

Minutes of the 127<sup>th</sup> Unit Approval Committee Meeting of Kandla SEZ held on 11.04.2018 at 12:00 hrs. under the Chairmanship of Shri Upendra Vasishth, Development Commissioner, Kandla Special Economic Zone.

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**Following were present:**

1. Shri. Satyadeep Mahapatra : Joint Development Commissioner, KASEZ.
2. Shri. Lalit P. Jain : Additional Commissioner of Income Tax, Gandhidham.
3. Shri. S. C. Sahoo : Assistant Commissioner, Customs, Kandla, Gandhidham-Representative of Commissioner of Customs Kandla.
4. Shri. P. C. Ravindran : Assistant DGFT, Rep. of Jt. DGFT, Rajkot.
5. Shri. Jaykumar S. Shah : General Manager, DIC, Bhuj.

**Absentees:-**

1. Director (Banking)
2. SDM

**Review/Confirmation of the minutes of last meeting (126<sup>th</sup> UAC) of the Approval Committee: -**

Minutes of the last meeting of Approval Committee was confirmed.

**127.1 NEW UNIT APPLICATION**

**AGENDA ITEM NO. 127.1.1**

**Application for setting up of a unit in KASEZ namely M/s. SPJ Exports, Near Banshi Wala Mandir, Baby Park, Bagar Chawk, Inside Nagouri Gate, Jodhpur, Rajsthan, India - 342001.**

Their proposal is for setting up a unit in Kandla SEZ for manufacturing activity of - Panmasala & Panmasala containing Tobacco, Zarda (Gutkha).

Shri. Hemendra Sankhi, Partner of the unit appeared before the Approval Committee and explained their proposal.

Shri Sankhi stated that they are in the consultancy business of Gutkha and Pan Masala and they have the formulations of Pan Masala which they have been giving to other manufacturers. They will export their finished products to UAE, Dubai. They have stated that they will not import Betal Nut (supari) and confirmed that Betal Nut will be sourced from India only.

The Approval Committee noted that the unit has not given break-up of proper working capital and source of financial details, supporting the cost of project. On this Shri. Hemendra Sankhi stated that they have all the finances available and sufficient Net worth. They were asked to submit documents for these to O/o. DC.

The Approval Committee after due deliberation approved the proposal subject to standard terms and conditions for such units which include no DTA Sale/clearance of any goods and no import of Betel nuts (supari) and also subject to furnishing an affidavit/undertaking for use of plastic packaging as detailed under Item No. 117.1.2 in terms of the Apex Court's judgement. Further the Approval Committee directed the DC's office to issue LoA only after the unit submits the details of working capital and source of finance of its project cost and it is found acceptable by DC.



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**AGENDA ITEM NO. 127.1.2**


**Application for setting up of a unit in KASEZ namely M/s Sequel Logistics Pvt. Ltd., 431, Chetan Society, Bopal Ghuma Road, Ahmedabad, Gujarat, India - 380058.**

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.

Shri. Sharad H. Jobanputra, CMD of the company appeared before the Approval Committee and explained their proposal.

Shri Jobanputra stated that they are a supply chain management company providing services to valuable cargo logistics and domestic jewellery units for all larger corporate jewellery companies. They employ about 2000 workers and are having 52 branches out of which 20 are high grade store branches for gold and silver and they supply to all nominated agencies across the country. To begin with, they want to start in FTWZ at KASEZ for warehousing of silver. They will warehouse the silver on behalf of overseas bankers and will supply to nominated agency authorised by RBI in India as per their requirements. As they want storage close to market they will warehouse silver sent by owner banks from overseas countries like Europe and Hong Kong. For warehousing of silver they will have their proper own internal security arrangements and also overseas client's security arrangements.

The Committee noted that as per DoC's letter No. D.12/4/2013-SEZ (Vol.II) dated 03.03.2016 such activity is permissible under SEZ subject to the Developer/unit concerned shall install fool proof security systems at the entry and exit points which shall be adequately manned to prevent any possible leakages or misuse of SEZ Scheme.

The Approval Committee noted that this is first of its kind's proposal of handling precious metal in large quantity. Therefore, <sup>securitisation</sup> ~~sensitisation~~ aspects are very crucial in this case. 

The Approval Committee after due deliberation decided to defer their proposal as before granting such approval, requirement of installation of fool proof security systems and their operational framework are required to be studied. Therefore, the Committee directed the O/o. DC, KASEZ to depute a

team to Sricity SEZ which is situated near Chennai to study the functioning of vaults, entry & exit and security arrangement in this regard which are operational there and then submit its report before the Committee.

