

Minutes of the 137th Unit Approval Committee Meeting of Kandla SEZ held on 13.11.2018 at 11:30 hrs. under the Chairmanship of Dr. Amiya Chandra, Development Commissioner, Kandla Special Economic Zone.

Following were present:

1. Shri. Satyadeep Mahapatra : Joint Development Commissioner, KASEZ.
2. Shri. Sanjay Kumar : Joint Commissioner of Income Tax, Gandhidham.
3. Shri. A. K. Moria : 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 (136th UAC) of the Approval Committee: -

Minutes of the last meeting of Approval Committee was confirmed except Agenda item No. 136.3.7. In the 136th meeting under agenda item No. 136.3.7 in para 2 of the minutes it was deliberated by the Committee that "import quantum" was to be taken as the base for determining the turnover-based as well as quantity-based export obligation for worn clothing units. Similarly, it was also decided in the said meeting that in respect of plastic recycling units also the "import quantum" is to be taken as base for determining the turnover-based export obligation. Based on the said position, the clarification was accordingly conveyed vide letter dated 17.10.2018 issued by the DC office from F.No. KASEZ/IA/ Mis Used Cloth/13-14/P. III to Shri Jagmohan Kang, Director, M/s Flax Apparels Pvt. Ltd. in reply to his email query dated 11/10/2018.



Immediately thereafter the DC office after consultation with various stake holders felt that there is a need to correct the above stand. Therefore, DC office decided to clarify the stand as under: -

1. For worn clothing units:

The "total sales turnover" would be the base both for the turnover as well as the quantity-based export obligation and **not** the import quantum as deliberated in the 136th UAC. Further, total turnover will be taken as below:

- (i) "Total Turnover" in value terms is total value of physical export, intra-zone sales, deemed exports, DTA sales and any other sales. However, they will be governed by the clarifications and limitation issued by the government from time-to-time.
- (ii) "Total Turnover" in volume terms is total quantity of physical export, intra-zone sales, deemed exports, DTA sales and any other sales.

Physical export sales both for value and quantity shall only include physical export out of India and intra-zone sales should **not** be included in physical export.

2. For plastic recycling units:

The "total sales turnover" would be the base for the turnover-based export obligation and **not** the import quantum as deliberated in the 136th UAC. Further, total turnover will be taken as below:

- (i) "Total Turnover" in value term is total value of physical export, intra-zone sales, deemed exports, DTA sales and any other sales.

Physical export sales for value shall only include physical export out of India and intra-zone sales should not be included in physical export.



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In this context, the Committee after due deliberation decided to rectify the minutes of the 136th UAC meeting under para 2 of the agenda item No. 136.3.7 that instead of import quantum to be taken as base for calculating the export obligation, the total turnover both in terms of value as well as in quantity is to be taken as base in respect of worn clothing units and total turnover in terms of value is to be taken as base in respect of Plastic recycling units for determining the export obligation. It will be worthy to mention that the letter dated 17.10.2018 issued by the DC office from F.No. KASEZ/IA/ Mis Used Cloth/13-14/P. III to Shri Jagmohan Kang, Director, M/s Flax Apparels Pvt. Ltd. in reply to his email query dated 11/10/2018 was withdrawn the next day vide a letter dated 18.10.2018 issued from the same file. The UAC was apprised of this and it was taken on records.

137.1 MISCELLANEOUS ITEMS

AGENDA ITEM NO. 137.1.1

Subject: Delayed submission of Form F1 as per the amended Rule 19(6A)(1) of SEZ Rules, 2006 for renewal of LoAs of Plastic Recycling Units

The Committee noted that all the 21 plastic recycling units have earlier filed their application request for renewal of their LoA in the month of Aug/Sep,18 which was expiring on 30.11.2018 i.e. prior to the amendment effected in the SEZ Rules on 19.09.2018 which appeared on the SEZ website on 28.09.2018 and as per the amended Rules 19(6A)(1) the units were required to file the application two months prior to expiry which in other words means that they were required to file the application in new Form F1 before 01.10.2018. However, they have filed their F1 applications with delay of 1 to 15 days.

The Committee noted that the units in their written submission have stated the reasons of delay that the said Notification dated 19.09.2018 was infact digitally signed on 27.09.2018 and uploaded on SEZ website on 28.09.2018 and so they were left with only 1 working day to file the new F1



application and that; the F1 was required to be signed only by the senior management and certain information of the past and future are required to be incorporated in the said application, therefore, the delay in submission be condoned.

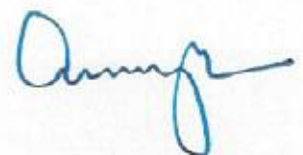
Therefore, the Approval Committee decided that there were genuine reasons for delay in filing of Form F1 and directed the DC office to entertain such applications for renewal to be sent to Board of Approval for its consideration.

