

Minutes of the 126th Unit Approval Committee Meeting of Kandla SEZ held on 28.03.2018 at 12:00 hrs. under the Chairmanship of Shri Upendra Vasishth, Development Commissioner, Kandla Special Economic Zone.

Following were present:

1. Shri. Satyadeep Mahapatra : Joint Development Commissioner, KASEZ.
2. Shri. Lalit P. Jain : Additional Commissioner of Income Tax, Gandhidham.
3. Shri. Pradeep Sharma : Assistant Commissioner, Customs, Kandla, Gandhidham-Representative of Commissioner of Customs Kandla.
4. Shri. P. C. Ravindran : Assistant DGFT, Rep. of Jt. DGFT, Rajkot.

Absentees:-

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

Review/Confirmation of the minutes of last meeting (125th UAC) of the Approval Committee: -

Minutes of the last meeting of Approval Committee was confirmed.

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126.1 NEW UNIT APPLICATION

AGENDA ITEM NO. 126.1.1

Application for setting up of a unit in KASEZ namely M/s. Om Aromatic Solvents, Office No.112, First Floor, Mani Complex, Plot No.84, Sector-8, Gandhidham, Gujarat.

Their proposal is for setting up a trading unit in Kandla Special Economic Zone, Gandhidham.

S/shri. Ankit Oza and Rajesh Maheshwari, Partners of the unit appeared before the Approval Committee and explained their proposal.

Shri Oza stated that they are recently started doing exports of solvent from India and are exporting the same to Kenya. They are having their offices at Dubai, Kenya and Vadodara. Now they want to set up a trading unit in KASEZ for chemicals and solvents. They will import and procure the materials in bulk and after re-drumming the same will be exported to Africa and Middle East. He further informed that they will do only exports and no DTA sale will be done.

The Approval Committee noted that out of 13 items proposed for trading activity, 4 items attract anti dumping duty, however the unit is not proposing to do any DTA.

The Committee noted that as per the Income Tax returns of both the Partners their financial standing is not satisfactory compared to project cost of Rs. 11.14 crores. The Approval Committee after due deliberation decided to defer the proposal with the request to the unit to submit detailed means of finance supported with documentary evidences of its feasibility.

AGENDA ITEM NO. 126.1.2

Application for setting up of a unit in KASEZ namely M/s. R Supply Chain Management, Godown No. 8, 9, 10,11 & 12 Building No.Mglobe Complex Dapoda Road, Ovali, Maharashtra, India- 421301.

Their proposal is for setting up a warehousing unit at FTWZ developed by M/s Kandla Free Trade Warehousing Private Limited of Kandla Special Economic Zone, Gandhidham.

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S/shri. Rahul Chaurasiya, Proprietor and Dharmendra Chowrasia, Manager of the unit appeared before the Approval Committee and explained their proposal.

Shri Chowrasia explained that they are 3PL Co. having its units at Bhiwandi and Arshiya SEZ and they are providing logistics services to polymer companies. In their warehousing unit they will import on behalf of their clients and as per instructions the same will be despatched in India and South East Asia. Last year their export from Arshiya SEZ is to the volume of 4000 tons and out of 4000 tons 1500-1600 tons were exported and about 2500 tons were sold in DTA.

The Approval Committee asked the unit that they should import virgin plastics like granules and resins and no floor sweepings etc. will be permitted for import/procurement.

The Approval Committee after due deliberation decided to defer the proposal and directed office of the DC to seek necessary performances report including its exports made by them from DC, SEEPZ and accordingly put up before UAC for its further consideration.

126.2 MISCELLANEOUS ITEMS

AGENDA ITEM NO. 126.2.1

Intimation for change in Partnership of M/s Lohadia Warehousing Co.

M/s Lohadia Warehousing Co., is an approved unit for Warehousing Service Activity vide LoA No. KASEZ/IA/024/2010-11/9245 dated 25-10-2010.

The said unit vide its letter dated 06-02-2018 has intimated regarding addition of new partner in their Partnership firm. The said unit has intimated that they have added M/s Flax Apparels Pvt. Ltd. as new partner of the company and they have submitted copy of notarized partnership deed.