**AGENDA ITEM NO. 127.1.3**

**Application for setting up of a unit in KASEZ namely M/s Sharp Enterprise, A-1, Tower, Flat 502, Tulip Ground, Kundli, Sector-35, Global University, Sonapat, India - 131001.**

Their proposal is for setting up a manufacturing unit of Plastic pre-processed agglomerates/granules and trading of Plastic pre-processed agglomerates/granules.

The Committee after due deliberation rejected the proposal as it noted that the proposed activity comes under the purview of Rule 18(4)(a) of SEZ Rules, 2006, as import items included second hand materials such as plastic waste scrap, which is not permissible for setting up any new unit.

**AGENDA ITEM NO. 127.1.4**

**Application for setting up of a unit in KASEZ namely M/s Sharp Textiles, A-1, Tower, Flat 502, Tulip Ground, Kundli, Sector-35, Global University, Sonapat, India - 131001.**

Their proposal is for setting up a manufacturing unit of for segregation / sorting / operation of imported used clothing.

The Committee after due deliberation rejected the proposal as it noted that the proposed activity comes under the purview of Rule 18(4)(c) of SEZ Rules, 2006, as import items included second hand materials such as old and used clothes, which is not permissible for setting up any new unit .

## **127.2 REQUEST FOR BROADBANDING**

### **AGENDA ITEM NO. 127.2.1**

**Request for broad banding of Trading Activity in their existing Letter of Approval/Permission No. KASEZ/IA/21/2016-17 dated 31.01.2017 of M/s Vimal Trading, KASEZ.**

M/s Vimal Trading, Shed No. 398, AS-IV, Sector - I, Kandla Special Economic Zone, Gandhidham is an approved unit for Warehousing Service Activity of all OGL items vide Letter of Approval No. KASEZ/IA/21/2016-17 dated 31.01.2017.

The unit has now requested for broad banding of Trading activity in their existing Letter of Approval for the following items: -

Sl. No.	Item	ITC (HS) Code
1	Mix Plastic Floor Sweeping	3901 9090
2	Virgin Plant waste Granules and off Grade	3901 9090
3	All type of Plastic Powder	3901 9090
4	Plastic Resins	3904 1090
5	All types of Plastic Granules like LDPE, LLDPE, HDPE, NYLON, PP & PVC	39019090
		39011010
		39012000
		39021000
		39041090
		39042190
6	Plastic Grinding (5 MM to 15MM)	3904 2190 3901 9090
7	Plastic Lumps	3901 9090

Shri. Vijay Udaysingh, Proprietor of the firm appeared before the Approval Committee and explained their proposal and further he has undertaken to start physical export activity very soon.

Shri Udaysingh informed that he already having warehousing unit in KASEZ and now they want to include certain items for trading activity.

The Approval Committee after due deliberation decided to approve the proposal of broad-banding for trading activity for (i) Mix Plastic Floor Sweeping, (ii) All type of Plastic Powder, (iii) Plastic Resins, (iv) All types of Plastic Granules like LDPE, LLDPE, HDPE, NYLON, PP & PVC, (v) Plastic



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Grinding (5 MM to 15MM) and (vi) Plastic Lumps (virgin only). Permission for Virgin Plant waste Granules and off Grade was not given.

**AGENDA ITEM NO. 127.2.2**

**Request for broad banding of additional items in their existing Letter of Approval/Permission No. KASEZ/IA/01/2011-12 dated 12.04.2017 of M/s United Drilling Tools Ltd., KASEZ.**

M/s United Drilling Tools Ltd., is an approved unit of KASEZ vide LoA No. KASEZ/IA/01/2011-12 dated 12.04.2011 for manufacturing activity of Casing Pipes with Connector (ITC HS 7304 2990). They have commenced their commercial production with effect from 26.06.2014. Accordingly, the validity of their LoA is extended upto 25.06.2019.

The unit has now requested for Broad Banding of following items in their existing LoA: -

Sl. No.	Item	ITC (HS) Code
1	Connector	7307 9990
2	Cross Over	7307 9990
3	Pup Joints	7305 2090
4	Casing Pipe with Connector and Bevelled	7305 2090
5	Casing Pipes with Connector	7305 2090

Shri. A. K. Thakur, CFO of the company appeared before the Approval Committee and explained their proposal.

Shri Thakur informed that they are engaged in manufacturing of casing pipe with connectors used in oil exploration and now they want to include few items in their existing LoA.

The Approval Committee after due deliberation decided to approve the above items in their existing LoA.

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### **127.3 MISCELLANEOUS ITEMS**

#### **AGENDA ITEM NO. 127.3.1**

**Request of M/s. Sun Products, KASEZ for removal and disposal of plastic scrap arising during manufacturing process.**

M/s Sun Products, KASEZ is an approved unit for authorized activity of manufacturing activity of Pan Masala, Pan Masala containing tobacco-Gutkha, Zarda and Khaini vide LoA No. KASEZ/IA/12/2013-14 dated 18.09.2013, as amended from time to time.

