

No. K-22019/1/2017-EOU
Government of India
Ministry of Commerce & Industry
Department of Commerce

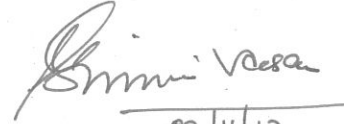
Udyog Bhawan, New Delhi
Dated 09th November, 2017

OFFICE MEMORANDUM

Subject: 6th Meeting (2017 series) of the Board of Approval (BOA) for EOU Scheme scheduled to be held on 17th November, 2017 – forwarding of Agenda reg.

The undersigned is directed to forward herewith a copy of Agenda Items for the 6th Meeting (2017 series) of the Board of Approval for EOU Scheme scheduled to be held on **17th November, 2017 at 11:00 A.M.** under the Chairmanship of Commerce Secretary.

2. May kindly make it convenient to attend the Meeting.



09/11/17

(G. Srinivasan)

Under Secretary to the Government of India

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- 1) D/o Industrial Policy & Promotion.
- 2) CBEC [Member (Customs)], M/o Finance.
- 3) CBDT [Member(Income Tax)], M/o Finance.
- 4) DG, DGFT.
- 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(SK)/PS to Dir (TVR)

AGENDA FOR THE 6th BOA MEETING (2017 SERIES) FOR EOU SCHEME TO BE HELD ON 17.11.2017 AT 11.00 A.M.

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6.1 (17) Confirmation of Minutes of the 5th BOA (2017 Series) meeting held on 18.09.2017.

6.2 (17) M/s Nano Engineering Materials (P) Ltd., an EOU under NSEZ – Proposal for extension of NFE block period for another one year.

M/s Nano Engineering Materials (P) Ltd. was granted LOP by DC, NSEZ on 31.08.2009 for manufacture and export of Industrial Diamonds & Flat Diamond Plates. The unit commenced production w.e.f. 02.08.2012. **The unit was NFE negative by Rs. 90.72 lacs at the end of its 5 years of operations.**

Brief background of failure of project: The unit has submitted following reasons for their business failure:-

(i) Initially, they did make sales of some of the products. However, it was observed that the buyers were dissatisfied and not willing to place repeat orders as their product failed to serve the desired purpose of the buyers due to some manufacturing defects. Similar feedbacks were received from other potential buyers whom they approached and those who visited their factory; and

(ii) Reasons beyond control: There have been adverse market conditions prevalent in as much as trade growth slowed down due to weak demand, trade policies, higher interest rates and weak currency resulting in sluggishness in the export markets.

(Rs . in lacs)

| Financial Year | Export | | Imports | | | | NFE |
|----------------|------------------|----------------|---------|----------------|----|-----------|--------|
| | Physical Exports | Deemed Exports | CG | CG (amortized) | RM | Otr/Oflow | |
| 2012-13 | 5.89 | 0 | 207.29 | 20.72 | 0 | 4.02 | -18.85 |
| 2013-14 | 15.44 | 0 | 0 | 20.72 | 0 | 4.43 | -9.71 |
| 2014-15 | 0 | 0 | 0 | 20.72 | 0 | 0 | -20.72 |
| 2015-16 | 0 | 0 | 0 | 20.72 | 0 | 0 | -20.72 |
| 2016-17 | 0 | 0 | 0 | 20.72 | 0 | 0 | -20.72 |
| | 21.33 | 0 | 207.29 | 103.6 | 0 | 8.45 | -90.72 |

Future prospects: The unit have informed that they have since obtained expert opinion from different fields and improved the quality of their products. They have altered the configuration of the machinery and made other improvements such as raw materials. There is also a buoyancy in the market with the lowering of interest rates,

benefits under the Make in India scheme and the anticipated stability of some of the target economies by world events like Brexit.

Unit has further stated that they again started production from April 2017 and already made export sales of Rs.12/- lakh in June'17. Currently, they have orders for supply worth Rs.25/- lakh which they are unable to process as their Green Card was valid upto 01.08.2017. They are also in talks with other potential buyers for further supplies.

Further steps to ensure to achieve positive NFE are:

- (i) Broad banding and increase the customer base both in India and abroad with focus on physical exports;
- (ii) Accelerated localization of high value raw materials / components;
- (iii) Request customers in the DTA to pay in convertible foreign currency, which can be counted for the purpose of NFE.

Projected exporter turnover:

(Rs. In lacs)

| Particulars | 1 st year | 2 nd year | 3 rd year | 4 th year | 5 th year | Total |
|-------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------|
| Turnover | 200 | 210 | 210 | 215 | 215 | 1050 |

Unit has informed that the above projections are based on queries / orders that they receive for their products.

Relevant provision of FTP: As per para 6.04 of FTP 2015-20, wherever a unit is unable to achieve NFE due to adverse market condition or any grounds of genuine hardship having adverse impact on functioning of the unit, the five year block period for calculation of NFE earnings may be extended by BOA for a period of upto one year, on a case to case basis.

DC's Recommendation: In view of the submissions made by the unit regarding future prospects and steps proposed to be taken for achieving NFE during the extended period, DC, NSEZ has recommended the proposal.

PART II

Approval granted by Development Commissioner Under Delegated Powers for RATIFICATION OF BOA as per Press Note No. 3 of 1995

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|---|--|-------|
| A | Approvals granted under delegated powers for the period July, 2017 to September, 2017 | KASEZ |
| B | Approvals granted under delegated powers for the period September, 2017 to October, 2017 - Nil | VSEZ |