The Chairman pointed that in many cases wherein the penalty was imposed by the Adjudicating Authority vide various O-I-Os against such units and subsequently they are in appeal before the Appellate Authority, it was decided that unless specific stay order has been obtained by such units, all such cases will not be treated as sub-judice matter rather will be treated as cases ripe for recovery of Govt. arrears. The Committee further directed the DC office to mention all such cases in their proposal for renewal before Board of Approval. This stand will be applicable in all such cases of appeals pending with the Appellate Authority.

AGENDA ITEM NO. 137.1.2

Subject: Delayed submission of Form F1 as per the amended Rule 19(6A)(1) of SEZ Rules, 2006 for renewal of LoAs of Worn and Used Clothing Units

The Committee noted that the 2 worn clothing units (M/s. Star Shine Clohting Pvt. Ltd. and M/s. Afcan Impex Pvt. Ltd.) have earlier filed their application request for renewal of their LoA in the month of Aug/Sep,18 which was expiring on 30.11.2018 i.e. prior to the amendment effected in the SEZ Rules on 19.09.2018 which appeared on the SEZ website on 28.09.2018 and as per the amended Rules 19(6A)(1) the units were required to file the application two months prior to expiry which in other words means that they were required to file the application in new Form F1 before



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01.10.2018. However, they have filed their F1 applications with delay of 1 to 12 days.

The Committee noted that the units in their written submission have stated the reasons of delay that the said Notification dated 19.09.2018 was infact digitally signed on 27.09.2018 and uploaded on SEZ website on 28.09.2018 and so they were left with only 1 working day to file the new F1 application and that; the F1 was required to be signed only by the senior management and certain information of the past and future are required to be incorporated in the said application, therefore, the delay in submission be condoned.

Therefore, the Approval Committee decided that there were genuine reasons for delay in filing of Form F1 and directed the DC office to entertain two applications for renewal to be sent to Board of Approval for its consideration.

The Chairman pointed that in many cases wherein the penalty was imposed by the Adjudicating Authority vide various O-I-Os against such units and subsequently they are in appeal before the Appellate Authority, it was decided that unless specific stay order has been obtained by such units, all such cases will not be treated as sub-judice matter rather will be treated as cases ripe for recovery of Govt. arrears. The Committee further directed the DC office to mention all such cases in their proposal for renewal before Board of Approval. This stand will be applicable in all such cases of appeals pending with the Appellate Authority.

AGENDA ITEM NO. 137.1.3

Subject: Delayed submission of Form F1 and evaluation of criteria as per the amended Rule 19(6A) & 19(6B) of SEZ Rules, 2006 for renewal of LoA of M/s. Sun Products, KASEZ.



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The Committee noted that the unit has applied for renewal of their LoA on 24.08.2018 i.e. before amendment in SEZ Rules, 2018 made applicable w.e.f. 19.09.2018. However, after the amendment of SEZ Rules, 2006 on 19.09.2018, the unit vide letter dated 24.10.2018 have also applied in prescribed Form F1.

The Committee after due deliberation decided to defer the case as the unit has not submitted any specific reason for delayed submission of Form F1 and directed the unit to furnish adequate reasons for delayed submission of Form F1 and if the reasons submitted for delayed submission of Form F1 is not found satisfactory, the Committee will not approve request for renewal.

AGENDA ITEM NO. 137.1.4

Subject: Delayed submission of Form F1 and evaluation of criteria as per the amended Rule 19(6A) & 19(6B) of SEZ Rules, 2006 for renewal of LoA of M/s. Vishnu Export, KASEZ.

The Committee noted that the unit has applied for renewal of their LoA on 04.09.2018 i.e. before amendment in SEZ Rules, 2018 made applicable w.e.f. 19.09.2018. However, after the amendment of SEZ Rules, 2006 on 19.09.2018, the unit vide letter dated 24.10.2018 have also applied in prescribed Form F1. The Committee condoned the delay of filing the application in Form F1 as the unit as already submitted its application for renewal on 04.09.2018.

The Committee after due deliberation decided to defer the case as the unit has not submitted any specific reason for delayed submission of Form F1 and directed the unit to furnish adequate reasons for delayed submission of Form F1 and if the reasons submitted for delayed submission of Form F1 is not found satisfactory, the Committee will not approve request for renewal.



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AGENDA ITEM NO. 137.1.5

Subject:- Permission to warehouse goods on behalf of foreign clients a well as DTA clients - Request of M/s Mysore Scents Company -Unit II, a Warehousing Service Units of KASEZ.

In the 116th 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 M/s. Mysore Scents Company (Unit-II) requested for permission to warehouse goods on behalf of DTA clients and submitted list of items to be warehoused in KASEZ alongwith KYC of clients.

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

TABLE AGENDA ITEM NO. 137.2.1

Subject : Rectification/Ratification on the issue of calculation of physical export obligation of 50% (by volume) in the case of worn & used clothing units and plastic recycling units

This agenda item is already taken up for discussion and decision under the review/confirmation of the minutes of last meeting (136th UAC) of the Approval Committee as mentioned above.

The meeting ended with vote of thanks of the chair.



(Dr. Amiya Chandra)

Development Commissioner