Unlock Your Capital: The MOOWR 2019 Strategic Advantage

A proposal to enhance cash flow, operational flexibility, and export competitiveness.

The Opportunity in Brief

What It Is

A government scheme (MOOWR 2019) that allows 100% deferment of customs duties on imported raw materials and capital goods, which are stored in a bonded, licensed facility.

Why It Matters

Financial Impact

- Immediately unlocks working capital by deferring duty payments until domestic sale, and waives duties entirely for exports. Potential for 15-209a savings on import value.

Operational Flexibility

- Eliminates mandatory export obligations, allowing us to flexibly serve both domestic and export markets from the same facility.

Strategic De-risking

- The scheme is fully WTO-compliant, providing a sustainable, long-term alternative to traditional export schemes facing international scrutiny.

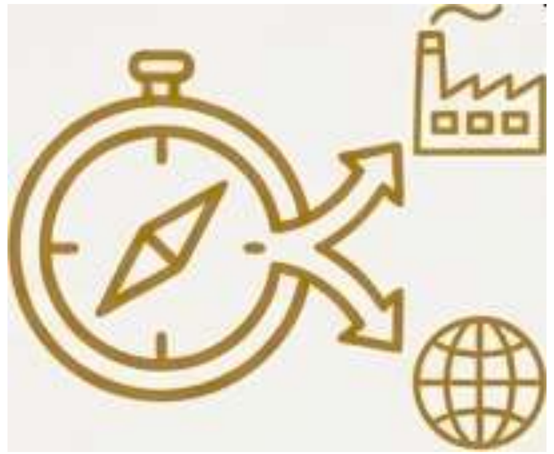
Our Recommendation

Approve a detailed, cross-functional feasibility study to quantify the precise financial benefits and create a tailored implementation plan.

Navigating a Shifting Trade Landscape

Capital Efficiency

Significant working capital is currently locked in upfront customs duty payments, impacting our cash flow and investment capacity.



Market Agility

Traditional export schemes (SEZ, EOU) impose rigid export obligations, limiting our flexibility to respond to dynamic shifts in domestic demand.

Global Compliance

Several of India's export promotion schemes face challenges at the WTO. A compliant, sustainable framework is a strategic necessity for long-term planning.

MOOWR 2019 directly addresses these challenges, aligning with the “Make in India“ initiative while ensuring WTO compliance.

The Financial Advantages: Duty Deferment and Capital Optimization

Boost Cash Flow with 100% Duty Deferment

Defer Basic Customs Duty (BCD) and IGST on all imported raw materials and capital goods. Duty is only paid when finished goods are cleared for domestic sale. No interest is charged on the deferred amount.

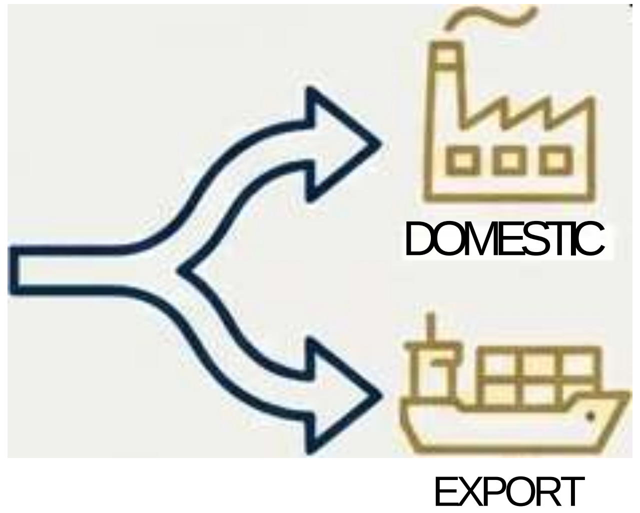
Achieve Zero Duty on Exports

Deferred customs duties on imported inputs are completely waived when the resulting finished goods are exported. This provides a direct, significant cost advantage.

Enjoy an Unlimited Warehousing Period

Imported goods can be stored in the bonded warehouse indefinitely for manufacturing, providing complete flexibility in production planning without time-based pressures.

