

Minutes of the 105th Unit Approval Committee Meeting of Kandla SEZ held on 08.12.2016 at 11:30 hrs. under the Chairmanship of Shri Upendra Vasishth, Development Commissioner, Kandla Special Economic Zone.

Following were present:

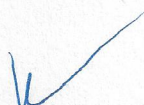
1. Shri. Krishan Kumar : Joint Development Commissioner, KASEZ.
2. Shri. Pradeep Sharma : Assistant Commissioner, Customs, Kandla, Gandhidham-Representative of Commissioner of Customs Kandla.
3. Shri. Dilip Kumar : Income Tax Officer, Income tax Office- Representative of Additional Commissioner of Income Tax.
4. Shri. R. G. Khairkar : Foreign Trade Development Officer, Rep. of Jt. DGFT, Rajkot.

Absentees:-

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

Review/Confirmation of the minutes of last meeting (104th UAC) of the Approval Committee:-

Minutes of the last meeting of Approval Committee was confirmed.



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105.1 REQUEST FOR BROADBANDING

AGENDA – Item No. 105.1.1

Request for addition of 09 new items in trading activity of M/s GKN Enterprises

M/s GKN Enterprises is an approved unit in KASEZ and were issued LoA F.No. KASEZ/IA/04/2015-16 dated 18.05.2015 for (i) Manufacturing of Pipe Adhesive (ITC HS - 39042210) and (ii) Trading Activity of 46 items. The unit have commenced their activities with effect from 20.06.2015.

The unit have now have requested for addition of 09 items in their trading activities.

The Import/Export policy of items to be traded is as under:-

Sl. No.	Items	HS code	Import Policy	Export Policy
1	Methanol	29051100	Free	Free
2	Mixed Xylene	27075000	Free	Free
3	Tri Ethanol Amine	29221310	Free	Free
4	Dimethyl formamide	29211110	Free	Free
5	Formaline	29121100	Free	Free
6	Melamine	29336100	Free	Free
7	White Spirit	27101211	Import as per Policy Condition (5)	Free
8	Vevo 10	29159090	Free	Free
9	2 Ethyl Hexanol	29051620	Free	Free

Shri N. Sreenivasan, Proprietor of the company appeared before the Approval Committee and explained their proposal. Shri Sreenivasan explained that they will do import of above tradable items and will re-export the same after packing. He further informed that last year they have made exports of about Rs. 15 crores and during current year their exports have been about Rs. 21 crores.

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The Committee noted that White Spirit being canalised item/for its import is allowed through IOC as one of ITC (HS) Policy condition. About Melamine, the Committee asked for certain clarifications from Shri Sreenivasan who then agreed to withdraw their proposal for this item.

The Approval Committee after due deliberation decided to add remaining 07 new items in trading activity of the unit except for Melamine and White Spirit. The Committee also approved that the unit will obtain necessary approval for the 7 new items for trading activity from GPCB or under other applicable laws.

105.2 MISCELLANEOUS REQUESTS

AGENDA – Item No. 105.2.1

Approved list of items allowed in trading activity of M/s Amity Thermosets

M/s Amity Thermosets (P) Limited, KASEZ is an approved unit in KASEZ and were issued LoA No. KASEZ/IA/07/2008-09/5144-148 dated 15.07.2008 for manufacturing activities viz. (1) Phenolic Resins and (2) Phenolic Moulding Materials.

The unit was earlier granted broad-banding of trading activities in their existing Letter of Approval as per decision taken in the 90th UAC held on 25.01.2016 for the following items: -

Sl. No	Item	ITC Code
1	ABS	3903
2	Acid Black 2 (Nigrosine)	32041231
3	Dough/Bulk Moulding Compound	3907
4	Formaldehyde	3911090

