

Minutes of the 132<sup>nd</sup> nit Approval Committee Meeting of Kandla SEZ held on 20.07.2018 at 11:30 hrs. under the Chairmanship of Shri Upendra Vasishth, Development Commissioner, Kandla Special Economic Zone.

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**Following were present:**

1. Shri. Satyadeep : Joint Development Commissioner,  
Mahapatra KASEZ.
2. Shri. Sanjay Kumar : Joint 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.

**Absentees:-**

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

**Review/Confirmation of the minutes of last meeting (131<sup>st</sup> UAC) of the Approval Committee: -**

Minutes of the last meeting of Approval Committee was confirmed.



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### **132.1 NEW UNIT APPLICATION**

#### **AGENDA ITEM NO. 132.1.1**

**Application for setting up of a unit in KASEZ namely M/s. Neutec International, Head Office 408, 4<sup>th</sup> floor Gopal Heights, Plot No. D-9, Netaji Subhash Place, Pitampura, Delhi- 110034.**

Their proposal is for setting up a unit for manufacturing of Pan Masala/Gutkha in Kandla SEZ, Gandhidham.

Shri. Krishan Arora, authorised representative of the firm appeared before the Approval Committee and explained their proposal.

Shri Arora stated that they are already in business of food and pharma and also having a unit in KASEZ in the same name for trading activity. Now, they want to start the business of manufacturing of pan masala.

The Approval Committee noted that the promoter is not having any experience in manufacturing of pan masala/gutkha and they have not submitted marketing plan or agreement with any buyers/party who is willing to buy their finished product in their project report. The Approval Committee after due deliberation decided to defer the proposal as in the present proposal the applicant has not submitted marketing plan and copy of agreement. The applicant was asked to submit details of marketing tie-up and other documentary evidence.

#### **AGENDA ITEM NO. 132.1.2**

**Application for setting up of a unit in KASEZ namely M/s. AG Corporation, 3G, Vishwa Apartments, Alipur Road, Shankarcharya Road, civil Lines, New Delhi.**

Their proposal is for setting up a unit for manufacturing of Pan Masala/Gutkha in Kandla SEZ, Gandhidham.

Shri. Harshvardhan Singhania, Partner of the firm appeared before the Approval Committee and explained their proposal.

Shri Singhania stated that he is in the business of namkeen at Ghaziabad and the other partner Shri Abhishek Goel is in business of

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Khatha since last 40 years and is having manufacturing unit at HP. Also they have cleared one consignment as third party exporters from one of the KASEZ unit viz. M/s. Satyapal Shivkumar. They want to set up a new unit for manufacturing of Pan Masala/Gutkha in KASEZ and will manufacture pan masala/gutkha in the brand name of AKG, Rozia & 222. He further stated that his in-laws are in the business of pan masala/guthka in the brand name of Raj Nivas.

The Approval Committee after due deliberation decided to defer the proposal with the request to the applicant to furnish details of marketing arrangements, copy of export orders and other documentary evidence.

**AGENDA ITEM NO. 132.1.3**

**Application for setting up of a unit in KASEZ namely M/s Creative Free Trade Warehousing Pvt. Ltd. (Unit-II), Plot No. 333 to 340, Sector-IV, KASEZ, Gandhidham.**

Their proposal is for setting up a unit for manufacturing of Granulated Fertilizers of any combination of NPK in Kandla SEZ, Gandhidham.

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

Shri Advani stated that they are already having a unit in the same name for warehousing activity in KASEZ and now they want to set up a manufacturing unit in KASEZ for fertilizers.

The Approval Committee after due deliberation decided to defer the proposal till next UAC and directed the DC office to examine the issue as export of NPK Fertilizers come under the restricted category under ITC HS classification.

**AGENDA ITEM NO. 132.1.4**

**Application for setting up of a unit in KASEZ namely M/s Akshaya Marine Suppliers, 1<sup>st</sup> Floor, Plot No. 310, Sector 1/A, Gandhidham - Kutch Gujarat -370201**

Their proposal is for setting up a unit for trading activity of marine and shipping supply in Kandla SEZ, Gandhidham.

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Shri. Pradeep Kumar Mylapalli, Partner of the firm appeared before the Approval Committee and explained their proposal.