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

Sl.No.	Name of Partners	Previous, profit and loss ratio	At present, profit and	Change in %
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			loss ratio	
01.	Mrs. Renu Piyush Goyal	50%	33.50%	(-)16.5%
02.	Mr. Denu Ashok Kapania	50%	33.50%	(-)16.5%
03.	M/s Flax Apparels Pvt. Ltd.	New Partner	33%	(+)33%
Total			100%	(+)33%

The Committee noted that BOA's in its 69th meeting held on 23.02.2016 decided that such cases upto 50% changes in shareholding pattern can be considered by UAC under Rule 19(2) of SEZ Rules.

The Committee noted that the changes in shareholding pattern of the firm is to the extent of 33%. Therefore, the Approval Committee after due deliberation decided to approve the proposal of change in partnership of the firm subject to following conditions: -

1. Seamless continuity of the SEZ activities with unaltered responsibilities and obligations for the altered unit entity.
2. Fulfillment of all eligibility criteria applicable to unit, including security clearances etc. by the altered unit entity and its constituents.
3. Applicability of and compliance with all Revenue/Company Affairs/SEBI etc. rules which regulate issues like capital gains, equity change, transfer, taxability etc.
4. Full financial details relating to change in equity/merger, demerger, amalgamation or transfer in ownership etc. shall be furnished immediately to Member(IT), CBDT, Department of Revenue and to the Jurisdictional Authority.
5. The Assessing Officer shall have the right to assess the taxability of the gain/loss arising out of the transfer of equity or merger, demerger, amalgamation, transfer and ownerships etc as may be applicable and eligibility for deduction under relevant sections of the Income Tax Act, 1961.

6. The applicant shall comply with relevant State Government laws, including those relating to lease of land, as applicable.
7. The unit shall furnish details of PAN and jurisdictional assessing officer of the unit to CBDT.

AGENDA ITEM NO. 126.2.2

Business Sale Agreement between M/s. Blow Kings, KASEZ and M/s. Medicare Industries, KASEZ.

M/s Medicare Industries is a proprietorship firm, having LoA number KASEZ/IA/17/2007-08 dated 10-08-2007 for manufacturing of **“Medical Equipments, Medical Kits, Cold Chain equipments etc.** The unit commenced their commercial production with effect from 02-01-2008.

M/s Blow Kings is a partnership firm with LoA for manufacturing of Vaccine Carriers, Ice Packs, Cold Boxes, Ice Lined Vaccine Coolers, Dial Thermometers.

Vide their letter dated 08-01-2018, M/s Blow Kings have informed acquisition of M/s Medicare Industries by them.

As per the sale agreement of Business, executed between M/s Medicare Industries and M/s Blow Kings, M/s Blow Kings decided to acquire M/s Medicare Industries as an ongoing working concern.

Shri Tapas Sarkar, authorized signatory of the company appeared before the Approval Committee and explained the proposal

Shri Sarkar informed that both M/s. Blow Kings and M/s. Medicare Industries are in the same line of business and are WHO vendor. Now for their business operations they want to restructure this business and merge M/s. Medicare Industries with M/s. Blow Kings.

The Committee noted that BOA's in its 69th meeting held on 23-02-2016 decided that provisions of Rule 74A shall not apply to SEZ units that do not exit or opt out of the SEZ Scheme by transferring its assets and liabilities to another person and the SEZ unit continues to operate as a going concern, the UAC may consider such requests under Rule 19(2) of SEZ Rules.

Accordingly, the Approval Committee after due deliberation decided to take on records acquisition of M/s Medicare Industries by M/s Blow Kings subject to following conditions: -

1. Seamless continuity of the SEZ activities with unaltered responsibilities and obligations for the altered unit entity.
2. Fulfillment of all eligibility criteria applicable to unit, including security clearances etc. by the altered unit entity and its constituents.
3. Applicability of and compliance with all Revenue/Company Affairs/SEBI etc. rules which regulate issues like capital gains, equity change, transfer, taxability etc.
4. Full financial details relating to change in equity/merger, demerger, amalgamation or transfer in ownership etc. shall be furnished immediately to Member(IT), CBDT, Department of Revenue and to the Jurisdictional Authority.
5. The Assessing Officer shall have the right to assess the taxability of the gain/loss arising out of the transfer of equity or merger, demerger, amalgamation, transfer and ownerships etc as may be applicable and eligibility for deduction under relevant sections of the Income Tax Act, 1961.
6. The applicant shall comply with relevant State Government laws, including those relating to lease of land, as applicable.
7. The unit shall furnish details of PAN and jurisdictional assessing officer of the unit to CBDT.

