

**AGENDA FOR THE 112<sup>th</sup> UAC MEETING (VSEZ UNITS) SCHEDULED AT 1100 A.M ON 30.12.2019 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 29.11.2019.

**Agenda item No.2**

**Proposal of M/s.Dande Renewable Energy Pvt.Ltd., for setting up of a unit for ‘ assembling of Electrical Two Wheelers and LifePo4 Batteries” in VSEZ, Duvvada, Visakhapatnam.**

**Details of the proposal is as follows:**

	Proposal	Setting up a unit for‘ <b>assembling of Electrical Two Wheelers and LifePo4 Batteries”</b> in VSEZ, Duvvada, Visakhapatnam
2	Name and address of the Company	M/s. Dande Renewable Energy Pvt.Ltd.,
3	Item of Manufacture	<b>assembling of Electrical Two Wheelers and LifePo4 Batteries”</b>
4	Capacity Annual	2400 no. Of vehicles /annum 500 no. Of Batteries/ annum
5	ITC HS code	Not given
6	Status of the concern	Pvt.Ltd., Company
6	Investment	Investment in P& M – Rs.54.70 lakh
7	Capital goods( for 5 years)	Rs.12.70 lakh (indigenous) Rs.42.00 lakh( imported)
8	Raw materials, Components, Consumables etc packing material, fuel etc for 5 years.	1816.41 lakh (indigenous) 4962.00 lakh ( import)
9	Requirement of built up space/ open land	100 sq.mtr. built up area
10	Requirement of water	300 ltrs per day
11	Employment	Men: 20 Women: 10

12	Requirement of power	5 KVA
13	FOB value of exports	Rs.10100.73 lakh
14	Foreign exchange out go for the first five years	Rs.6574.65 lakh
15	Net foreign exchange earnings in the first five years.	3526.08 lakh
16	Foreign technology if any	no
17	Foreign Investment	No

**Details of the Company as per application:**

The Company was incorporated on 7.3.2019 and has had place of business at 54-1-9, GF-1B, Lotus Plaza, Isukathota, Maddilapalem, Visakhapatnam. No details of business at the place mentioned.

**Back ground of the promoters with Board of Directors**

1. Mr.Dande Venkata Siddhartha
2. Mr.Dande Venkata Sai Charan

**Proposed Activity as an SEZ unit in VSEZ**

As mentioned in the brochure submitted along with the Application, M/s.Dande Renewable Energy is an Electrical Vehicle and Battery manufacturing Company with latest technology in the evolution of batteries( LiFe Po4 i.e.,Lithium –Iron-Phosphate technology battery) .

The proposed unit will be an assembling unit of the above e-vehicle and

The proposed unit in VSEZ would be an assembling unit of E-Bikes and assembling of LiFEPO4 battery.

Write up on the stages and material, components used in the assembling/manufacturing process of the e-bikes and batteries is not submitted.

**Export Market:**

Not mentioned

**Details Capital goods, Raw material and packing materials required are:**

Not mentioned

**Directors' profile ( as mentioned in the Brochure)**

1. Mr.D.V.Siddhartha, Managing Director of the unit is a Post Graduate in Business Administration from IIPM and worked in Malaysia in container and logistics stream. He worked for 2 years in India in Electrical business on two-wheelers and has done ground work on three-wheelers.
2. Mr.D.V.Sai Charan, Executive Director, is stated to have knowledge in Nano technology and the goal for their Industry is to increase the available power from a battery and decrease the time required to recharge a battery.

**Income Tax Returns of the Company:** Not submitted

**Income Tax Returns of the Directors for the last 3 years:** submitted in respect of Mr.D.V.Siddhartha only

Not submitted in respect of Mr.D.V.Sai Charan

The proposal is submitted for consideration by UAC.

