

Minutes of the 140th Unit Approval Committee Meeting of Kandla SEZ held on 30.01.2019 at 16:00 hrs. under the Chairmanship of Dr. Amiya Chandra, Development Commissioner, Kandla Special Economic Zone.

Following were present:

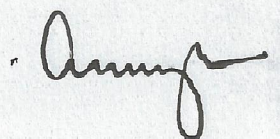
1. Shri. Satyadeep : Joint Development Commissioner,
Mahapatra KASEZ.
2. Shri. Sanjay Kumar : Joint Commissioner of Income Tax,
Gandhidham.
3. Shri. A. K. Moria : Assistant Commissioner, Customs, Kandla,
Gandhidham-Representative of
Commissioner of Customs Kandla. .
4. Shri. P. C. Ravindran : Assistant DGFT,
Rep. of Jt. DGFT, Rajkot.

Absentees:-

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

Review/Confirmation of the minutes of last meeting (139thUAC) of the Approval Committee:-

Minutes of the last meeting of Approval Committee was confirmed.



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140.1 NEW UNIT APPLICATION

AGENDA ITEM NO. 140.1.1

Application for setting up of a unit in KASEZ namely M/s. B.V.H. Manufacturing India Pvt. Ltd., Shop No. 8, KASEZ Association Building, Gandhidham, Kutch, Gujarat.

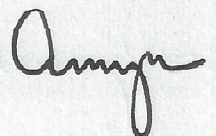
Their proposal was for setting up a unit in Kandla SEZ for re-manufacturing store returned Garments, components for Shoes manufacturing & Bag manufacturing.

Mr. Rajesh Rajapurohit, Director of the company along with Mr. Steven Bethell, Equity Holder of the company appeared before the Approval Committee and explained their proposal.

They stated that they have been the customers for units located in KASEZ for the last 15 years and have already invested Rs. 42 crores in the Zone. They presented power point presentation of their proposal and further stated they will manufacture their finished goods viz. garments, shoes and bags from the worn clothing and that they will export the entire production to Europe & Asia and that they have export orders for 24,000 units for the first year and will increase to 1 million units in the second year. They further stated that they will procure worn clothing from the used & worn clothing units of KASEZ and manufacture their finished products.

The Approval Committee informed the applicant that the reprocessing import of worn clothing or other secondary textile material and other recyclable textile materials is not permitted in terms of Rule 18(4)(c) of SEZ Rules, 2006. Therefore, neither the UAC nor BoA is empowered to approve any proposal involving import of worn clothing. The Committee further informed the Applicant that procurement of any items falling under ITC(HS) 63090000 is also not permissible even on intra-zone basis as such procurement is also an import as per definition of 'import' under Section 2(m) of SEZ Act, 2005. In this situation the Committee expressed that they may find it difficult to procure raw material in the form of worn clothing for their proposed unit.

The Committee noted that the proposal is 100% FDI as the other Director is not holding any shares in the company and was informed that the said business is allowed under 100% FDI route.



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The Committee after due deliberation decided to approve their proposal and reiterated that only those raw material would be allowed by way of import which do not fall under "worn clothing and other worn articles falling under ITC (HS) 63090000" or any restricted items for import under the prevailing FTP subject to condition that the applicant shall furnish an undertaking that they will not import any goods of worn clothing and other worn articles falling under ITC (HS) 63090000 or any other restricted items for import and also that they will export their entire production on 100% physical export basis. The Committee also further decided to obtain an another undertaking that their entire source of finance shall be only through permitted banking channels and as per the RBI regulations/guidelines in this regard and also that the money proposed to be invested is not from dubious sources such as terrorism, money laundering etc.

AGENDA ITEM NO. 140.1.2

Application for setting up of a unit in KASEZ namely M/s. Kanishk Overseas Pvt. Ltd., G-58, First Floor, Block-G, Kirti Nagar, West Delhi, Delhi - 110 015.

Their proposal was for setting up a unit in Kandla SEZ for warehousing unit at FTWZ developed by M/s Kandla Free Trade Warehousing Private Limited of KASEZ.

