

Minutes of the 101st Unit Approval Committee Meeting of Kandla SEZ held on 14.09.2016 at 11:30 hrs. under the Chairmanship of Shri Upendra Vasishth, Development Commissioner, Kandla Special Economic Zone.

Following were present:

1. Shri. Krishan Kumar : Joint Development Commissioner, KASEZ.
2. Shri. Pradeep Sharma : Assistant Commissioner, Customs, Kandla, Gandhidham- Representative of Commissioner of Customs Kandla.
3. Shri. Aditya Bikram : Assistant Commissioner, Income tax Office- Representative of Additional Commissioner of Income Tax.

Absentees:-

1. Director (Banking)
2. SDM
3. GPCB
4. DIC

Review/Confirmation of the minutes of last meeting (100th UAC) of the Approval Committee:-

Minutes of the last meeting of Approval Committee was confirmed.

101.1 NEW PROPOSALS TO SET UP UNITS IN KASEZ

AGENDA - Item No. 100.1.1

M/s. Hitex Health Pvt. Ltd.

Their proposal is for setting up a unit for manufacturing activity i.e Surgical Gowns/Apparels, Surgical Drapes/Packs in Kandla SEZ. Shri.

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Chandradhar Prasad Singh, Plant Head of the company appeared before the Approval Committee and explained their proposal.

Shri. Singh informed the Committee that they already have a factory at GIDC, Gandhidham and the products they manufacture are single use disposable items and their last year exports at GIDC were about Rs. 4 crores. He further informed that they have technological support from M/s. Dina Hitex, Czech Republic and are having two units in India one at Himachal Pradesh and other at Gandhidham. They have trained manpower and about 54 persons are employed in their GIDC plant at Gandhidham and are making about 95% exports. As they are doing majority of exports they want to set up their unit in KASEZ. The unit representative informed that they require 30,000 sq. ft. space for their proposed project.

The Approval Committee noticed that the unit has shown FDI investment of Rs. 423 lakhs in their proposal. The Committee was of the view that the unit is an Indian Co. as per their Article of Association and both the Directors are Indian and accordingly asked the unit's representative to explain as to how FDI proposed, which he could not reply satisfactorily and sought time.

The Approval Committee after due deliberation decided to approve the proposal. They will be given in-principle approval so that they can apply for space. However before issuance of final LOA the unit must submit the details of FDI investment/financial arrangement with M/s. Dina Hitex, Czech Republic.



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AGENDA- Item No.101. 1.2

M/s. Rishi Kiran Logistics Pvt. Ltd.,

Nobody appeared for the personal hearing. The unit has intimated vide letter dated 14.09.2016 about their unavailability as the Director is out of station and requested to grant them another date for personal hearing. Hence, it was decided to defer the proposal in the next UAC meeting.

101.2 REQUEST FOR BROADBANDING

AGENDA- Item No. 101.2.1

M/s Hindustan Oils Industries, KASEZ.

M/s Hindustan Oils Industries, KASEZ is an approved unit for manufacturing of Petroleum Products, Light Solvents, Fuel Oil, Light Fuel Oil, Light Viscosity Base Oil, High Viscosity Base Oil, Fuel Oil, Rubber Process Oil/Residue.

The present proposal is to add two items viz. Lightol and Lubricants – Automotive and Industrial in their approval manufacturing activity involving process of blending.

Shri. Narendra Nimbawat, Partner of the unit appeared before the Approval Committee.

The Representative of the firm explained that they want to add above two items in their existing LOA. They will import virgin oil and do the process of blending. He further informed that they are in the manufacture of used oils and last year exports were not up to the expected level but now from this year they will be doing 15-20 containers regularly.



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After deliberation, the Approval Committee directed DC office to examine and review the working of all used oil units of the Zone in light of current MOEF&CC Notification dated 04.04.2016. The Committee, however, noted that proposed new items of broad-banding (for manufacture) which they want to add are virgin and freely importable and thus approved the broad-banding sought.

101.3 REQUEST FOR BROADBANDING

TABLE AGENDA – Item No. 101.3.1

M/s Highseas Trading Corporation

M/s Highseas Trading Corporation, KASEZ is an approved unit for trading activity of all items of Engineering goods, Heavy Equipments & Plants, Bulk Chemicals & Other Chemicals and General Merchandise Trading.

Shri. Rakesh Bansal, Partner of the unit appeared before the Approval Committee.

Their request is for broad banding of Manufacturing Activity in their existing LoA. The unit will manufacture Cold Rolled Stainless Steel Sheets, Coils and Circles of different specifications and will import raw materials viz. Cold Rolled Stainless Steel Sheets and Coils which are freely importable as per ITC HS Code. These raw materials will then be subject to slitting, shaping as per buyers' specifications.

The Approval Committee noted that the manufacturing process involves slitting, shaping, circles, sizing, trimming, packing, etc. and was of the view that a separate LOA for manufacturing may be issued and accordingly approved the proposal.

TABLE AGENDA – Item No. 101.3.2

M/s Shri Lal Mahal Ltd.

M/s Shri Lal Mahal Ltd., KASEZ is an approved unit for processing of agro products and manufacturing activity of Pan Masala and Churna for Pan.

Shri. Anil Nair, Director of the unit appeared before the Approval Committee.

Their request is for broad banding of Processing of non-basmati rice, basmati rice, brown rice, broken rice, sugar, Processing & Manufacturing of sugar cubes and Trading of Packing material - plastic bags, paper bags, corrugated box, non woven bags in their existing LoA.