Shri. Mylapalli stated that they are already in the business of ship supply/chandlers in the name of M/s. Uma Marine and are supplying all types of stores/spares and have made annual turnover of Rs. 4-6 crores last year. Now they want to set up a trading unit of marine and shipping supply in KASEZ.

The Approval Committee after due deliberation approved the proposal subject to standard terms and conditions in respect of 24 items as proposed by the applicant. However, the Committee did not allow the direct import of item at Sr. No. 25 proposed by the applicant falling under Chapter 27 as the import of the same is allowed through State Trading Enterprises.

### **132.2 MISCELLANEOUS ITEMS**

#### **AGENDA ITEM NO. 132.2.1**

#### **Intimation for change in Partnership of M/s R. B. Industries, KASEZ**

M/s R. B. Industries, KASEZ is an approved unit for manufacturing of Pan Masala and Pan Masala Containing Tobacco – Gutkha in Kandla Special Economic Zone, Gandhidham vide LoA No. KASEZ/IA/05/2014-15 dated 14.07.2014.

The said unit has now intimated regarding change in partnership of the firm and stated that out of four partners, two partners have retired from the firm.

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 Dilip Sharma	10%	Retired	--
02.	Shri Gitaprasad Bharadwaj	10%	Retired	--
03.	Shri Gaurav Joshi	40%	50%	(+)10%
04.	Shri Arun Joshi	40%	50%	(+)10%
Total			100%	(+)20%

The Committee noted that Department of Commerce vide Instruction No. 89 dated 17.05.2018 had issued guidelines regarding change in shareholding pattern, name change pertaining to SEZ units wherein change of name, change of shareholding pattern, etc. may be undertaken with the prior approval of Approval Committee in respect of units.

The Committee noted that the changes in shareholding pattern of the firm is to the extent of 20%. Therefore, the Approval Committee after due deliberation decided to approve and take on record 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.

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**AGENDA ITEM NO. 132.2.2**

**Request of M/s Vimal Trading, KASEZ for inclusion of Plastic Lumps and Plastic Floor Sweeping in their Trading Activity and Request of M/s. Ansa Polymers (name changed to M/s. Synergy Polymers Enterprises) for import of plastic lumps as raw materials for manufacture of plastic powder.**

The Committee noted that the above two proposals was discussed in 131<sup>th</sup> UAC meeting held on 10.07.2018 and in the 130<sup>th</sup> UAC meeting held on 14.06.2018 and the Approval Committee after due deliberation had decided to direct the DC's office to study whether such items are freely imported to the various ports of Customs and furnish a report before next UAC in this regard.

On the basis of representation of M/s. Vimal Trading and import data provided therein, the matter was examined by O/o. DC. It was noted that import of plastic lumps and plastic floor sweeping being imported in various ports and B/E of the Mundra Customs of one of the importer and it appears that various types of plastic lumps items like Acrylic Plastic Lumps (ITC HS 39069090), Plastic Lumps (ITC HS 39019090, 39011090, 39021000), PVC Lumps (ITC HS 39041090), Plastic Lumps non-hazardous (ITC HS 39012000) are being imported from Mundra, JNPT, Delhi TKD, Mulund ports are being allowed to import freely and Polymer Plant Sweeping (ITC HS 39021000, 39012000) is being imported in JNPT ports, freely.

Furthermore, from ITC (HS) Customs tariff of the Plastic Chapter 39, it is evident that items classifiable under 3901 to 3914 are primary forms of plastics.

Further, as per Chapter Note 6 & 7 of Chapter 39 under Customs Tariff, prescribes that:

*"6. in headings 3901 to 3914 the expression "**primary forms**" applies only to the following forms:*

- (a) Liquids and pastes, including dispersions (emulsions and suspensions) and solutions;*
- (b) Blocks of irregular shape, **lumps**, powders (including moulding powders), granules, flakes and similar bulk forms.*

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7. *Heading 3915 does not apply to waste, parings and scrap of a single thermoplastic material, transformed into primary forms (headings 3901 to 3914)."*

Also, from the said chapter notes, it is evident that Plastic Lumps are primary form of Plastic (Chapter 39) freely importable and classified under Chapter 3901 to 3914 depending on the kind of polymer of such lump.