Shri. Saurabh Gulati, Director of the company appeared before the Approval Committee and explained their proposal.

Shri Gulati stated that they were earlier had a unit in Free Trade Zone in Dubai which they have wind up in 2016 and now they intend to set up a warehousing unit in the FTWZ developed in KASEZ (new zone). He further stated that they will warehouse goods on behalf of foreign clients of Food Supplements, Whey Proteins and that they will be re-exporting 75 to 80%.

The Committee noted that the applicant has not submitted the break-up of working capital and investment in building which they subsequently furnished. Therefore, the Approval Committee after due deliberation decided to approve their proposal subject to condition that they will give an undertaking that the warehoused goods will be re-exported to the tune of 75% to 80% and also whenever any warehoused goods are cleared into DTA the same shall be subject to compliance of FSSAI norms and all other

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statutory compliance viz. NOC from Animal Husbandry Department, etc. before clearance of the same in DTA.

AGENDA ITEM NO. 140.1.3

Application for setting up of a unit in KASEZ namely M/s. Sunrise Polymers, 501 DV house, Block 2, DV Colony, Minister Road, Secunderabad, Telangana, India, - 500003.

Nobody appeared for the personal hearing. However, the Committee decided to defer the proposal with the request to applicant to explain the contradiction in their claim of export made earlier in the previous UAC meeting and the report received from the GST Commissionerate, Hyderabad.

140.2 REQUEST FOR BROADBANDING

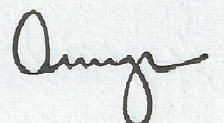
AGENDA ITEM NO. 140.2.1

Request for broad banding of additional items for Trading activity in their existing Letter of Approval/Permission No. KASEZ/IA/04/2009-10 dated 10.06.2009 of M/s Zetts Cosmetics Pvt. Ltd., KASEZ.

M/s. Zetts Cosmetics Pvt. Ltd., KASEZ is an approved unit for manufacturing cum trading activity for Essential Oil/Perfumery Products/Cosmetics & Toiletries Preparations, Preparation for Oral or Dental Hygiene, Perfumes/Toilet Waters and Odoriferous Materials (under Chapter 33 of Customs Tariff) vide letter F.No. KASEZ/IA/04/2009-10/2826 dated 10.06.2009. Later vide letter F.No. KASEZ/IA/04/2009-10/12348 dated 09.02.2015, this office has approved their request for additional manufacturing activity of Glass Bottle Coating/Printing Process activity in their existing LoA. The validity of LoA is upto 13.12.2021.

Now the unit has requested for Broad Banding of their LoA for addition of 36 items for trading activity in their existing LoA as under: -

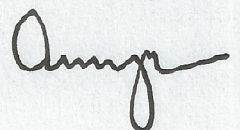
Sl. No.	Item	ITC (HS) Code
1.	Printed Unit/Inner Carton	48192090
2.	Corrugated Liners	48195090
3.	Corrugated Shippers	48191010



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4.	Aluminium Caps	83099020
5.	Plastic Caps	39235010
6.	Collar	83099090
7.	Spray Pump	96161020
8.	Perfume (In Bulk)	33029090
9.	Perfumes Concentrated Oil	33029090
10.	Label	4821
11.	Label	39199010
12.	Empty Glass Bottles	70109000
13.	Foaming Bath	33073090
14.	Body Wash	33049990
15.	Bubble Bath	33073090
16.	Bath Beads	33073090
17.	Body Cream	33049990
18.	Body Lotion	33049990
19.	Bath Bomb (Fizzy Bath Bomb)	33073090
20.	Talc Powder	33049120
21.	Aerosol	33072000
22.	Soaps	3401
23.	Essential Oils	3301
24.	Hair Oils	33059011 & 9019
25.	Hair Cream	33059030
26.	Compact Powders (Face, Blush On, Eye Shadows)	33049110
27.	Herbal Cosmetics Products	33049990
28.	Tote Bag Of Jute	63051030
29.	Tote Bag Of Cotton	42022220
30.	Eye Mask	63079090
31.	Face Wash	33049990
32.	Candles	340600
33.	Floral Candle Sticks	33074100
34.	Diffusers	33074100
35.	Deo Spray	33072000
36.	Hand Sanitizer	34029099

Shri D. K. Rathod, GM-Works of the company along with Shri Vivek Milak, authorised representative appeared before the Approval Committee and explained their proposal.