AGENDA ITEM NO. 126.2.3

Intimation by M/s Nakoda Sales Corporation, KASEZ regarding change in partners of the company.

The said unit has been granted approval for manufacturing activity of (1) Plastic Master Batch and Filler Master Batch, (2) Plastic D-Moisturizing Granules and (3) Plastic Reprocessed Granules, vide LoA F.No.

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KASEZ/11/2014-15 dated 21-01-2015. The validity of their LoA is upto 02-12-2020.

Vide reference dated 09-01-2018, the said unit has stated that one of their partner Shri Kiran Lalwani has retired from the firm due to age and Shri Manoj Vinod Lalwani and Smt. Gunwanti Vinod Lalwani has entered as two new partners of the firm. They have submitted copy of notarized partnership deed.

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

Sl.No.	Name of Partners	Previous, profit and loss ratio	At present, profit and loss ratio	Change in %
01.	Shri Kiran Vasantlalji Lalwani	20%	Retired	--
02.	Smt. Manjulaben Kiran Lalwani	50%	40%	(-)10.00%
03.	Shri Hitesh Lalwani	30%	20%	(-)10%
04.	Shri Manoj Vinod Lalawani	New Partner	20%	(+)20%
05.	Smt. Gunwanti Vinod Lalawani	New Partner	20%	(+)20%
Total			100%	(+)40%

The Committee noted that BOA's in its 69th meeting held on 23.02.2016 decided that such cases upto 50% changes in shareholding pattern can be considered by UAC under Rule 19(2) of SEZ Rules.

The Committee noted that the changes in shareholding pattern of the firm is to the extent of 40%. Therefore, the Approval Committee after due deliberation decided to approve the proposal of change in partnership of the firm subject to following conditions: -

1. Seamless continuity of the SEZ activities with unaltered responsibilities and obligations for the altered unit entity.
2. Fulfillment of all eligibility criteria applicable to unit, including security clearances etc. by the altered unit entity and its constituents.

3. Applicability of and compliance with all Revenue/Company Affairs/ SEBI etc. rules which regulate issues like capital gains, equity change, transfer, taxability etc.
4. Full financial details relating to change in equity/merger, demerger, amalgamation or transfer in ownership etc. shall be furnished immediately to Member(IT), CBDT, Department of Revenue and to the Jurisdictional Authority.
5. The Assessing Officer shall have the right to assess the taxability of the gain/loss arising out of the transfer of equity or merger, demerger, amalgamation, transfer and ownerships etc as may be applicable and eligibility for deduction under relevant sections of the Income Tax Act, 1961.
6. The applicant shall comply with relevant State Government laws, including those relating to lease of land, as applicable.
7. The unit shall furnish details of PAN and jurisdictional assessing officer of the unit to CBDT.

AGENDA ITEM NO. 126.2.4

Request of M/s Kitchen Xpress Overseas Limited, Kandla SEZ regarding permission for export atta of pulses / lentils / grains and DTA procurement of pulses in the light of amendment in Export Policy of Pulses.

M/s Kitchen Xpress Overseas Limited, KASEZ have been granted approval for manufacturing and Trading activity of processed Pulses, Lentils, Grains, Spices etc., and warehousing activity of all OGL Items (Except prohibited and restricted) subject to condition that no DTA procurement of Lentils / Pulses is allowed till export of Lentils Pulses is prohibited under FTP.

Vide letter dated 15.11.2017 the said unit has stated that they intend to export Atta of Pulses/lentils/grains.

Shri Vivek Milak, authorized signatory of the company appeared before the Approval Committee and explained the proposal.

Shri Milak stated that they are in the business of processed pulses/lentils/grains, etc. Now, they want to export atta of pulses/lentils/grains. He further informed that Prohibition on export of pigeon peas (cajanus cajan)/Toor Dal, etc. has been lifted by DGFT vide Notification No. 28/2015-2020 dated 15.09.2017.

