

Minutes of the 119th Unit Approval Committee Meeting of Kandla SEZ held on 04.10.2017 at 12:00 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. S. C. Sahoo : Assistant Commissioner, Customs, Kandla, Gandhidham-Representative of Commissioner of Customs Kandla.
3. Shri. Pradipsinh Suktuvat: Assistant Commissioner of Income Tax Representative of Additional Commissioner of Income Tax.
4. Shri. P. C. Ravindran : Assistant DGFT, Rep. of Jt. DGFT, Rajkot.
5. Shri. Rikesh Virda : AEE, GPCB, Kutch (East).

Absentees:-

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

Review/Confirmation of the minutes of last meeting (118th UAC) of the Approval Committee: -

Minutes of the last meeting of Approval Committee was confirmed.

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119.1 NEW UNIT APPLICATION

AGENDA ITEM NO. 119.1.1

Application for setting up of a Trading unit in KASEZ namely M/s Jajoo Rashmi Refractories Pvt. Ltd., D-42, Ambabari, Jaipur Rajasthan - 302012

Their proposal is for setting up a Trading unit in Kandla SEZ for Trading activity of - 1. Ferro Silicon of Different Grades (ITC HSN - 72022100), 2. Quartz Powder & Quartzite Powder (Ramming Mass) ITC (HS) Code-25061020) and 3. Refractories ITC (HS) Code-38160000).

Shri. Sushil Jaju, Director of the company appeared before the Approval Committee and explained their proposal.

Shri Jaju stated that they are having ferrolise plant at Raigad, Vizag, Rajasthan and Jharkhand and are in this line of business of since last 32 years. They have made exports of Rs. 100 crores last year and their group turnover last year was Rs. 180 crores. They intend to set up a unit in KASEZ for trading activity of ferro silicon of different grades, quartz powder & Quartzite powder (ramming mass) and Refractories. He informed that they will import ferro silicon mainly from Kuwait and will export the same mainly to Bangladesh. He further informed that they are looking for only export of these items and he further categorically stated that they will not undertake any DTA sales of the above items of Trading.

The Approval Committee after due deliberation decided to approve the proposal subject to standard terms and conditions. Further, if refractories fall under SCOMET, the unit is required to take separate permission, in terms of Rule 26 of SEZ Rules.



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119.2 REQUEST FOR BROADBANDING

AGENDA ITEM NO. 119.2.1

Request for broad banding of up gradation of Rock Phosphate in their existing Letter of Approval/Permission No. KASEZ/IA/024/2004-05 dated 26.10.2004 - M/s Transworld Furtichem Pvt. Ltd. (Unit-I), KASEZ.

M/s Transworld Furtichem Pvt. Ltd. (Unit-I), Plot No. 356-367, Sector-IV, Kandla Special Economic Zone, Gandhidham is an approved unit for Manufacturing of N.P.K. Fertilizers vide Letter of Approval No. KASEZ/IA/024/2004-05 dated 26.10.2004 amended/ extended from time to time. They commenced their authorized activities w.e.f 15.02.2007 and their LoA is valid up to 15.02.2022.

Shri. Lal Advani, DGM of the company appeared before the Approval Committee and explained their proposal.

Shri Advani stated that they are already importing the primary raw material, viz., rock phosphate from Egypt in powder form. He further explained that upgradation of rock phosphate is done by acidulation of rock phosphate with acids like sulphuric acid, phosphoric acid or hydrochloric acid and by this process of acidulation, its citrate solubility improves. It was informed that these items are free for Import & Export as per ITC (HS) of these items.

The Approval Committee after due deliberation decided to approve the proposal.

AGENDA ITEM NO. 119.2.2

Request of M/s Zip Zap Exim Pvt. Ltd., KASEZ for Broad Banding of their LoA for addition of additional trading items and inclusion of warehousing service activity.

M/s. Zip Zap Exim Pvt. Ltd., KASEZ is an approved Unit for trading activity of 11 items viz. (i) Knitted Polyester Fabrics, (ii) Lighting Fixtures, (iii) LED Torch, (iv) Mosquito Racket, (v) Sports shoes, (vi) Canvas Shoes, (vii) Audio & TV Components, TV/DVD/DVB Remote, (viii) Rechargeable Battery for torch & Emergency light, (ix) Christmas Light, (x) 100% Cotton Fabrics, (xi) Cotton Garments vide LoA dated 12.01.2017.