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Shri Milak stated that they are already in the business of manufacturing and trading of perfumery products in KASEZ and the customers are asking for products in CKD from along with the exported goods and hence they have submitted proposal to permit them for addition of 36 items for trading activity.

The Approval Committee after due deliberation decided to approve their proposal for trading activity of 36 items requested by the unit subject to the condition that they will furnish an Affidavit/undertaking to the effect that their entire import of aforesaid goods shall be on 100% physical re-export basis.

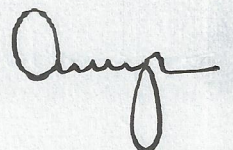
AGENDA ITEM NO. 140.2.2

Request for broad banding of additional items for Trading activity in their existing Letter of Approval/Permission No. KASEZ/IA/20/2018-19 dated 26.12.2018 of M/s Pandokhar Food LLP, KASEZ.

M/s. Pandokhar Food LLP, KASEZ is an approved unit for manufacturing activity of Guthka, Khaini, Zarda, Pan Masala, Chewing Tobacco, etc. vide Letter of Approval F.No. KASEZ/IA/20/2018-19/10601 dated 26.12.2018. The initial validity of their LoA is upto 25.12.2019.

Now the said unit has requested for Broad Banding of their LoA for trading activity for following 13 items: -

Sl. No.	Item	ITC (HS) Code
1.	Wooden Sworn Strips, Pallets, Boxes	44152000
2.	Plastic Pallets, Drums, PP Woven Bags	39239090
3.	Plastic Tapes	39199000
4.	Plastic Stretch Film, Rolls, Bags	39201019
5.	Plastic Strips	39211390
6.	MS Drums	73101090
7.	Tin Cap	830990
8.	Catechu	32030010
9.	Quick Lime	25221000
10.	Slaked Lime	25222000
11.	Perfumes & Perfumery Compound	33030040
12.	Liquid Paraffin	27101990
13.	Paper Filter	48232000



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Shri Prakash Kaknani, Partner of the firm appeared before the Approval Committee and explained their proposal.

Shri Prakash stated that they want to start trading activity in their existing manufacturing activity of Guthka, Pan Masala. He further stated that the above items will be used for their manufacturing items and certain items will be supplied to KASEZ units on intra-zone basis.

The Approval Committee noted that certain items proposed for trading activity are not related to their existing manufacturing activity. Therefore, the Approval Committee after due deliberation decided to approve import/procurement of items mentioned at Sr. No. 4, 5, 7 to 11 & 13 with the conditions that the said items will be used for their captive consumption and no trading of the items will be allowed whether in DTA or intra-zone supply to other KASEZ units subject to furnishing an Affidavit/undertaking that the proposed import/procurement of items mentioned at Sr. No. 4, 5, 7 to 11 & 13 will be accounted for in their exports on net to net basis and no local sales including intra-zone sales will be permitted/allowed.

AGENDA ITEM NO. 140.2.3

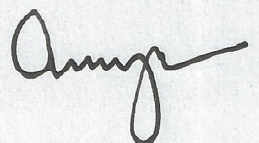
Request for broad banding of manufacturing activity in their in-principle LoA dated 29.03.2016 of M/s Jay Bholenath Waybridge, KASEZ.

M/s. Jay Bholenath Waybridge, KASEZ is a unit in KASEZ which was granted in-principle LoA for setting up of Weigh Bridge vide letter dated 29.03.2016. The in-principle LoA was further broad-banded for trading activity of melamine, plastic agglomerates, plastic floor sweepings and plastic grindings vide letter dated 07.07.2017.

Now the said unit has requested for Broad Banding for inclusion of manufacturing activity in their in-principle approval.