The Chairman informed that the unit has already been given approval by BoA for manufacturing and trading of processed pulses, lentils, grains, spices, etc. with the condition that no DTA procurement of lentils/pulses is allowed till export of lentils/pulses is prohibited under FTP. Therefore, Approval Committee after due deliberations decided to take it on record of export of Atta of Pulses, which is even otherwise freely exported and imported item.

As regards their another request of allowing DTA procurements of pulses/lentils, etc., the Committee noted that said restriction on DTA procurements was in force only until export of pulses is prohibited.

The Approval Committee after due deliberation noted that their renewal was given by the BoA had a condition that no DTA procurement of lentils/pulses is allowed till export of lentils/pulses is prohibited under FTP. The BoA has clearly given that DTA procurement will be guided by import and export Policy of DGFT under FTP at the relevant time. However, UAC discussed the matter in detail and decided to take up the matter with DoC before permitting DTA procurement and this may be taken up in the next UAC meeting.

AGENDA ITEM NO. 126.2.5

Intimation for change in Directorship and change in share holding pattern of M/s GTMC Exports.

M/s GTMC Exports is issued with LoA KASEZ/IA/19/2014-15 dated 13-03-2015 for manufacturing of Khaini Tobacco and any other Tobacco

The unit is a Private Limited Company with 5 Directors on Board. Vide above referred letter M/s GTMC have informed that they have 5 directors in their Board and now two of their Directors are resigning.

Names of the Directors resigning from the Board are given below:-

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1. Mordhwaj Baweja
2. Bharat Baweja

After Retirement the following will be Directors in Companies Board:-

1. Ravinder Baweja
2. Rajinder Baweja
3. Lajpat Rai Baweja

The unit has also informed that there are some transfer of shares in the family members as shown below:-

Shares held by	No. Of Shares held	% of shares held	Shares transferred to	No. Of Shares Transferred	% of shares held
Davinder Baweja	30574	9.22	Aahan Baweja	30574	9.22
Mordhwaj Baweja	40463	12.20	Archit Baweja	40000	12.07
Bharat Baweja	57694	17.40	Aashish Baweja	50000	15.08
Total					36.37

The Committee noted that BOA's in its 69th meeting held on 23.02.2016 decided that such cases upto 50% changes in shareholding pattern can be considered by UAC under Rule 19(2) of SEZ Rules.

The Committee noted that the changes in shareholding pattern of the company is to the extent of 36.37%. Therefore, the Approval Committee after due deliberation decided to approve the proposal of change in Directorship and changes in shareholding pattern of the company subject to following conditions: -

1. Seamless continuity of the SEZ activities with unaltered responsibilities and obligations for the altered unit entity.
2. Fulfillment of all eligibility criteria applicable to unit, including security clearances etc. by the altered unit entity and its constituents.

3. Applicability of and compliance with all Revenue/Company Affairs/SEBI etc. rules which regulate issues like capital gains, equity change, transfer, taxability etc.
4. Full financial details relating to change in equity/merger, demerger, amalgamation or transfer in ownership etc. shall be furnished immediately to Member(IT), CBDT, Department of Revenue and to the Jurisdictional Authority.
5. The Assessing Officer shall have the right to assess the taxability of the gain/loss arising out of the transfer of equity or merger, demerger, amalgamation, transfer and ownerships etc as may be applicable and eligibility for deduction under relevant sections of the Income Tax Act, 1961.
6. The applicant shall comply with relevant State Government laws, including those relating to lease of land, as applicable.
7. The unit shall furnish details of PAN and jurisdictional assessing officer of the unit to CBDT.

AGENDA ITEM NO. 126.2.6

Request of the unit M/s Palmon Exports regarding specific list of items of manufacturing and trading activity.

M/s Palmon Exports, KASEZ is an approved unit vide LoA No. KFTZ/Admn./2/858/80/Vol.II/1098 dated 28.05.2001, as amended from time to time, for manufacturing activity of all types of ready-made garments and made-ups and trading activity of more items. The validity of their LoA is upto 31.10.2020.