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The unit has now requested for Broad Banding of their LoA for Trading activity for four additional items viz. (i) LED TELEVISION SET (BELOW 32") (UNBRANDED), (ii) LADIES POLYESTER PYJAMA, (iii) POLYESTER READY MADE GARMENTS, (iv) CERAMIC DISC (HARDWARE GOODS) and also for warehousing permission.

Shri. Gajraj Singh, Director of the company appeared before the Approval Committee and explained their proposal.

Shri Gajraj Singh informed that he has just visited USA last month for export orders. He further stated that at present they are doing trading in Indian rupees and will start trading in export very soon.

The Approval Committee noted that the unit is doing trading in Indian rupees and have not done any exports. The Committee categorically informed the unit that trading being a "Service" in terms of Rule 76 read with Section 2(z) of SEZ Act, cannot be permitted trading in Indian rupees and therefore any DTA Sales of trading activity has to be against Foreign Exchange only. It was also clarified that trading done in Indian rupees cannot be accepted for the purpose of 'commencement of production/trading activities'.

The Approval Committee after due deliberation decided to approve the proposal of broad-banding for trading activity for (i) LADIES POLYESTER PYJAMA, (ii) POLYESTER READY MADE GARMENTS, (iii) CERAMIC DISC (HARDWARE GOODS). Permission for LED TELEVISION SET (BELOW 32") (UNBRANDED) was not given.

119.3 MISCELLANEOUS ITEMS

AGENDA ITEM NO. 119.3.1

Intimation for change in Partnership agreement and change in Name & registered Address of M/s Radiant Recyclers LLP, KASEZ.

M/s Radiant Recyclers LLP, KASEZ is an approved unit for manufacturing of recycling of used lubricating oil and gas oil in Kandla Special Economic Zone, Gandhidham vide LoA No. KASEZ/IA/17/2015-16 dated 29.01.2016.

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Now the unit has intimated regarding resignation of one partner i.e Mr. Deepak Bharadwaj w.e.f. 01.06.2017 from Limited Liability Partnership deed and two partners i.e (i) Mr. Ayush Bharadwaj & (ii) Mr. Vishal Ved joined Limited Liability Partnership firm.

Before resignation from Limited Liability Partnership of one partner, the details of partners along with their profit and loss ratio were as under:-

Sl.No.	Name of Directors	profit and loss ratio
01.	Shri Deepak Bhardwaj	50%
02.	Shri Hemant Shah	50%

After resignation of one partner Mr. Deepak Bharadwaj w.e.f. 01.06.2017 from Limited Liability Partnership deed and joining of two partners (i) Mr. Ayush Bharadwaj & (ii) Mr. Vishal Ved, the firm have three partners. The details of three partners along with their profit and loss ratio are as under:-

The Committee noted that the details of present Partners as under:-

Sl.No.	Name of Directors	Previous, profit and loss ratio	At present, profit and loss ratio	Change in %
01.	Shri Hemant Shah	50%	60%	(+)10%
02.	Shri Ayush Bharadwaj	New Partner	20%	(+)20%
03.	Shri Vishal Ved	New Partner	20%	(+)20%
Total			100%	(+/-)50%

However, the Committee further noted that very recently the unit has undergone similar changes in shareholding to the extent of 5% which was taken on record in the 113th UAC meeting held on 25.05.2017. Thus, Committee noted that this is a case of total changes in Shareholding pattern of 55% within a period of one year.

The Board of Approval in its 69th meeting for SEZ held on 23.02.2016 clarified that the UACs concerned, may consider change in shareholding up to 50 per cent, change of constitution from Public Limited Company to

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private limited liability company & vice versa, company to partnership & vice versa etc. under Rule 19(2) of SEZ Rules.

Therefore, the Approval Committee after due deliberation noted that the change in shareholding pattern is more than 50% within a period of less than one year therefore decided to refer the matter to BoA for its consideration.