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

Shri Motanwala stated that they were granted in-principle LoA for weigh bridge in 2016 and further broad-banded for trading activity in 2017. However, they could not start their original activity as they were not allotted with any premises in KASEZ and that they also could not apply for renewal



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of in-principle LoA in time as they were indulged in other work. Now, they want to broad-band for manufacturing activity of plastic agglomerates/granules and powder.

The Approval Committee noted that the in-principle LoA was granted to the unit on 29.03.2016 and that the unit has neither commenced any activity during the said 3 years period since the issuance of in-principle LoA nor made any request for extension of their in-principle LoA. Therefore, the Approval Committee after due deliberation decided to reject their proposal for broad-banding for manufacturing activity and also further decided to cancel their in-principle LoA dated 29.03.2016 as the unit is without any activity in KASEZ for about 3 years and its LoA's validity already lapsed in terms of Rule 19(4) of SEZ Rules, 2006.

140.3 MISCELLANEOUS ITEMS

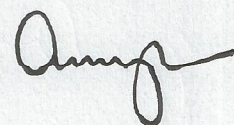
AGENDA ITEM NO. 140.3.1

Seeking clarification on Income Tax benefits available to SEZ manufacturing units towards new addition in investment – M/s. Rusan Pharma Ltd., KASEZ

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.

The unit commenced their commercial production w.e.f. 07.12.2001 and accordingly, they have already completed the period of 15 years on 06.12.2016 in KASEZ.

Now the unit has sought clarification on Income Tax benefits available to SEZ manufacturing units towards new addition in investment. In this regard, they have stated that they are currently manufacturing / exporting "Beta Lactum (Pharmaceuticals Products)" from their existing unit of which the current investment value stands at INR 20 million, after depreciation.



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The Approval Committee noted that the issue involves clarification from the Income Tax Department on the issue of income tax benefits available to existing units towards new investments. Therefore, the Approval Committee after due deliberation decided to request the Income Tax member of the Committee to get the above issue examined by their Department and furnish a clarification on the above subject matter to the Committee for which a reference shall be made in writing to the Income Tax Dept. from the DC's office.

AGENDA ITEM NO. 140.3.2

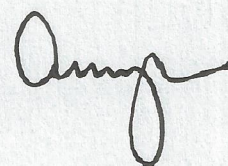
Intimation for change in Partnership of M/s SPJ Exports, KASEZ

M/s SPJ Exports, KASEZ is an approved unit for manufacturing of Pan Masala and Pan Masala Containing Tobacco, Zarda (Gutkha) in Kandla Special Economic Zone, Gandhidham vide LoA No. KASEZ/IA/04/2018-19 dated 19.06.2018.

The said unit has now intimated regarding change in partnership of the firm wherein two new partners have joined the firm. They have submitted copy of notarized partnership deed for change in partnership firm.

The Committee noted that the details of present Partners after change in partnership firm are as under:-

Sl.No.	Name of Partners	Previous, profit and loss ratio	At present, profit and loss ratio	Change in %
01.	Shri Hemendra Loonaram Sankhi	50%	30%	(-)20%
02.	Shri Manish Hari Singh Kachhwaha	50%	30%	(-)20%
03.	Shri Satyaprakash Mohanlal Joshi	New Partner	35%	(+)35%
04.	Shri Sanjay Satyaprakash Joshi	New Partner	05%	(+)05%
Total			100%	(+)40%



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 company is to the extent of 40%. Therefore, the Approval Committee after due deliberation decided to approve and take on record the proposal of change 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. 140.3.3

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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. Hazel Mercantile Ltd., KASEZ.

M/s. Hazel Mercantile Ltd., KASEZ is an approved unit for manufacturing activity of Paper & Allied Products (Sorting-Cutting-Slitting-Sizing-Trimming-Packing), Ceramics & Table Ware (Sorting-Washing-Cleaning-Checking-Spotting-Packing) and Pharmaceuticals (Packing-Export) and also Trading Activity of all items except restricted, prohibited, canalized items and plastic waste and scrap, second hand clothing, polyester yarn, metal scrap, hazardous items such as battery scrap etc. vide Letter of Approval F.No. KASEZ/IA/1939/2003-04/2326 dated 16.06.2003. Their LoA was further broad-banded for Export of Software vide letter dated 12.03.2004. The unit started its authorized activity w.e.f. 04.12.2003 and accordingly validity of their LoA was lastly extended for further five years upto 03.12.2018.

