00 Lakhs
3. Total investment in Plant & Machinery	: 2000.00 Lakhs
4. Imported Raw materials, components etc. Lakhs	: 141408.00
5. Other F.E. out go in Foreign Tour, Royalty etc	: 10934.00 Lakhs
6. Net foreign exchange earnings	: 41034.00 Lakhs

Comments & Recommendations:

On scrutiny of the proposal it is found that as per Section (9)(1) of the Insecticide Act, 1968, "Any person desiring to import or manufacture any insecticide may apply to the Registration Committee for the registration of such insecticide and there shall be separate application for each such insecticide." And as per Section 13(1) of the said Act, "Any person desiring to manufacture or to sell, stock or exhibit for sale or distribute any insecticide, or to undertake commercial pest control operations with the use of any insecticide may make an application to the licencing officer for the grant of a licence."

But the unit has not yet submitted any registration from the Registration Committee of the Central Insecticide Board for each & every insecticide which they want to manufacture or import.

However, the proposal meets with other requirements of approval under EOU scheme under the automatic approval route. Therefore, the proposal is placed before UAC for consideration.