Vide Email dated 10.11.2017, the said unit requested to allow them for manufacturing of TV which they were having approval previously. Further, the unit vide letters dated 30.10.2017 and email dated 18.12.2017, requested for reconditioning of used computers, monitors electrical and manufacturing of electronic equipment.

Accordingly, the said request of the unit was taken up in 122nd UAC meeting of KASEZ held on 28.12.2017 for discussion.

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The UAC in its 122nd meeting after due deliberation decided to prune their list of huge items of trading & not to allow both manufacturing and trading activity together as has been the stand of UAC in the last one year in case of many such units and further decided to call for personal hearing of the active Partner of the unit in the next UAC meeting scheduled with the direction to the unit to come up with specific list of items in which they are currently dealing or intend to do with justification.

Accordingly, the decision of the UAC was intimated to the unit and also informed that the Committee directed to appear before the Committee for Personal Hearing in the next UAC with specific list of items in which they are intended to do the business vide this office letter dated 05.01.2018

Thereafter, Shri. Sunil Lahori, Partner of the unit appeared before the 123rd Unit Approval Committee. On being asked by the Committee Shri Lahori admitted the fact that they are not transacting in all the approved items for which approvals was granted to them.

The Approval Committee after due deliberation decided to put on hold all the approvals granted to the unit and Shri Lahori was directed to come up with specific list of items of manufacturing and trading separately which they intend to carry on as their authorised operations. It was also informed to them that trading and manufacturing together under one LoA is no longer permissible. Therefore, the unit was directed that so far as trading items are concerned they will have to operate as a separate trading unit (Unit-II Trading Division).

Now, the unit vide letter no. Nil dated 12.02.2018 has requested to add as manufacturing activity of all sorts of readymade garments and madeups, electrical & electronic goods, mobiles, TV, LED lights and Computers & other IT products and re-conditioning of LCD, LED, TV, Computers, Lap tops and LCD screen in their existing LoA.

Shri. Sunil Lahori, Partner of the unit appeared before the Approval Committee. Shri Lahori stated that they are previously having permission for readymade garments and made-ups and also for TVs, Computers. They were exporting TVs to Srilanka, Bangladesh and Africa.

The Approval Committee after due deliberation decided to give approval for manufacturing of readymade garments and made-ups in their

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existing Licence and for electrical and electronic goods like TV, mobiles, computers, etc they were requested to apply for a new licence. Further for trading activity they may give specific 20-25 items for which they intend to do trading activity and the same will be accorded in their existing warehousing licence which they already have in KASEZ.

AGENDA ITEM NO. 126.2.7

Request for permission for warehousing of molasses by M/s Vishwas Enterprises, KASEZ.

M/s Vishwas Enterprises is an approved unit for warehousing service activity vide LoA No. KASEZ/IA/039/2010-11 dated 29.11.2010. The LoA is valid till 06.08.2018.

Now the unit vide their letter dated 22.03.2018 requested for warehousing of molasses in their warehousing unit.

Shri Devidas Vachhani, Partner of the firm appeared before the Approval Committee.

Shri Vachhani informed that they have been approached by a DTA unit namely M/s. Rohit Trading Company, Gandhidham who are doing exports of subject item in different quantity packs as per the orders from their foreign buyers since last two years. Now DTA unit has approached M/s. Vishwas Enterprises for warehouse their product in bulk quantity and to export from warehouse situated in KASEZ. He further informed that they will undertake 100% physical export abroad and no DTA sale.

The Approval Committee after due deliberation approved the proposal of the unit subject to the condition that requisite permission has to be obtained from the appropriate authority of the State Govt. like State Excise Department, Pollution Control norms, etc.

AGENDA ITEM NO. 126.2.8

Request of M/s. Aum Impex, KASEZ for permission for export of scrap/regrind from their KASEZ unit.

Nobody appeared for the personal hearing. Hence, it was decided to defer the proposal.



AGENDA ITEM NO. 126.2.9

ANNUAL PERFORMANCE REPORT FOR THE YEAR 2016-17

The Committee perused the status, in respect of 253 units placed before them. The Committee noted out of 253 working units, 198 units have submitted APRs and 55 units have not submitted APRs for the year 2016-17. Further, out of 198 units who have submitted APRs, 15 units have failed to achieve positive Net Foreign Exchange Earnings and out of 15 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; 05 units have failed to achieve positive NFE in 3rd and 4th year of their 5 year block period.