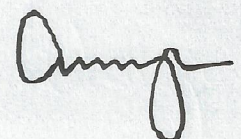
Shri Mayank Parekh, CEO-IT of the company appeared before the Approval Committee and explained the reasons for delayed submission of Form F1.

The Committee noted that the reason furnished for the delayed submission of Form F1 i.e. MD travelling abroad etc., was not found satisfactory. However, the Committee noted that the unit's performance in last five years was 100% exports only and that their NFE was to the tune of Rs. 59 crores and that no previous violation of any law has come to the notice of the Department.

Therefore, the Approval Committee after due deliberation decided to condone the delay and to approve the renewal of their LoA for further period of five years with original terms and conditions. However, the Committee decided to impose a nominal penalty of Rs. 10,000/- under Rule 54(2) of SEZ Rules, 2006 on the unit for delayed submission of Form F1 for renewal of their LoA.

AGENDA ITEM NO. 140.3.4

Request for restoration of DTA Sales applied by 7 (Seven) Used Clothing Units of KASEZ.



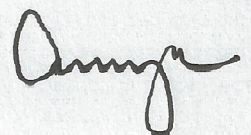
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Used Clothing Units Viz. M/s U.S. Clothing (I) Pvt. Ltd., M/s Afcan Impex Pvt. Ltd., M/s Safari Fine Clothing Pvt. Ltd., M/s Anita Exports, M/s Babu International, M/s Lotus Recyclers & M/s Jindal Fibres have requested for restoration of DTA sales.

Representatives of above 7 worn clothing units appeared before the Approval Committee and they have explained the following: -

- (i) that stoppage of DTA sales had adversely affected their business and financial loss sustained by them & working capital has been stuck wherein they are not able to make payment of salaries to their workers resulting in retrenching of workers.
- (ii) that they are facing the hardship of space availability for fresh import for export purpose as their mutilated worn clothing has occupied the entire space and this is the reason they are not able to import and export & so that they can improve their export performance as they are left with no space for storage of fresh imported goods.
- (iii) that they further explained that renewal by the BoA in its meeting held on 22.11.2018 for further one year was unconditional and therefore their DTA stoppage is not justifiable.
- (iv) that they further pointed out that in case of plastic recycling units of Falta SEZ before the Hon'ble HC Kolkata the Department has given an undertaking that no coercive action will be taken on the basis of the policy guidelines dated 17.09.2013.

The Approval Committee noted that the final hearing in the matter of Departmental LPAs before the Division Bench of Hon'ble HC Gujarat pertaining to DoC Policy Guidelines dated 17.09.2013 was concluded on 16th, 17th & 18th January, 2019 and that Hon'ble Court has reserved its judgement for pronouncement. The Committee also noted that the Department has given an affidavit before the Hon'ble Division Bench to the effect that the Orders-in-Original passed for the non-compliance of the policy condition of export obligation has been kept in abeyance and that no coercive action will be taken till the final outcome of the Hon'ble HC in the above matter. The Committee further noted that DTA was also stopped for the non-compliance of the export obligation based on the above Policy



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Guidelines which the Hon'ble Court is in final stage of pronouncing its judgement.

Therefore, the Committee after due deliberation decided to lift the DTA stoppage in respect of the 7 such worn clothing units till the final judgement of the Division Bench of the Hon'ble HC in respect of Department's LPAs.

AGENDA ITEM NO. 140.3.5

Legal Notice issued in local newspaper in respect of M/s. Safari Fine Clothings Pvt. Ltd., KASEZ.

The Approval Committee noted that a legal notice was published in the local newspaper daily of Kutchmitra dated 25.01.2019 wherein the Advocate for the Petitioner viz. M/s. Rakesh Trading Co & Others, Gandhidham have filed Company Petition No. 125, 154 to 163, 183 & 184 of 2015 against M/s. Safari Fine Clothings Pvt. Ltd., KASEZ under Sections 433, 434 and 439 of the Companies Act, 1956 for winding up of M/s. Safari Fine Clothings Pvt. Ltd., KASEZ.