**Agenda item No.3**

**Proposal of M/s.Sriko Industries Pvt.Ltd., for setting up of a unit for “LITHIUM ION AND LITHIUM IRON PHOSPHATE BATTERIES , LITHIUM CELL PROCESSING ” in VSEZ, Duvvada, Visakhapatnam.**

**Details of the proposal is as follows:**

	Proposal	Setting up a unit for <b><u>LITHIUM ION AND LITHIUM IRON PHOSPHATE BATTERIES , LITHIUM CELL PROCESSING</u></b> in VSEZ, Duvvada, Visakhapatnam
2	Name and address of the Company	M/s. Sriko Industries Pvt.Ltd.,
3	Item of Manufacture	lithium ion and lithium iron phosphate batteries , lithium cell processing
4	Capacity Annual	1228.00 KVA
5	ITC HS code	Not given
6	Status of the concern	Pvt.Ltd., Company
6	Investment	Investment in P& M – Rs.76.98 lakh
7	Capital goods( for 5 years)	Rs.20.00 lakh (indigenous) Rs.80.00 lakh( imported)

8	Raw materials, Components, Consumables etc packing material, fuel etc for 5 years.	700.00 lakh (indigenous) 2800.00 lakh ( import)
9	Requirement of built up space/ open land	231 sq.mtr. built up area
10	Requirement of water	1 KILO LTR.
11	Employment	Men: 12 Women: 8
12	Requirement of power	70 KVA
13	FOB value of exports	Rs.5157 lakh
14	Foreign exchange out go for the first five years	Rs.4906.00 lakh
15	Net foreign exchange earnings in the first five years.	251.00 lakh
16	Foreign technology if any	no
17	Foreign Investment	100 .00 lakh
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**Details of the Company as per application:**

The Company was incorporated on 13.11.2019 and hence has no IT returns.

**Back ground of the the Directors and other officers**

1. Mr.Sriram Ruthala, Managing Director, worked in Singapore's XS Control Asia, South East Asian Headquarters
2. Mr. Kondala Rao Ruthala , Director R& D and New Ventures is the Managing Director of M/s.SriKo Industries Pvt.Ltd., He manages the technology development at Sriko. He brings in the state of the art in battery technology to Sriko. He has got bachelor's degree in Electronics and Communication from NIT, Warnagal, India in 1993.
3. Dr.Like xie , Chief Technology officer. – He is based at Chicago . Joined Sriko Industries Pvt.Ltd., as Chief Technology Officer in 2019.
4. Mr.Joseph Gillispie, Director, International sales, is an experienced Electrical Design and Manufacturing Engineer.

**Proposed Activity as an SEZ unit in VSEZ as per project report:**

M/s.Sriko Industries Pvt.Ltd., is a professional Lithium Manufacturing company located in Visakhapatnam and Chicago, USA. Their primary focus is making Life PO4 battery (Lithium chemistry). Lithium Ion Battery technology is widely used in Motor cycles, cars, bicycles, carvans, electric forklift, UPS power backup, Electric Boats/Sjhips, Military vehicles, electric railways, electric scooters etc.,

**Export Market as per application :** Europe ( separate sales team in USA and Europe)

**IncomeTax Returns of the Company:** N.A.

**Income Tax Returns of the Directors for the last 3 years:** - submitted in respect of both the Directors . ( U.S. IT returns of Mr. R.Kondala Rao submitted)

**I.T. Returns of both the Directors may be perused for assessing financial strength of the Directors .**

The proposal is submitted for considering to place before the UAC scheduled on 30.12.2019

#### **Agenda item No.4**

Cancellation of LoA of Non-functional units – Review of M/s.Opto Eurocor Health care Ltd.,

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During review of performance of the units in VSEZ , on examination of the records of M/s. M/s.Opto Eurocor Health care Ltd., the following have been observed:

1. The unit has been issued LoA on 08.03.2011 for manufacture of Bare Metal Stents, Drug Eluding stents, Catheters/Balloons for export at Shed No.27, SDF-1, VSEZ.
2. The unit has not commenced operations at their unit as per records. However, the unit exported 4625 no. of Dior Ballon Dialation Catheters valued Rs.16,12,55,250/- .
3. The then Asst.Commissioner of Customs, VSEZ vide his letter dt.28.9.2011 advised the unit to explain as to how they had exported the goods in the absence of power supply and the required capital goods for manfactue of the said goods.