The unit has now requested for removal and disposal of plastic scrap arisen during manufacturing activity from SEZ. They have also stated that they have some residual scrap of laminated pouches as due to lack of clarification and procedure to remove and disposal the same.

Shri. Arjun Joshi, Manager of the firm appeared before the Approval Committee and explained their proposal.

Shri Joshi informed that they are in the business of Gutkha and last year they have made exports of Rs. 35 crores. During the manufacturing process some residual scrap from the production of laminated pouches which are not usable are lying in their premises.

The Chairman informed the Committee that the KASEZ Authority has already commenced environmental friendly 3 stage Incinerator in KASEZ which will be functional shortly. Hence, the KASEZ Authority will be asked to make necessary arrangement to take these materials for disposal at the Incinerator being installed. Unit representative was asked to send it to incinerator in the Zone in next week.

#### **AGENDA ITEM NO. 127.3.2**

**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.

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The unit has 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. Sujjan, CEO and G. A. Gagdani, Legal Executive of the company appeared before the Approval Committee and explained their proposal. Shri Sujjan stated that they will import Urea and re-export the same.

The Approval Committee noted that the unit has withdrawn their SCA No. 22875 of 2017 filed before the Hon'ble High Court of Gujarat against the rejection of their request for warehousing of fertilizers.

The Approval Committee after due deliberation decided to approve the trading of Technical/Industrial Grade Urea and all other fertilizers of Chapter 31 which are under OGL without any import condition in their existing trading activities and on 100% re-export basis with no DTA sale facility.

**AGENDA ITEM NO. 127.3.3**

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

M/s Aum Impex is issued with LoA No. 009/2013-14 dated 19-09-2013 for manufacturing and trading activity of Plastic Products under OGL items under ITC HS Chapter 39.

The unit has now requested for permission to procure plastic regrinds in scrap form from indigenous source, which will be further processed at their unit in Kandla SEZ by grinding and converting into small size and packing the same in 25 kgs bag or 500 kgs Jumbo bags and these goods will be exported only.

Shri. Dhaval Chellani, authorised signatory of the firm appeared before the Approval Committee and explained their proposal.

Shri Chellani informed that they will procure plastic regrinds in scrap from domestic market and after grinding/processing the same will be exported.





The Committee noted that as per Rule 18(4)(a) of SEZ Rules, 2006 no proposal of reprocessing of plastic waste or scrap either imported or indigenously procured can be considered. Therefore, the Committee after due deliberation rejected the proposal of the unit.

**TABLE AGENDA- Item No.127.4.1**

**Request received from M/s Tex-Poly India Limited, regarding transfer of plastic recycling Division and Change in Name of the company.**

M/s Tex-Poly India Limited (earlier M/s C. J. Plastics Pvt. Ltd), is an approved unit for manufacturing activity of plastic granules and plastic refuse/garbage bags vide Letter of Approval dated 14.02.1996, as amended from time to time.

The unit has now requested for permitting and taking on records, of transfer of Plastic Recycling division to **M/s Texpoly Polymers**, a partnership firm as a ongoing concern basis and change in name of plastic recycling division from M/s Tex-Poly India Limited (Plastic Recycling Division) to **M/s Texpoly Polymers**.

The Committee noted that Shri.Gulab Vishandas Gidwani is holding majority i.e 80.85% of Share of earlier company M/s Tex-Poly India Limited. Now he along with Smt. Radhika Gulab Gidwani has formed a new partnership firm named **Texpoly Polymers** to which they are transferring the Plastic Recycling division as an ongoing concern. It was noted that new firm is also in the common control of Shri Gulab Gidwani and Smt Radhika Gidwani who have 97.85% shareholding in M/s. Tex-Poly India Ltd.

The BoA in its 69<sup>th</sup> meeting held on 23.02.2016 has decided that such cases involving change in shareholding upto 50% can be considered by the UAC under Rule 19(2) of SEZ Rule, 2006.

The Approval Committee after due deliberation approved the proposal of transfer of M/s. Tex-Poly India Ltd. (Plastic Recycling Division) to M/s. **Texpoly Polymers** 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.

**TABLE AGENDA- Item No.127.4.2**

**Request for regularizing the Trading Activity by M/s Rusan Pharma Ltd., KASEZ, in their existing LoA.**

M/s Rusan Pharma Ltd., KASEZ is an approved unit for manufacturing of Tablets (i) Uncoated (ii) Coated, Capsules (General), Injection (i) Amples (ii) Vials, Duprenorphine Hel, Naltrexone Hel, Nalosone Hel, Oxycodone, Dihydrocodiene, Ampomorphine Hel vide letter F.No. KASEZ/IA/1790/2000 dated 24.07.2000 as amended from time to time. The validity of their LoA is upto 30.10.2020.