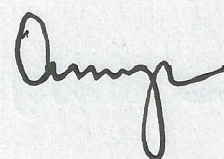
The representative of M/s. Safari Fine Clothings Pvt. Ltd. informed the Committee that one of the earlier Director have filed suit against their company.

The Approval Committee took serious note of the non-intimation of such a serious matter by the unit to the Department which they were under obligation to intimate the same.

The Committee after due deliberation decided to direct the DC office to issue a Show Cause Notice to the unit for not intimating the above matter to the Department and further directed to DC office to prepare the list of all the pending dues including that of land arrears, etc./pending SCNs and file an Affidavit accordingly before the Hon'ble High Court and for the Development Commissioner's office to enjoin itself as a party to the case in the above matter. The Committee further warned the unit that any such developments in future shall be timely reported to the Department.

AGENDA ITEM NO. 140.3.6

Permission to Warehouse goods on behalf of Foreign & DTA Clients {M/s Exim Warehousing, KASEZ}.



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M/s Exim Warehousing, KASEZ has requested for permission to warehouse goods on behalf of their DTA clients for 29 warehousing items.

The Approval Committee after due deliberation decided to defer the proposal with the request to the unit to appear before the next Approval Committee meeting and explain their proposal for 29 warehousing items proposed to be warehoused.

TABLE AGENDA- Item No.140.4.1

Intimation received from M/s. Global Commodities Trading Impex, KASEZ regarding change in the constitution of company and requesting for taking the change in record.

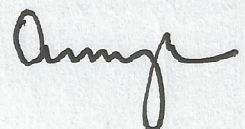
M/s Global Commodities Trading Impex, KASEZ is an approved unit for trading activity in Kandla Special Economic Zone, Gandhidham, vide LoA dated 04.05.1998, as amended.

The said unit has now intimated regarding change of the constitution of their partnership firm into a Pvt. Ltd. Company involving change of name of the unit as M/s. AADK Petroleum Pvt. Ltd. and both the partners Shri Nilesh Bansal and Smt. Pooja Bansal have become Directors of the Pvt. Ltd. company holding equity of 50% each in the new company.

Shri Nilesh Bansal, Partner of the firm appeared before the Approval Committee and explained their proposal.

The Approval Committee noted that the Memorandum of Association & Articles of Association of newly formed company M/s. AADK Petroleum Pvt. Ltd. does not mention about the conversion of partnership firm into a Pvt. Ltd. company and that unit failed to produce any documents about any correspondences to RoC about such change in constitution of existing partnership firm.

The Committee was further of the view that there have been instances where units seek permission for such changes and subsequently after obtaining the approval of the Department their original promoters makes exit from the unit and new directors/partners takes over the charge in order to avoid the action from the various Departments regarding their dues or any violation of the public law etc. However, as per the DoC instruction No. 89 dated 17.05.2018 such changes is permitted only in case the unit does

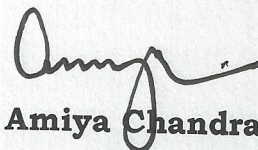


Minutes of the 140th Unit Approval Committee Meeting of Kandla SEZ held on 30.01.2019 at 16:00 hrs. under the Chairmanship of Dr. Amiya Chandra, Development Commissioner, Kandla Special Economic Zone.

not opt out or exit out of the SEZ and that it continues to operate as a going concern and that the entire assets and liabilities also gets transferred to the new incumbent unit after such conversion.

Therefore, the Approval Committee after due deliberation decided to defer the proposal with direction to the applicant to furnish proof of their correspondence with RoC detailing therein the facts about change of constitution of the existing SEZ unit (partnership firm) into a Private Limited Company and also to furnish Legal Undertaking that such conversion is on the basis of ongoing concern and all assets and liabilities including the past liabilities that may arise in future due to their past deeds gets transferred to the Private Limited Company.

The meeting ended with vote of thanks of the chair.



(Dr. Amiya Chandra)
Development Commissioner