

Minutes of the 138th Unit Approval Committee Meeting of Kandla SEZ held on 07.12.2018 at 11:30 hrs. under the Chairmanship of Dr. Amiya Chandra, Development Commissioner, Kandla Special Economic Zone.

Following were present:

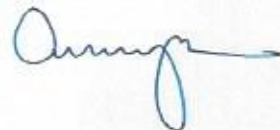
1. Shri. Satyadeep Mahapatra : Joint Development Commissioner, KASEZ.
2. Shri. Sanjay Kumar : Joint Commissioner of Income Tax, Gandhidham.
3. Shri. A. K. Moria : Assistant Commissioner, Customs, Kandla, Gandhidham-Representative of Commissioner of Customs Kandla.

Absentees:-

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

Review/Confirmation of the minutes of last meeting (137th UAC) of the Approval Committee: -

Minutes of the last meeting of Approval Committee was confirmed.



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138.1 NEW UNIT APPLICATION

AGENDA ITEM NO. 138.1.1

Application for setting up of a unit in KASEZ namely M/s. J. J. K Zarda Pan Products, 3-P, Pocket IV, DDA Mixed Housing, Mayur Vihar Phase III, New Delhi - 110 096.

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

138.2 REQUEST FOR BROADBANDING

AGENDA ITEM NO. 138.2.1

Request of M/s Palmon Exports, KASEZ for Broad Banding of their LoA for addition of additional 23 trading items.

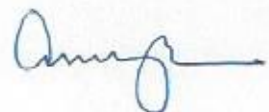
M/s. Palmon Exports, KASEZ is an approved Unit for trading activity of 50 items vide LoA No. KASEZ/IA/09/2018-19/6208 dated 30.08.2018.

Now, the unit's request was for inclusion of 23 additional items in their existing trading activity as broad-banded activity.

Shri. Mukesh Joshi, authorised representative of the firm appeared before the Approval Committee and explained their proposal. Shri Joshi stated that they are already in the Zone from 1980 for manufacturing activity and also for trading activities.

On being asked by the Committee as to whether they are carrying out any manufacturing activity of readymade garments which was one of their originally approved manufacturing activity.

The unit representative stated that they have not carried out any manufacturing activity of Readymade garments since 2000 and they are mainly concentrating on trading and warehousing activity. He further stated that there is no machinery/infrastructure installed in their allotted premises for carrying out the manufacturing activity of Readymade garments.



The Committee, after due deliberation noted that manufacturing activity is their main originally approved activity and that unit shall focus more on manufacturing and therefore decided to issue Show Cause Notice for not carrying out their main activity of manufacturing of readymade garments for which LoA was granted.

The Committee further decided that no more further trading/warehousing items shall be permitted unless the unit recommence their manufacturing activity and therefore decided to reject their present request.

AGENDA ITEM NO. 138.2.2

Request of M/s Zip Zap Exim Pvt. Ltd., KASEZ for Broad Banding of their LoA for addition of additional 5 trading items and 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. Their LoA was further broad-banded for additional trading activity of 3 items viz. (i) LADIES POLYESTER PYJAMA (ITC HS 61083210), (ii) POLYESTER READY MADE GARMENTS (ITC HS 61119090) and (iii) CERAMIC DISC (HARDWARE GOODS) (ITC HS 84819090) vide this office broad-banded letter dated 13.10.2017.

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



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Sl. No.	Item	ITC (HS) Code
1	Ladies Wrist Watch	91019190
2	Mobile Accessories	8544
3	Mobile Screen Guard	3926
4	Automobile Parts	8708
5	Ladies Garments	6204/6206206/6208

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

Shri Gajraj Singh explained that the items which they have requested for shall be sourced through DTA procurement only and no import of above items shall be made and he categorically stated that present requested items will be exported out of the country on 100% physical export basis.

The Committee also advised the unit to come forward with a plan for starting some manufacturing activities within their allotted premises as Committee was of the view that trading alone cannot be permitted any more as the main objective of the SEZ scheme is to promote manufacturing.

The Committee after due deliberation decided to approve the above items only for trading activity on the basis that the items meant for trading shall be sourced through 100% DTA procurement and will be 100% physically exported.