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

1. To issue SCN to 5 units who have failed to achieve positive NFE in 3rd& 4th year of their 5 year block period.
2. UAC decided that non-submission of APRs despite repeated reminder even after lapse of 6 months beyond 180 days of time period of submission of APRs is violation of BLUT condition and also of Rule 22 of SEZ Rules, 2006. Therefore, UAC decided to issue SCN to these erring units and also decided to suspend their LoA invoking the condition No. 8 of the BLUT executed by them. In cases of submission of APRs duly completed and correct, suspension of the LoA may be revoked by the DC. However, adjudication proceeding may continue to be completed by the DC.
3. The Committee also noted that the Auditor has pointed out discrepancies in respect of 46 units in preparation of APRs and on receipt of written comments from these units, their APRs should be re-scrutinised to ensure the aspect of NFE achievement is complied and their consolidated reports may be put up in the next Approval Committee meeting for discussion.

AGENDA ITEM NO. 126.2.10

Ratification of request already approved in file

The Approval Committee ratified the permission granted by the Development Commissioner, KASEZ to M/s Integrated Warehousing Kandla

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Project Development Pvt. Ltd. (Now M/s Kandla Free Trade Warehousing Private Limited) a SEZ Unit, for the list of items permitted to the unit.

TABLE AGENDA- Item No.126.3.1

Request of M/s. Siddhartha Logistics Co. Pvt. Ltd., KASEZ for transfer of Ownership.

M/s Siddhartha Logistics Co. Pvt. Ltd., KASEZ is an approved unit for authorized activity of Service Activity vide LoA No. KASEZ/IA/13/2016-17 dated 12.09.2016, as amended from time to time. They commenced their authorized activity from **12.11.2016** and their LoA is valid up to 11.11.2021.

Now the unit vide letter No. Nil dated 10.01.2018 has intimated regarding transfer of ownership of assets and liabilities under the provision of Rule 74A of the SEZ Rules, 2006 as amended, from M/s Siddhartha Logistics Co. Pvt. Ltd., KASEZ (SLCPL) to M/s Siddhartha Logistics FTWZ Pvt. Ltd.(SLFPL).

Shri Parashar Acharya, Manager of the company appeared before the Approval Committee and explained their proposal.

The Board of Approval in its 69th meeting for SEZ held on 23.02.2016 cleared that the provisions of Rule 74A shall not apply to SEZ units that do not exit or opt out of the SEZ scheme by transferring its assets and liabilities to another person and the SEZ unit continues to operate as a ongoing concern basis as a result of change of name, merger, **slump sale**. The UACs concerned, may consider such requests under Rule 19(2) of SEZ Rules.

The Approval Committee after due deliberation decided to take note of change of name of the company from M/s Siddhartha Logistics Co. Pvt. Ltd., KASEZ to M/s Siddhartha Logistics FTWZ Pvt. Ltd. subject to following conditions: -

1. Seamless continuity of the SEZ activities with unaltered responsibilities and obligations for the altered unit entity.
2. Fulfillment of all eligibility criteria applicable to unit, including security clearances etc. by the altered unit entity and its constituents.

3. Applicability of and compliance with all Revenue/Company Affairs/ SEBI etc. rules which regulate issues like capital gains, equity change, transfer, taxability etc.
4. Full financial details relating to change in equity/merger, demerger, amalgamation or transfer in ownership etc. shall be furnished immediately to Member(IT), CBDT, Department of Revenue and to the Jurisdictional Authority.
5. The Assessing Officer shall have the right to assess the taxability of the gain/loss arising out of the transfer of equity or merger, demerger, amalgamation, transfer and ownerships etc as may be applicable and eligibility for deduction under relevant sections of the Income Tax Act, 1961.
6. The applicant shall comply with relevant State Government laws, including those relating to lease of land, as applicable.
7. The unit shall furnish details of PAN and jurisdictional assessing officer of the unit to CBDT.