The Operational Edge: Unmatched Flexibility and Simplicity



No Export Obligation

The scheme's core advantage. Complete freedom to sell in domestic or export markets based on demand, without any mandatory export targets.

Location and Investment Freedom

Operate from anywhere in India. An existing facility can be converted, or a new one established. There is no minimum capital investment threshold.

Perpetual Validity

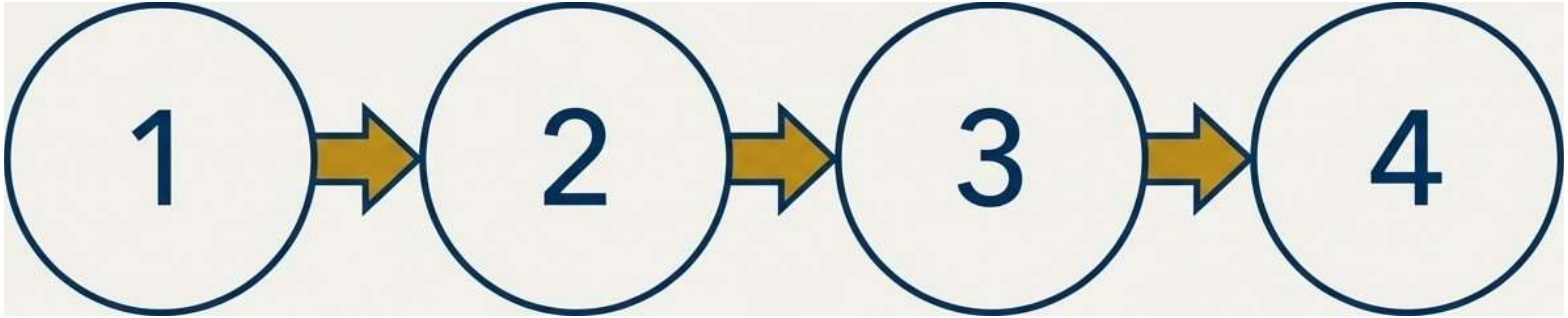
The license, once granted, has perpetual validity unless surrendered or cancelled due to non-compliance. This eliminates administrative renewal burdens and supports long-term strategic planning.

How MOOWR Compares to Traditional Export Schemes

Parameter	MOOWR	SEZ	EOU	EPCG
Export Obligation	None	Mandatory	Mandatory	Mandatory
Location Flexibility	Anywhere in India	SEZ areas only	Anywhere	Anywhere
WTO Compliance	Fully Compliant	Challenged	Challenged	Challenged
Domestic Sales	Freely Allowed (with duty)	Limited (with duty)	Limited (with duty)	Allowed
Duty Benefit	Deferment on " imports	Exemption	Exemption	Exemption on capital goods only

MOOWR offers the flexibility of a domestic unit with the duty benefits of an export scheme, all within a WTO-compliant framework.

The Path to Approval: A Streamlined, Single-Window Process



Integrated Application

Submit a single application (Annexure A) for both the Warehouse License (Sec 58) and Manufacturing Permission (Sec 65) to the jurisdictional Commissioner of Customs.

Premises Verification

Customs officials conduct a physical inspection of the proposed facility to verify infrastructure and security compliance.

Bond Execution

Execute the required ‘Triple Duty Bond’ (Annexure C) covering three times the estimated duty liability on warehoused goods.

Permission Granted

The Commissioner grants permission. The license has perpetual validity, enabling immediate commencement of bonded operations.

Eligibility and Infrastructure Requirements

Eligibility Checklist

- Valid Import Export Code (IEC)
- GST Registration (with premises declared)
- Private Bonded Warehouse License under Section 58 (can be applied for simultaneously)
- Demonstrated financial solvency

Key Facility Requirements

Secure Premises
Proper boundary demarcation, controlled access, and secure storage for goods.

IT Systems
Computerized system for digital accounting of all goods movement (receipt, storage, operations, removal). Digital signatures are required.