138.3 MISCELLANEOUS ITEMS

AGENDA ITEM NO. 138.3.1

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.

M/s. Sun Products, KASEZ is an approved unit for manufacturing activity of Pan Masala, Pan Masala containing tobacco-Guthka, Zarda and Khaini vide Letter of Approval F.No. KASEZ/IA/012/2013-14/6247 dated



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18.09.2013. The unit started its authorized activity w.e.f. 01.11.2013 and accordingly validity of their LoA was upto 31.10.2018.

Shri Anand Mehta, authorised representative of the firm appeared before the Approval Committee and explained the reasons for delayed submission of Form F1.

The Committee noted that the unit has explained the reasons for the delay in filing of Form F1 as detailed in their written submission which includes that the SEZ Rules has very recently been amended and which was digitally signed on 27.09.2018 and published on 28.09.2018 and as such they had very little time to prepare the Form F1 and that they were under impression that since they have made application prior to amendment the old provisions would apply wherein no time limit for applying for renewal of LoA had been prescribed.

Therefore, the Approval Committee after due deliberation decided that there were genuine reasons for delay in filing of Form F1 and decided to condone the delay and to approve the renewal of their LoA for further period of five years with original terms and conditions.

AGENDA ITEM NO. 138.3.2

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.

M/s. Vishnu Export, KASEZ is an approved unit for manufacturing activity of Pan Masala and Pan Masala containing tobacco-Guthka vide Letter of Approval F.No. KASEZ/IA/010/2013-14/6250 dated 18.09.2013. The unit started its authorized activity w.e.f. 11.11.2013 and accordingly validity of their LoA is upto 10.11.2018.



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Shri Ankur Garg, Partner of the firm appeared before the Approval Committee and explained the reasons for delayed submission of Form F1.

The Committee noted that the unit has explained the reasons for the delay in filing of Form F1 as detailed in their written submission which includes that the SEZ Rules has very recently been amended and which was digitally signed on 27.09.2018 and published on 28.09.2018 and as such they had very little time to prepare the Form F1 and that they were under impression that since they have made application prior to amendment the old provisions would apply wherein no time limit for applying for renewal of LoA had been prescribed.

Therefore, the Approval Committee after due deliberation decided that there were genuine reasons for delay in filing of Form F1 and decided to condone the delay and to approve the renewal of their LoA for further period of five years with original terms and conditions.

AGENDA ITEM NO. 138.3.3

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. Zalani Paper Mart, KASEZ.

M/s. Zalani Paper Mart, KASEZ is an approved unit for manufacturing activity of Paper and Paper Boards, Packing material (in Rolls and Sheet form) vide Letter of Approval F.No. KASEZ/IA/02/2008-09/1372 dated 02.05.2008. The unit started its authorized activity w.e.f. 14.09.2008 and their LoA for second block of five years was renewed vide this office letter dated 09.03.2016 and accordingly validity of their LoA was extended for further five years upto 12.09.2018.

Shri Dushyant Gala, Partner of the firm appeared before the Approval Committee and explained the reasons for delayed submission of Form F1.



On being asked by the Committee regarding poor export performance in the last five years block period, Shri Gala stated that due to adverse market conditions, they could not make exports but now in the current financial year, they have made exports of Rs. 5.50 crores and also they have export orders in hand to the tune of Rs. 2 crores. Further, he stated that they have made DTA sales of only Rs.15 lakhs, out of the Rs.5.50 cores of total sales which means they are genuinely concentrating on exports. The Committee noted that the unit has explained the reasons for the delay in filing of Form F1 as detailed in their written submission.

Therefore, the Approval Committee after due deliberation decided that there were genuine reasons for delay in filing of Form F1 and decided to condone the delay and to approve the renewal of their LoA for further period of five years with original terms and conditions.

AGENDA ITEM NO. 138.3.4

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. Regent Ropes, KASEZ.

