

K-22019/9/2024-SEZ
Ministry of Commerce & Industry
Department of Commerce
EOU Section

Vanijya Bhawan, New Delhi
Dated: 26th Dec' 2024

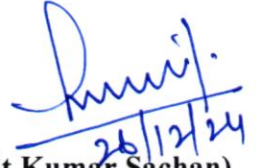
MEETING NOTICE

Subject: 1st Meeting (2025 series) of Board of Approval (BOA) for EOUs scheduled to be held on 03.01.2025.

The undersigned is directed to enclose herewith the Agenda for the 1st Meeting (2025 series) of the BOA for EOU scheme scheduled to be held on **03.01.2025 (Friday) at Ahmedabad** under the chairmanship of Commerce Secretary, D/o Commerce in hybrid mode, for information and necessary action.

2. Weblink for the said meeting will be shared by this department shortly.
3. All the addresses are requested to kindly make it convenient to attend the meeting.

Encl: As above.



(Sumit Kumar Sachan)

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1. DG, DGFT
2. The Joint Secretary, DPIIT
3. CBIC [Member (Customs)], M/o Finance
4. CBDT [Member (Income Tax)], M/o Finance
5. The Joint Secretary, M/o Environment & Forest
6. The Joint Secretary, M/o Science & Technology
7. M/o Micro, Small and Medium Enterprises
8. All DCs.

Copy to: PSO to CS/PPS to AS(LSS)/PS to JS(VA)/PS to DIR(GP).

Agenda for the 1st meeting of the Board of Approval (BOA) for EOUs (2025 SERIES) to be held on 3rd January, 2025.

Agenda Item No. 1.1(25)

Ratification of the Minutes of the 6th meeting of the Board of Approval (BOA) for EOUs (2024 series) held on 6th December' 2024.

Agenda Item No. 1.2(25)

Conversion of existing DTA into EOU unit [01 proposal – 1.2.1(25)]

Rule Position: Para 6.18 (c) of FTP 2023 stipulates that “Applications for conversion into an EOU unit from existing DTA units, 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.”

1.2.1(25) Proposal for conversion of existing DTA into EOU unit – M/s Tagoor laboratories Private Limited.

Jurisdictional SEZ - VSEZ

M/s Tagoor laboratories Private Limited is a DTA unit located at Unit-III, Plot No. 12, JN Pharma City, Parawada, Parvada Industrial Area, Anakapalli, Andhra Pradesh-531021. The unit has applied for conversion of their existing DTA unit into 100% EOU for manufacture of Active Pharmaceutical Ingredients (API's) and Drug Intermediates.

Export performance for the last 3 years

Year	Export (in crores)
2021-22	0
2022-23	1.10
2023-24	1.71
Total	2.81

FOB value of export for the next five years (in crores)

Particulars	Exports in Crores
1 st Year	408.56
2 nd Year	449.42
3 rd Year	494.36
4 th Year	543.79
5 th Year	598.17
Total	2494.30

Investment (Rs. In crores)

Particulars	Existing	Proposed in addition to existing
Land	6.29	0
Building	25.84	6.22
Plant & Machinery	67.25	31.10
Total	99.38	37.32

Proposed NFE (Rs. In Crores)

Exports	2494.30
Imports	1553.71
NFE	940.59

Employment

	Existing-507		Proposed in addition to existing -80	
Supervisory	Men-332	Women-16	Men-28	Women-02
Non-Supervisory	Men-151	Women-08	Men-45	Women-05

Indigenous goods requirements for 5 years period is Rs. 439.37 Crores.

The unit has no pending EPCG/ AA authorizations as confirmed by O/o Jt. DGFT, Visakhapatnam.

Since the existing investment in plant and machinery is more than 50 cr, the proposal is placed before BOA for consideration.

DC's Recommendation: DC-VSEZ has recommended the proposal of the unit.