Appointed Personnel
An experienced Warehouse Keeper to manage customs procedures and day-to-day operations.

A Framework for Ntodern, System-Driven Compliance

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The Triple Duty Bond

A one-time bond executed to cover three times the potential customs duty liability on goods. This single bond serves the requirements of both Section 59 and MOOWR regulations.

2.

Digital Record Keeping

All records—receipt, manufacturing, removal, stock—must be maintained digitally in a standardized format (Annexure B). This emphasizes record-based control over physical supervision.

3.

Monthly Digital Reporting

A single monthly return must be submitted to the Bond Officer (typically by the 10th of the following month) summarizing all warehouse activities, including balances, consumption, and clearances.

The Flow of Goods: Two Clear Paths for Clearance

Bonded Warehouse

Clearance for Domestic Market

1. File ex-bond Bill of Entry 2. Pay applicable customs duty ONLY on the imported raw materials used -3 3. Pay IGST on finished goods value - •4 Clear goodv

Key Benefit: Duty is paid only at the time of sale, not import. No interest is levied.

Clearance for Export

1. File Shipping Bill 2. Issue Export Invoice -3 3. Complete export formalities -3 4. Clear goods.

Key Benef"rt: Deferred customs duty on imported inputs is completely waived.

The Estimated Financial Impact

15-20%

Working Capital Savings

(Calculated as a percentage of annual import value through duty deferment)

8-10%

Annual Interest Savings

(Based on prevailing interest rates on the deferred duty amount)

100%

Duty Savings on Exports

(Complete waiver of customs duty on inputs used in exported goods)

Based on our analysis, initial implementation costs are typically recovered within 6-12 months through these direct financia1 benefits.

A Phased Roadmap for Implementation

Phase 1: Assessment

- Conduct detailed cost-benefit analysis
- Evaluate infrastructure & IT system readiness
- Finalize potential working capital savings

Phase 2: Preparation

- Prepare physical infrastructure
- Appoint & train Warehouse Keeper
- Compile all application documentation

Phase 3: Application

- Submit integrated application
- Facilitate customs premises inspection
- Execute bonds & obtain license

Phase 4: Operationalization

- Commence bonded operations
- Establish reporting & monitoring protocols
- Conduct final staff training

Proactively Managing Key Risks

Compliance

Failure to maintain records or meet reporting deadlines.

Mitigation

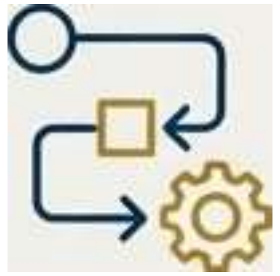
- Implement robust internal controls.
- Conduct regular self-audits.
- Designate a dedicated compliance lead.

System Integrity

Disruption to the digital record-keeping system.

Mitigation

- Invest in reliable IT infrastructure with automated backups to ensure uninterrupted record management and reporting.



Procedural Gaps

Inconsistent handling of goods movement or documentation.

Mitigation

- Develop and deploy detailed Standard Operating Procedures (SOPs) for all key warehouse operations.

Knowledge & Training

Staff unfamiliarity with customs procedures and MOOWR rules.

Mitigation

- Conduct regular, targeted training programs for the warehouse keeper and all relevant personnel.

Recommendation: Secure a Strategic Advantage

The MOOWR scheme offers a clear, sustainable path to significantly improve working capital, gain unparalleled operational flexibility to serve both domestic and export markets, and de-risk our long-term export strategy with a WTO-compliant framework.

We request formal approval to launch a detailed, cross-functional feasibility study.

Objective

- To build the definitive business case for MOOWR adoption by quantifying the precise financial impact and developing a customized implementation and risk mitigation plan for our specific operations.

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From a Cost Center to a Strategic Asset

MOOWR allows us to transform our customs duty management from a mandatory, upfront cost into a flexible, strategic tool for financing growth and enhancing global competitiveness.

Dipen D Shah & Associates
CHARTERED ACCOUNTANTS

Thank You

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