4. The unit vide their letter dt.29.9.2011 informed that the said goods are manufactured on job work basis using the Capital Goods and facilities available with their sister concern M/s.Opto Circuits India Ltd., at Shed No.23, SDF-I, VSEZ and the goods produced were exported in the name of M/sOpto Eurocor Health care Ltd.,
5. The unit replying to the letter dt.4.10.2011 informed that since the allotted premises is not suitable in the existing state for product of Dior Balloon Dilation Catheters , they had processed the same at their sister concern.
6. A Show Cause Notice dt.28.3.2013 has been issued to the unit for violating Rule 41(1)(f) of the SEZ Rules with regard to job-work, after getting confirmation on file from the then Specified Officer, VSEZ
7. The unit vide their letter dt.20.4.2015 informed that their management decided to close their unit due to various problems being faced by their unit.
8. After giving PH to the unit and on being admitted their lapse of not aware of the provisions of job work, the SCN was adjudicated vide O-i-O dt.25.5.2015 , and a penalty of Rs.1.00 lakh imposed on the unit.
9. The unit vide their letter dt.19.6.2015 paid the penalty amount of Rs.1.00 lakh as per records and requested for exit from SEZ scheme by clearing outstanding lease rentals and other dues.
10. The unit has not commenced their operations on their own. However, by utilizing the facility of their sister concern, they exported goods in their name. Hence, the unit was penalized for violation of SEZ rules.

The unit expressed its inability to continue in the SEZ scheme by clearing all dues.

The request of the unit before UAC for considering their request.

#### **Agenda item No.5**

Cancellation of LoA of Non-functional units – Review of M/s.Opto Cardiac Care Ltd., - reg

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During review of **performance** of the units in VSEZ , on examination of the records of M/s. Opto Cardiac Care Ltd., the following have been observed:

1. The unit has been issued LoA on 08.03.2011 for manufacture of Automated External Defibrilators abd Eco Cardio Gram for export at Shed No.31, SDF-1, VSEZ.
2. The unit commenced operations we.f. 09.12.2011 at their unit as per records. The unit's cumulative NFE performance for the block period from 09.12.2011 to 31.03.2015 is positive as per records. The unit has not submitted APRs since 2015-16 onwards.
3. The unit vide their letter dt.13.11.2019 informed that their management has taken a decision to close down its operations in VSES due to cancellation of orders by their overseas customers considering the prevailing market situation in the US and also stated that they have not manufactured any products for the last two years and did not see any improvement in the market situation in the near future.

The unit expressed its inability to continue in the SEZ scheme, the request of the unit before UAC for considering their request.

#### **Agenda item No.6**

#### **M/s.Transworld Garnet India Ltd.,- Amendment of LoA – reg.**

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The Unit has been issued LoA dt.20.3.2019 for

- i) Processing of Garnet Concentrate & very heavy minerals concentrate,
- ii) Trading in Heavy minerals, Garnet and other ores and Minerals **except Restricted and prohibited under ITC (HS)**

As per the above, the unit has the above LoA (i) for processing plant  
(ii) trading activity

The issue of deleting the term 'restricted' from list of items from the LoA has been dealt on file in view of imposition of STE restriction by DGFT for export of Beach Minerals through State Trading Enterprises, vide Notification No.26/2015-20 dt.21.8.2018 of DGFT.

In terms of Rule 26 of SEZ Rules, 2006, a Unit may export goods except prohibited items of exports indicated in ITC HS classification of export and import items. In tune with the rule 26 of SEZ Rules, 2006, there is a need to amend the LoA the unit for deleting the **restricted** term from the LoA of the unit.

We may as per the decision taken on the file of Customs Wing, VSEZ put the issue before UAC for considering amendment of the LoA to allow the unit export of restricted items also in tune with the Rule 26 of SEZ Rules, 2006 .