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TABLE AGENDA- Item No.126.3.2

Request for broad banding in their existing Letter of Approval/ Permission No. KASEZ/IA/023/2009-10 dated 22.10.2009 of M/s. Sujan Oil & Gas Infra Logistics, KASEZ.

M/s. Sujan Oil & Gas Infra Logistics, KASEZ is an approved unit vide Letter of Approval No. KASEZ/IA/023/2009-10 dated 22.10.2009 for warehousing activity of Oil Exploration activity related equipments. This office also approved petroleum products and Chemicals for warehousing activity vide letter dated 19.02.2010 in their existing LoA. Further, the unit has been permitted by this office for warehousing and drumming activity of M. P. Diol having ITC HS Code 29053990 in their existing LoA vide letter dated 14.03.2016.

Now the unit vide their letter dated 21.02.2018 have requested for broad banding of Fertilizers falling under Chapter 31 of Customs Tariff Act 1975 including Urea falling under Chapter heading 31021000 **for trading purpose.**

S/shri T. V. Sujan, CEO and G. A. Gagdani, Legal Executive of the company appeared before the Approval Committee and explained their proposal. Shri Sujan stated that they will import Urea and re-export the same.

The Approval Committee noted that their earlier proposal for warehousing of the fertilizers falling under Chapter 31 of Customs Tariff Act 1975 was taken up in 111th Unit Approval Committee for discussion and the Unit Approval Committee rejected their proposal as fertilizers are very sensitive items and also its import is permissible only through State Trading Enterprises. Thereafter, they filed an appeal against the UAC decision before BoA and the BoA also in its 78th meeting held on 03.07.2017 rejected their appeal and that aggrieved with the decision of the BoA, the Party has filed SCA No. 22875 of 2017 before the Hon'ble High Court of Gujarat which is presently pending before the Hon'ble High Court.

Therefore, the Approval Committee after due deliberation noted that matter is presently sub-judice and further felt that Committee is constrained to take any decision in the matter until the SCA of party is disposed off by Hon'ble High Court.

Shri Sujan, representative informed the Committee that they are voluntarily withdrawing their petition i.e. SCA No. 22875 of 2017 before the Hon'ble High Court of Gujarat and further informed that they are instructing their advocate to file the said withdrawal/application before Hon'ble High Court.

The Committee after due deliberation decided that the matter be further taken up for discussion after matter is disposed off by Hon'ble High Court.

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TABLE AGENDA- Item No.126.3.3

Date of commencement of authorised operations in respect of Trading activity.

UAC in its recent two meetings i.e. 119th meeting held on 04.10.2017 and 123rd meeting held on 16.01.2018 have decided that in the cases of trading activity all transactions has to be in foreign currency taking into consideration that trading has been brought under the purview of definition of Services under Rule 76 read with Section 2(z) of the SEZ Act. Therefore, based on the above decision it was also decided that the date of commencement in the case of trading activity has to be accepted only if the transaction has been made in foreign currency.

The KASEZ Industries Association has re-presented to reconsider the above decision of the UAC.

Trading has been a authorised activity for setting up any unit in FTWZ/SEZ prior to SEZ Act coming into force w.e.f. 10.02.2006 and units were allowed to sale their traded items into DTA on payment of applicable duties without any pre-condition of transactions has to be in foreign currency. After SEZ Act coming into force also trading was freely allowed all their activities subject to achievement of positive NFE during their five year period of operations but with the bringing the "Trading" into the definition of "Services" under Rule 76 for the purpose of Section 2(z) of SEZ Act but the issue of DTA sales into foreign exchanges has been cropped up.

The Approval Committee after due deliberation decided to take views/practices being adopted by other Zones in respect of transactions done in respect of trading activities especially like SEEPZ SEZ, ViZAG SEZ and MEPZ SEZ.

TABLE AGENDA- Item No.126.3.4

Consideration of decision of lifting up of ban of setting up of tobacco manufacturing units in KASEZ.

In the 115th UAC meeting held on 13.07.2017 it was decided that henceforth no proposal for manufacturing of Tobacco such as Gutkha, Khaini, Zarda, Chewing Tobacco, Pan Masala, etc. will be considered till a decision is taken after studying of functioning of the existing tobacco units.