Agenda Item No. 1.3(25)

Setting up of a new 100% EOU unit having lower investment criteria [01 proposal – 1.3.1(25)]

Rule Position: Para 6.06 of FTP 2023 states that only projects having a minimum investment of Rs. 1 Crore in plant & machinery shall be considered for establishment as EOUs. However, this shall not apply to existing units, units in EHTP / STP/ BTP, and EOUs in Handicrafts/Agriculture/Floriculture/Aquaculture/Animal Husbandry/Information Technology, Services, Brass Hardware and Handmade jewellery sectors. BoA may allow establishment of EOUs with a lower investment criteria.

1.3.1(25) Proposal for setting up of a new 100% EOU unit having lower minimum investment criteria - M/s Vadain Private Limited.

Jurisdictional SEZ – NSEZ

M/s Vadain Private Limited applied for setting up of a new EOU unit at Plot No. 12, Sector 05, IMT Manesar, Gurugram, Haryana-122051 for manufacture and export of following items:

Items	Annual Capacity	HS Codes
Curtains/Blinds	20000 PC/Pair	63039200, 63039990, 63039100, 63031200
Cushion/Pillow	1000	94042990
Cushion Cover	PC/pair	63049280
Fabric Display set		63079099
Quilts		94044010
Bed		63041910
Spreads/Sheets		63049190
Fabric		59039090 54071019
Job Work		SAC Code
Handling		995479
Job Work		998821

Projections of exports-imports for next 5 years (in crores):

Total Inflow	160.65
Total Outflow	23.82
NFE	136.83

Jurisdictional Customs authorities has also been requested for site inspection report which is pending. Antecedent reports from other SEZs has been sought which is also awaited.

The unit has shown investment in plant & machinery as Rs. 1.82 Crore in five years. In the first year the investment in plant & Machinery is just Rs. 60.00 lakhs. Since, the applicant doesn't meet the investment criteria of Rs. 1.00 crore as per para 6.06 of FTP 2023, the proposal was placed before BOA in its 5th meeting (2024 series) held on 05.11.2024 for consideration.

During the said meeting, the Board noted that the unit intended to set up a new 100% EOU unit at Plot No. 12, Sector 05, IMT Manesar, Gurugram, Haryana -122051 having low minimum investment criteria. The Board further observed that while the investment in the project is relatively low, the Net Foreign Exchange (NFE) indicated by the unit appears to be disproportionately high, which raises concerns regarding its feasibility. Consequently, after deliberation, the Board directed the Development Commissioner, NSEZ, to assess the viability and feasibility of the project in detail. A comprehensive report on the findings should be presented at the next Board of Approval (BOA) meeting, whenever scheduled.

Based on the decision of the BOA, DC-NSEZ has submitted a comprehensive report on the findings of viability and feasibility of the project of the unit. The rationale behind the low investment of Rs. 40 lakhs (from January-March 2025) submitted by DC is as below:

- i. Machinery for stitching, cutting, tailoring, hand pressing costs around Rs. 25,000 each and 60 such machines would be installed.
- ii. Business works on a labour intensive model with significant costs for procurement of materials.

DC-NSEZ has also stated that the revenues are significant on account of the high per unit value of realization of the curtains/ drapes. DC-NSEZ has also provided the copy of orders for the existing DTA unit (which also exports) indicating a per unit value ranging from Rs 17,000/- to Rs 1.5 lakhs.

The revenue and cost for the period 2025-26 as provided by DC is as under:

Administrative Cost: Rs. 60,00,00/-
Other Production Cost: Rs. 6,00,000/-
Factory Rent & Premises Cost: Rs. 10,00,000/-
Salary & Other Staff Cost: Rs. 1,80,00,000/-
Marketing Cost & Sales: Rs. 60,00,000/-
Finance Cost: Rs. 84,00,000/-
Exports during the period: Rs. 30,05,62,565/-
Projected Net Profit before Tax: Rs. 4,52,13,775/-

In the light of above, DC-NSEZ is of the view that there seems to be viability for the project despite the low investment.

DC's Recommendation: DC-NSEZ has recommended the proposal.