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5	Para formaldehyde	29126000
6	Hexamine	29212910
7	Melamine Formaldehyde Resin	39092010
8	Phenol	2907,29071119,29071110
9	Phenol Formaldehyde Resin	35069110,3909,390940,39094020
10	Polycarbonate	39074000
11	Polyethylene	39011010, 39011090, 39012000
12	Polypropylene	39021000,39029000,39023000,39094090
13	Polystyrene	39031990
14	Polyvinyl Chloride	39042110,39041090,39042190,39042290, 39042210
15	Polyester moulding compound	39079990
16	Saw Dust/Wood powder	44012100
17	Sheet Molding Compound	39219091
18	Unsaturated Polyester Resins	39079120
19	Urea Formaldehyde Moulding Powder/Melamine Formaldehyde Moulding Powder	39092090,39092010
20	Urea Formaldehyde Resin	35069110, 39091010

However, it was observed that the product at Sl. No. 7,9,10 approved for trading by M/s Amity Thermosets (P) Limited are now listed in Schedule VI of Hazardous & Other Wastes (Management & Transboundary Movement) Rules 2016 at (B3010) and thus prohibited for import. These rules have been notified on 04.04.2016. All other products except at Sl. No. mentioned above are free for Import/Export.

Shri Vinod Doshi, Factory Manager of the company appeared before the Approval Committee. He however informed that they have yet not started doing any trading activity for the above 20 items approved and they do not intend to do the same in future also and that their permission of trading may be removed from LoA.

The Approval Committee after due deliberation decided to cancel permission for trading activity and the unit was asked to continue their activity as a manufacturing unit.

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AGENDA ITEM NO. 105.2.2

Default list of Service allowed for Service Tax Exemption in SEZ

A list of 66 default service was approved by UAC in 71st UAC meeting held on 31.07.2014 for the authorised operation in KASEZ.

Now DOC vide their letter F. No. D. 12/19/2013-SEZ dated 30.11.2016 has informed that based on the proposal received from DC, NSEZ, the matter was considered in DOC and it has been decided to include **ATM services** in the list of default authorised services and DCs/UACs may expand the above list to facilitate Units/Developers in their respective Zones.

The Approval Committee after due diligence and deliberation decided to include the **ATM services** in the list of default authorised services for SEZ units of KASEZ.

105.3 TABLE AGENDA

MISCELLANEOUS AGENDA:

TABLE AGENDA- Item No.105.3.1

Request of M/s Exim Warehousing for renewal of their Letter of Approval.

M/s Exim Warehousing is an approved unit in KASEZ and were issued Letter of Approval No. 35/2009-10 dated 22.03.2010 for warehousing

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and service activity. The unit commenced their activity with effect from 06.01.2011.

The unit has requested for renewal of their Letter of Approval. While scrutinising their APR and other lease deed document for the year 2014-15, it is revealed that the unit has leased their premises to M/s Jindal Fibres, a unit engaged in exports of worn and used clothing. However as per condition 3 of LoA No. 35/2009-10 issued to M/s Exim Warehousing which is reproduced below:-

“3) You shall not import and/or store second hand materials such as used cloths, plastic scrap. You shall not be permitted to import/ local purchase of items listed in prohibited list. No harmful materials shall be allowed to bring inside the Zone. You shall also furnish the list of items to be brought in the zone prior to its arrival to the Customs within 3(Three) days of confirmed orders.”

The unit had showed their NFE as positive in the Financial year ending 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016 and positive in the first block. However, when they were requested to submit their F.R.C's for the year 2014-2015. They informed that payment is still pending with their Client and no proof of transaction in Foreign Exchange was submitted. However, they have been showing receipts of payment in FE and achievement of positive NFE in their APR's.

The Approval Committee took a serious note of violation of condition of LoA and conditions of LoA and condition of Rule 18(5) on the following grounds: -

1. Sub-letting the space to worn clothing unit
2. No evidence of receipt of service charges in foreign currency.

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3. Violation of Lease Agreement with KASEZ Authority by further sub-leasing/sub-letting to another unit without prior approval of DC.

The Approval Committee, therefore, decided to issue Show Cause Notice for all these violations. However, the Committee also decided that unit's LoA may be renewed and additional condition should be added to clearly bring out the issues related to violations. Further, the additional condition may be inserted in their renewed LoA that they shall not procure/store/warehouse any plastic scrap/waste and used/worn clothes/second hand goods from any source i.e through import or domestic procurement or from within SEZ unless specifically authorised by the Approval Committee.

The meeting ended with vote of thanks of the chair.



(UPENDRA VASISHTH)

Development Commissioner