In view of the above clarifications, the Approval Committee after due deliberations decided to approve the request of M/s. Vimal Trading, KASEZ for broad-banding of Plastic Lumps and Plastic Floor Sweeping in their existing trading activity and the request of M/s. Ansa Polymers (name changed to M/s. Synergy Polymers Enterprises) to permit import of plastic lumps as raw material for manufacturing of plastic powder.

**AGENDA ITEM NO. 132.2.3**

**Permission to warehouse goods on behalf of foreign clients as well as DTA clients - Request of Warehousing Service Units of KASEZ.**

In the 116<sup>th</sup> UAC meeting held on 19.07.2017, it was decided that the warehousing units in KASEZ will have to seek permission for any new items which they intend to warehouse on behalf of foreign clients as well as DTA clients and submit KYC of the client before warehousing the items.

The Committee noted that the following warehousing units of KASEZ requested for permission to warehouse goods on behalf of Foreign clients/DTA clients and submitted list of items to be warehoused in KASEZ alongwith KYC of clients.

Sr. No.	Name of the KASEZ unit
1.	M/s. Shreyas Packaging Industries
2.	M/s. Blossom Trading Corporation

The Committee after due deliberation decided to take on records the items to be warehoused by the above units for respective foreign/DTA clients as submitted by the above units.

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**AGENDA ITEM NO. 132.2.4**

**Request of M/s Blossom Trading Corporation for addition of activity under Rule 18(6) of SEZ Rule, 2006 for providing manufacturing services to overseas entities into their existing Letter of Approval.**

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 and **warehousing service activity under Rule 18 (5) and Rule 76 of SEZ Rules, 2006** vide Letter of Approval No. F. No. KASEZ/IA/05/2005-06 dated 28-04-2006 amended from time to time.

Now, the said unit has requested for addition of activity under Rule 18(6) of SEZ Rule, 2006 for providing manufacturing services to overseas entities into their existing Letter of Approval.

The Approval Committee after due deliberation decided to defer the proposal and directed the unit to furnish details of in-principle confirmation/MoU, if any, by overseas clients agreeing to provide free of cost raw materials, capital goods etc. in line with provision of Rule 18(6) along with KYC of clients and also furnish details of layout of earmarking separate space within their allotted premises for providing manufacturing services to overseas entities under Rule 18(6) of SEZ Rules, 2006.

**AGENDA ITEM NO. 132.2.5**

**Monitoring of APRs for the Block period from 2012-13 to 2016-17 and Ratification of Show Cause Notice issued to the unit namely M/s New Vibe International. KASEZ. for zero NFE.**

The Committee monitored the revised APRs for the Block period from 2012-13 to 2016-17 of M/s New Vibe International, KASEZ and noted that the unit is negative by Rs. -697.67 Lakhs for the said five year block and ratified the Show Cause Notice dated 13/16.07.2018 issued to M/s New Vibe International, KASEZ with the direction to the Development Commissioner to carry out adjudication against the said unit.





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**TABLE AGENDA- Item No.132.3.1**

**Intimation for change in Partnership of M/s Esskay Niryat Corporation, KASEZ.**

M/s Esskay Niryat Corporation, KASEZ is an approved unit for manufacturing of Mouth Freshner, Pan Masala and Tobacco Pan Masala with or without Zarda in Kandla Special Economic Zone, Gandhidham vide LoA No. KASEZ/IA/02/2015-16 dated 28.04.2015.

The said unit has now intimated regarding change in partnership of the firm and stated that out of three partners, one partner has retired from the firm.

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 Manoj Kumar Sharma	20%	Retired	--
02.	Shri Jagdish Prasad Joshi	70%	90%	(+)20%
03.	Shri Sachin Joshi	10%	10%	--
Total			100%	(+)20%

The Committee noted that Department of Commerce vide Instruction No. 89 dated 17.05.2018 had issued guidelines regarding change in shareholding pattern, name change pertaining to SEZ units wherein change of name, change of shareholding pattern, etc. may be undertaken with the prior approval of Approval Committee in respect of units.

The Committee noted that the changes in shareholding pattern of the firm is to the extent of 20%. Therefore, the Approval Committee after due deliberation decided to approve and take on record 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.

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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