Minutes of the 126th Unit Approval Committee Meeting of Kandla SEZ held on 28.03.2018 at 12:00 hrs. under the Chairmanship of Shri Upendra Vasishth, Development Commissioner, Kandla Special Economic Zone.

In the meantime many new proposals have been received in the office of DC, KASEZ for setting up of tobacco unit in Kandla SEZ.

The Statistic Section of KASEZ has furnished its report on the working of existing tobacco units in KASEZ wherein it was stated that the annual exports from these units is more than Rs. 400 crores in last two consecutive years and the units are not permitted for removal of any of their product into DTA (not even wastage of the process) and so far there is no major case of violation of any of the conditions of the LoA has been noticed by this office, in past 3 years.

The Approval Committee after due deliberation decided to lift the restriction imposed on setting up of gutkha unit in KASEZ.

The meeting ended with vote of thanks of the chair.



(UPENDRA VASISHTH)
Development Commissioner

Kandla Special Economic Zone
CUSTOMS, STATISTICS SECTION

SUBJECT: Performace of Tobacco manufacturing Units of KASEZ.

As directed, the Performance of Tobacco manufacturing Units of KASEZ is submitted as under

Period from April 2016 to March 2017

SL. No.	Name of the Units	EXPORT IN FOB VALUE IN Cr.
1	AMAR FLAVOURS PVT. LTD	4.02
2	ASHOK & COMPANY-PAN BAHAR LTD.,	50.98
3	ESSKAY NIRYAT CORPORATION	60.93
4	GTMC Exports	4.91
5	HARSH INTERNATIONAL INDUSTRIES	0.16
6	M/s. DINESH POUCHES LTD.,	74.96
7	M/s. G.K. TOBACCO INDUSTRIES PRIVATE LIMITED	5.31
8	M/s. KISHORE EXPORT HOUSE	45.40
9	M/s. OM SHIVA PRODUCTS INC	11.28
10	M/s. SUN PRODUCTS	24.62
11	M/s. TEJ RAM DHARAM PAUL	0.48
12	M/s. VISHNU EXPORT	121.51
13	NEW VIBE INTERNATIONAL	0.27
14	NIRAV MERCANTILE PRIVATE LIMITED	12.00
15	PANKAJ TOBACCO PVT. LTD.	0.65
16	R. B. INDUSTRIES	2.25
17	TEJ RAM DHARAM PAUL	4.61
18	TRIMURTI FRAGRANCES PVT. LTD.	2.78
	Grand Total	427.12

Period from April 2017 to February 2018

SL. No.	NAME OF THE UNITS	EXPORT IN FOB VALUE IN CR.
1	AMAR FLAVOURS PVT. LTD	2.25
2	Ashmeer Global	0.04
3	ASHOK & COMPANY-PAN BAHAR LTD.,	35.75
4	KAMNA TOBACCO PRIVATE LIMITED	0.01
5	M/s. DINESH POUCHES LTD.,	107.22
6	M/s. G.K. TOBACCO INDUSTRIES PRIVATE LIMITED	5.73
7	M/s. KISHORE EXPORT HOUSE	2.40
8	M/s. OM SHIVA PRODUCTS INC	9.20
9	M/s. SATYA PAL SHIV KUMAR	0.64
10	M/s. SUN PRODUCTS	32.29
11	Ms. KISHORE EXPORT HOUSE	57.34
12	Ms. VISHNU EXPORT	161.27
13	NIRAV MERCANTILE PRIVATE LIMITED	11.80
14	R. B. INDUSTRIES	3.94
15	TEJ RAM DHARAM PAUL	6.35
16	TRIMURTI FRAGRANCES PVT. LTD.	9.08
17	Unique Tobbaco Products	0.46
	Grand Total	445.80

The units are not permitted for removal of any of their product in to Domestic Tariff Area.

So far there is no major case of violation of any of the conditions of the LOA has been noticed by this office.

(R. P. Vaidya)
Appraiser (Stat Section)
Kandla Special Economic Zone.

F. NO. KASEZ/Cus/Stat/Misc/01/2017

Dated:- 27.03.2018

To,
The Appraiser,
IA-I Section,
Kandla Special Economic Zone