Earlier, vide this office letter dated 01.06.2010, the said unit have been granted approval for Trading activity for Pharmaceutical Products, API and Expedients of Pharmaceutical Products (Raw Material), Cosmetic Products, Chemical Products and Services like Product Development, Dossier preparation and submission of the documents to buyers, Technical

Services and Consultancy vide letter dated 01.06.2010. At the time of last renewal of their LoA for further period of five years i.e. upto 30.10.2020, the trading activity was remained to be included in the renewal letter dated 10.11.2015. However, their renewal vide letter dated 03.11.2010 upto 30.10.2015 ~~was~~ included all permissions granted time to time.

Now the said unit has requested to regularize the said continuance of Trading Activity in their existing LoA which was remained to be included in the last renewal letter dated 10.11.2015 till date.

The Approval Committee after due deliberation decided to regularize the trading activity in their existing LoA which was renewed vide renewal letter dated 10.11.2015 upto 31.03.2018 and further directed the unit to come with new application for Trading activity if they so desire as a separate unit and with separate space.

**TABLE AGENDA- Item No.127.4.3**

**Request of M/s Blossom Trading Corporation for broadbanding of their LoA for Warehousing Service Activity.**

M/s Blossom Trading Corporation (earlier known as M/s High Seas Trading Corporation), KASEZ is an approved unit for trading activity of all items of Engineering goods, Heavy Equipments and Plants, Bulk chemicals & other chemicals and General Merchandise Trading vide Letter of Approval No. F.No. KASEZ/IA/05/2005-06 dated 28.04.2006 amended from time to time. The validity of their LoA is upto 20.07.2021.

The said unit has now requested for Broadbanding of their LoA for Warehousing Service Activity.

Shri. Rakesh Bansal, Director of the company appeared before the Approval Committee and explained their proposal.

The Approval Committee noted that on earlier occasions some of similar proposal were not approved for warehousing and there have been 2-3 different decisions on the issue in different meetings.

Therefore, the Committee asked O/o. DC to review all such decisions taken and put up a comprehensive position and suggest to the Committee. Therefore, the request of the unit is deferred.

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**TABLE AGENDA- Item No.127.4.4**

**Request of M/s Blossom Trading Corporation (Unit-II) for inclusion of word "cut to length / any shape" in their manufacturing activity of Coils and Circles.**

M/s Blossom Trading Corporation (Unit-II) is an approved unit for manufacturing of (i) **"Cold Rolled Stainless Steel Sheet (ii) Coils and Circles of Different specification (From C.R. Sheets & Coils H.S. Code - 72193190, 72193390)"** vide LoA No. KASEZ/IA/24/2017-18 dated 01.09.2017, as amended from time to time. The validity of their LoA is upto 28.01.2023.

The said unit has now requested for permission to include cold rolled stainless sheets, coils and circles cut to length / any shape in the final approved list of manufacturing activity.

Shri. Rakesh Bansal, Director of the company appeared before the Approval Committee and explained their proposal. He stated that there is no change in ITC HS Code and the inclusion of word "cut to length / any shapes" is for better clarity and for correct classification of the item, so that no ambiguity in the item of manufacturing and its dispatch.

The Approval Committee after due deliberation decided to approve inclusion of Cold Rolled Stainless Steel Sheets, Coils and Circles in their manufacturing activity.

**TABLE AGENDA- Item No.127.4.5**

**Intimation by M/s Kandla Exim Private Limited, KASEZ regarding change in Directors of the company.**

M/s Kandla Exim Private Limited (earlier known as M/s Jindal International), Plot No.294-295-296, Sector-III, KASEZ is an approved unit for manufacturing activity of (1) all types of shoddy yarn, Carpet Yarn, worsted / Non worsted yarn. (2) Blankets & home furnishing articles (all above products manufactured out of raw material recovered) vide Letter of approval F.No. KFTZ/IA/1888/2002-03 dated 14.10.2002, as amended/extended from time to time. The validity of their LoA is upto 30.04.2019.

The said unit has now intimated that out of the three Directors of the company, one Director Shri Sanjaykumar Kanjibhai Limbasiya is retiring

with effect from 16.03.2018. The present Directors of the company are as given below:

Sl. No.	Name of the Directors
1.	Satyen Kanubhai Vyas
2.	Harin Kanubhai Vyas

The unit has also informed that the company is having total 10,000 shares and out of which there is transfer of 49% shares i.e. 4900 shares by existing shareholders to Mumbai based Coatwala family.

The Committee noted that BOA's in its 69<sup>th</sup> 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 49.00%. 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.

The meeting ended with vote of thanks of the chair.



**(UPENDRA VASISHTH)**  
Development Commissioner