AGENDA ITEM NO. 119.3.2

Review of the case of M/s OPG Power & Infrastructure P. Ltd. as Co-Developer.

Nobody appeared for the personal hearing. Hence, it was decided to defer the proposal. The Committee however noted that the three year period of formal approval will expire in March, 2018 and if the Co-Developer does not commence its activities before that, the LoA will expire.

AGENDA ITEM NO. 119.3.3

Request of M/s Blossom Trading Corporation, KASEZ for enhancement of production capacity and orientation of their manufacturing activity to various sizes of coils and sheets.

M/s Blossom Trading Corporation (Unit-II) is an approved unit of KASEZ vide LoA No. KASEZ/IA/B.T.(II)-24/17-18 dated 01.09.2017 for manufacturing activity of (i) Cold Rolled Stainless Steel Sheets and (ii) Coils & Circles of different specification from C.R. Sheets & Coils (H.S. Code - 72193190, 72193390) with annual production capacity of 100 MTs each.

The unit has now requested for enhancement of the production capacity to 1,00,000 MT per annum and for orientation of their manufacturing activity to cold rolled stainless steel sheet and coils of various sizes as under: -

Sr. No.	Item	ITC HS Code	Import Export Policy
1.	Cold rolled stainless steel coils		
	1 mm to 3 mm	72193390	Free
	0.5 mm to 1 mm	72193490	Free
	3 mm to 4.75 mm	72193290	Free
	Less than 0.5 mm	72193510	Free

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	4.75 mm and more	72193111	Free
	Below 600 mm	72202090	Free
2.	Cold rolled stainless steel sheet		
	Above 4.75 mm	72199011	Free
	3 mm to 4.75 mm	72199012	Free
	Less than 3 mm	72199013	Free
	other	72199090	Free

Shri. Rakesh Bansal, Proprietor of the unit appeared before the Approval Committee and explained their proposal.

Shri Bansal informed that they have already installed slitting machine for the above manufacturing activity and will make export to different countries including exports to Asian countries. He further informed that the final product will be used for industrial purpose, in furniture, in automobile industry, in making pipes, etc.

The Approval Committee was informed that in the light of MOC&I instruction No. 87 dated 20.12.2016, the above items have been checked with Steel Products (Quality Control) Second Order dated 12.03.2012 of Ministry of Steel and none of these items appears in the list annexed to the said Order.

The Approval Committee after due deliberation decided to approve the proposal for enhancement of production capacity and orientation of their manufacturing activity.

AGENDA ITEM NO. 119.3.4

Ratification of Letter of Approval issued to M/s Transworld Furtichem Pvt. Ltd. (Unit-II), KASEZ as separate LoA for trading activity.

M/s Transworld Furtichem Pvt. Ltd., Plot No. 356-367, Sector-IV, Kandla Special Economic Zone, Gandhidham is an approved unit for Manufacturing of N.P.K. Fertilizers vide Letter of Approval No. KASEZ/IA/024/2004-05 dated 26.10.2004 amended/ extended from time to time; further trading activity were also approved as broad banding in their existing Letter of Approval. They commenced their authorized activities w.e.f 15.02.2007 and their LoA for five years period expires on 15.02.2017.



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The unit applied for renewal of both their activities of manufacturing and trading, however, only their activity of manufacturing was extended for further period of five years in terms of Rule 19(6) of SEZ Rules, 2006 and they were asked to apply for separate LoA for trading activity as Unit-II in a separate earmarked area within their allotted space.

It was informed to the Committee that the Unit has already earmarked the separate area for both Manufacturing and Trading activity as informed by the them vide their letter dated 15.09.2017.

The Approval Committee after due deliberation decided to ratify the trading activities for all the items which was already approved on file by the Development Commissioner except the item Urea.

Further the Approval Committee also decided that if any unit in the Zone has been permitted for trading and warehousing of Urea of any grade, that permission stands withdrawn with immediate effect. The Approval Committee also directed the O/o. Development Commissioner to take action to identify such units, if any.

The meeting ended with vote of thanks of the chair.



(UPENDRA VASISHTH)
Development Commissioner