**Agenda item No.7**

Confirmation of permission granted to M/s. Sai RP Enterprises, VSEZ for inclusion of additional products in their LoA under broad banding.

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The request of the unit for inclusion of jute bags, cosmetics under different ITC HS have been placed before UAC on 29.11.2019 for inclusion in the LoA of the unit.

The UAC discussed the proposal and deferred the inclusion for want of correct ITC HS codes in respect of the products for inclusion.

The unit vide their letter dt.5.11.2019 submitted the ITC HS codes as follows:

Sl.No.	Product	ITC HS code
1	Hand bags made of Jute	42022230
2	Rose water	33030020
3	Face Packs	33049910
4	Soaps	34011900
5	Hair conditioners	33059000
6	Essential oils	33019090
7	Baby massage oil	30049011
8	Body spray	33074900

And requested this office to grant permission for inclusion of the above products as early as possible and need to order the products to supply to the duty free shops.

The request of the unit was considered by the office on file and permission granted. Vide letter dt.10.12.2019

The permission granted by this office for inclusion of the above products in the LoA of the unit is placed before UAC for ratification.



**Table Agenda for the UAC meeting schedule on 30.12.2019**  
( VSEZ units)

**Request of M/s.Worldwide Diamond and Jewellery Manufacturers Pvt.Ltd.,for inclusion of the activity for job work on synthetic or laboratory grown diamonds – reg.**

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The Unit requested for inclusion of additional activity of job work for their overseas customers i.e, (i) cutting and polishing synthetic or laboratory grown diamonds and (ii) Laser Cutting and Polishing of Synthetic or Laboratory grown diamonds.

**The unit submitted that their customer will supply the raw material ( laboratory grown synthetic diamonds) free of cost for undertaking the above mentioned services and export thereof. That means, the unit will utilize the existing machinery for the purpose of the job work service render to the overseas customer.**

The unit has projected an additional employment of 65 Nos. and revenue profit to the tune of Rs.1,89,73,387/- over a period of 5 years .

*In this regard , it is submitted that the unit has LoA dt.8.11.2018 for*

- 1.Cutting and polishing synthetic or laboratory grown diamonds*
- 2. Manufacturing Jewellery items with precious metals unstudded or studded with synthetic or Laboratory grown diamonds*
- 3. Laser cutting and polishing of synthetic or Laboratory grown diamonds*

*The unit vide their letter dt.25.04.2019 intimated commencement of operations w.e.f.16.4.2019.*

The unit is now requesting to include job work ( service activity) for their overseas customer i.e, (i) cutting and polishing synthetic or laboratory grown diamonds and (ii) Laser Cutting and Polishing of Synthetic or Laboratory grown diamonds while the raw materials are received free of cost while the existing machinery is used for the purpose.

In terms of Rule(6) of SEZ Rules, 2006 units may set up for providing services to Overseas entities subject to following conditions viz.,

- (a) Capital goods, raw materials including consumable, sub-assemblies, components, semi-finished goods shall be supplied by the Overseas entity free of cost;
- (b) Capital goods for setting up such facilities may also be supplied on loan or lease basis, provided the notional value of such capital goods shall be taken into account for calculation of Net Foreign Exchange earnings under rule 53;
- (c) Finished goods shall be exported out of the country or transferred to the Customs Bonded Warehouse to be maintained by the Overseas entity, provided that any supplied finished goods shall be as per the instruction of the overseas entity.
- (d) The Unit shall receive the consideration for its manufacturing services in convertible foreign exchange directly from the said Overseas entity;
- (e) In case the said manufacturing facility is used by the unit for carrying out production on its own account, separate accounts shall be maintained for the manufacturing and service activity.

Further in terms of sub rule (i) of Rule 18(2) of SEZ Rules, the unit is required to meet the positive net foreign exchange earnings requirement as provided in Rule 53.

As per directions of DC sir on the letter dt.23.12.2019, the request of the unit for inclusion of the above job work services for their overseas customer in their LoA is placed before UAC for discussion and consideration as a table agenda

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