The Chairman asked the representative of the firm as to why they want permission for packing materials as packing materials are freely importable and no permission in broad-banding is required. Shri. Nair stated that they want to put in consignment new/fresh packing materials so that consignee can replace damaged bags.

After deliberation, the Approval Committee noted that the processes proposed in their proposal items viz. non-basmati rice, basmati rice, brown rice, broken rice and sugar are not “manufacturing”, hence to be termed as “trading” and also these items are very sensitive items being essential commodities which are frequently put to restrictions by the Government from time to time.

Therefore, the Approval Committee after due deliberations decided to reject the proposal for these items viz. non-basmati rice, basmati rice, brown rice, broken rice, sugar being sensitive items but approved trading

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of sugar cubes and packing materials. For Trading, the unit will be required to maintain separate accounts and submit separate APR.

101.4 MISCELLANEOUS ITEMS

TABLE AGENDA- Item No. 101.4.1

M/s Highseas Trading Corporation

M/s Highseas Trading Corporation, KASEZ is an approved unit for trading activity of all items of Engineering goods, Heavy Equipments & Plants, Bulk Chemicals & Other Chemicals and General Merchandise Trading.

Shri. Rakesh Bansal, Partner of the unit appeared before the Approval Committee.

The Representative of the firm explained that they have imported Cold Rolled Stainless Steel Coils weighing 14 to 16 MTs approx. and the same will arrived at Port within couple of days. They have requested to export the said goods in the same container in which they have imported as unloading the said goods from Container would cause damage to the goods. He mentioned this arrangement to be a temporary arrangement as they would be setting up manufacturing facility for the coils.

It was noted that the unit has requested for sealing of export consignment under Rule 46(1)(c). Under this Rule, sealing is done by a Custom officer.

The Chairman stated that he will discuss with other DCs during the meeting at MOC, New Delhi and DC will brief the next UAC meeting on the issue. In the meantime, as a special case, unit may be permitted to do the

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exports of one consignment only as requested by the unit under first proviso to Rule 46(1)(c), as a one time measure. However, original country of origin shall remain unchanged & clearly mentioned in Customs documents viz. Shipping Bills etc.

TABLE AGENDA- Item No. 101.4.2

M/s IFGL Exports Ltd.

M/s IFGL Exports Ltd., KASEZ is an approved unit for authorised operations of manufacture and service of Refractoriness (shaped/unshaped), Equipment, Application, repairs and maintenance of Refractories and Equipment and also trading activity.

Shri. Kamal Sarada, CEO & Director and Shri. Ajay Jain, AGM of the unit appeared before the Approval Committee.

Their request is for addition of Business Auxiliary Services and Management or Business Consultant's Services which are not included in the default list of services for service tax exemption.

Shri Kamal Sarada, representative of the firm explained that Business Auxiliary Services such as Freight Forwarders, Shipping Line Services, Advisory Services given by Technical Management personnel by their parent company and Management or Business Consultant's Services are not included in their default list of services.

After due deliberations, the Approval Committee approved the request of the unit for inclusion of Business Auxiliary Services (Freight Forwarders, Shipping Line Services, Advisory Services given by Technical Management personnel of their parent company) and Management or Business Consultant's Services (for taking consultancy for any taxation and other related issues for SEZ units) in their default list of services for service tax exemption.

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TABLE AGENDA- Item No. 101.4.3

Discussion on the Annual Performance Report (APRs) submitted by the working units of KASEZ for the financial year 2014-15.

The Committee perused the status, in respect of 255 units placed before them. The Committee noted out of 255 working units, 199 units have submitted APRs and 56 units have not submitted APRs for the year 2014-15. Further, out of 199 units who have submitted APRs, 27 units have failed to achieve positive Net Foreign Exchange Earnings and out of 27 units who have failed to achieve positive NFE, 10 units have failed to achieve positive NFE in their 1st & 2nd year of their 5 year block period and thus the said unit will be placed under the watch list as per monitoring guidelines; 16 units have failed to achieve positive NFE in 3rd and 4th year of their 5 year block period and 1 unit have failed to achieve positive NFE in the 5th year of its 5 year block period. The 16 units will be issued SCNs and the only unit that has not achieved NFE after five years will be issued SCN for taking penal action. The Committee also noticed that all the APRs received have been audited by independent Auditor firm M/s. Mukund & Rohit, Chartered Accountants, Gandhidham. The Auditor has submitted its report intimating that 60 units have made mistakes in preparation of APRs.

After due deliberation, the Approval Committee approved the following actions to be taken by KASEZ Administration: -

1. To issue Show Cause Notices to 16 units who have failed to achieve positive NFE in 3rd & 4th year of their 5 year block period and to initiate SCN for penal action against the unit that failed to achieve positive NFE in the 5th year of its 5 year block period. The Committee also authorised DC, KASEZ to take necessary action to impose penalty wherever required under the FT (D&R) Act, 1992, as amended.

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2. The Committee also approved appropriate action (issuance of SCNs) against those units who have not filed APRs. The Committee also authorised the Development Commissioner to take suitable action against such units and if considered appropriate action for cancellation of LoA be taken.
3. The Committee also decided to issue letters to 60 units who have made mistakes in preparation of APRs and on receipt of written comments from these units, their APRs should be re-worked on the aspect of NFE achievement and their consolidated reports may be put in the next Approval Committee meeting for discussion.
4. The Committee also desired that the Office of the Development Commissioner, KASEZ may complete monitoring exercise for 2015-16 expeditiously.

The meeting ended with vote of thanks of the chair.



(UPENDRA VASISHTH)

Development Commissioner