M/s. Regent Ropes, KASEZ is an approved unit for manufacturing activity of Plastic Ropes vide Letter of Approval F.No. KASEZ/IA/1868/2001-02/7001 dated 22.01.2001. The unit started its authorized activity w.e.f. 22.12.2003. The LoA of the unit was further broad-banded for trading activity vide this office letters dated 29.03.2004 and 17.10.2007. Their LoA for third block of five years was renewed vide this office letter dated 06.08.2014 and accordingly validity of their LoA was extended for further five years upto 20.12.2018. Further, their LoA was broad-banded for manufacturing activity of Plastic Granules & Plastic Grinding vide this office letter dated 04.07.2016.

Shri Suresh Shah, Partner of the firm appeared before the Approval Committee and explained the reasons for delayed submission of Form F1.



On being asked by the Committee regarding poor export performance in the last five years block period, Shri Shah stated that they produce Ropes of size 2mm to 24mm and their machineries are outdated and hence they could not made exports but now they have sold their old machineries and have installed new machinery valued at Rs. 80-90 lakhs and also they have export market in African Countries, UAE, Middle East, Kuwait, etc. and will also broad-band their manufacturing LoA for PVC plastic board and thus their export performance will increase.

The Committee noted that the unit has explained the reasons for the delay in filing of Form F1 as detailed in their written submission.

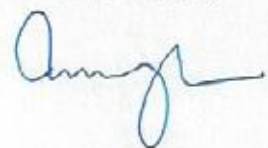
Therefore, the Approval Committee after due deliberation decided that there were genuine reasons for delay in filing of Form F1 and decided to condone the delay and to approve the renewal of their LoA for further period of five years with original terms and conditions.

AGENDA ITEM NO. 138.3.5

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

The UAC took note of the fact that presently all the trading units are doing their activity only against the payment in foreign exchange and therefore decided to continue the decision taken in the earlier meeting of 123rd UAC held on 16.01.2018 which have decided that in the cases of trading activity all transactions have 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.

On the issue of date of commencement, it was brought to the notice of the Committee that the date of the first export transaction is being taken on record as the date of commencement at present. The Committee deliberated on the issue and decided that the date of any transaction whether DTA,



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Export or any other type of transaction, whichever is earliest should be taken as the date of commencement.

AGENDA ITEM NO. 138.3.6

Ratification of issues already approved in file

138.3.6(i) - Worn Clothing Units

The Approval Committee ratified the 19 SCNs granted by the Development Commissioner, KASEZ to worn clothing units. The Committee was further informed that the SCNs to the following units were decided to be dropped after they have furnished C.A. certified information regarding achieving physical export obligation of 66.67% by turnover and 50% by volume.

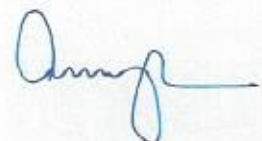
1. Canam International Pvt. Ltd.
2. Maruti Exports
3. Om Siddh Vinayak Impex Pvt. Ltd.

138.3.6(ii) - Plastic Recycling Units

The Approval Committee ratified the 2 SCNs granted by the Development Commissioner, KASEZ to plastic recycling units. The Committee was further informed that the SCN to M/s. Kutch Polymers was decided to be dropped after the unit have furnished C.A. certified APRs for the period 01.12.2013 to 31.10.2018 for achieving positive NFE.

138.3.6(iii) - M/s. Palmon Exports

The Approval Committee ratified the permission granted by the O/o. DC, KASEZ as per decision taken in 131st UAC meeting held on 10.07.2018 for two item's one time transit permission granted by JDC on 16.11.2018 and 03.12.2018 for warehousing of goods on behalf of their clients which had already arrived at the Port.



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Regarding their issue of regular permission for warehousing service activity, the Committee noted that the decision taken in Agenda item No. 138.2.1 holds good here also.

The Committee further decided that for grant of transit permission for warehousing of goods on behalf of their clients of import consignments lying at the ports for want of approval of UAC as decided in the 131st UAC held on 10.07.2018, the units concerned shall submit their application before 15 days of arrival of their consignments at Port and the transit permission will be granted only after the approval of the Development Commissioner, KASEZ.

The Committee also decided that when any SCN is issued to any unit under any other Act, they shall invariably be issued also with the SCN under FTDR Act for contravention of the SEZ Act and Rules also.

The meeting ended with vote of thanks of the chair.


(Dr. Amiya Chandra)
Development Commissioner