

Minutes of the 145th Unit Approval Committee Meeting of Kandla SEZ held on 26.06.2019 at 11:30 hrs. under the Chairmanship of Dr. Amiya Chandra, Development Commissioner, Kandla Special Economic Zone.

Following were present:

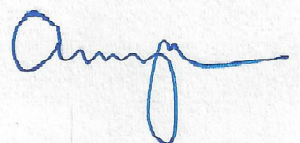
1. Shri. Satyadeep Mahapatra : Joint Development Commissioner, KASEZ.
2. Shri. Sanjay Kumar : Joint Commissioner of Income Tax, Gandhidham.
3. Shri. A. K. Moria : Assistant Commissioner, Customs, Kandla, Gandhidham-Representative of Commissioner of Customs Kandla.

Absentees:-

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

Review/Confirmation of the minutes of last meeting (144th UAC) of the Approval Committee: -

Minutes of the last meeting of Approval Committee was confirmed.



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145.1 NEW UNIT APPLICATION

AGENDA ITEM NO. 145.1.1

Application for setting up of a unit in KASEZ namely M/s. Zaux International Pvt. Ltd., A-8 C, 2nd Floor, Vishwakarma Colony, New Delhi - 110 044.

Their proposal was for setting up a unit in Kandla SEZ for manufacturing activity of Sweet Betel Nut, Mouth Freshner, Pan Masala, Pan Chutney, Tobacco (Shesha), Tobacco (Chewing) Flavour & Extracts, Tobacco Extract and Gutkha.

Shri Pankaj Bhasin, Director and Shri Vipin Sharma, CEO of the company appeared before the Approval Committee and explained their proposal.

Shri Vipul Sharma stated that he has been appointed as CEO of the company and having experience in perfumery compounds. Further, he has stated that they are having confirmed purchase orders from their buyers.

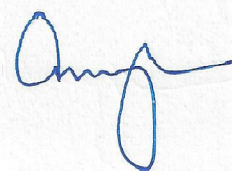
The Committee noted that as per their proposal the applicant has stated that cost of project (Rs. 154 lakhs) will be met from the Directors own contribution, however, on perusal of their Income Tax Returns for the last 3 years were found in the range of Rs. 3 lakhs only and further director failed to give any tangible explanation for their inadequate financial status.

Therefore, the Approval Committee after due deliberation rejected the proposal on the ground of inadequate financial sustainability of the proposed project.

AGENDA ITEM NO. 145.1.2

Application for setting up a unit in KASEZ namely M/s. Abni Products, 'Binu Sadanam', Aranottimangalam P.O., Mavelikara, Dist.-Alappuzha, Kerala, India.

Their proposal was for setting up a unit in Kandla SEZ for manufacturing activity of Pan Masala, Pan Masala containing Tobacco, (Guthka), Scented Tobacco/Refined Tobacco, Zarda, Chewing Tobacco, Split Betel Nut, Perfumery Compound, Essential Oil.



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Shri Anil Gangadharan, Proprietor of the firm appeared before the Approval Committee and explained their proposal.

Shri Gangadharan explained his proposal and further stated that he is having an experience of over 19 years in the field of Pan Masala, Guthka and its allied industry in various capacity and also explained his financial status with documentary evidences which is Rs. 94 lakhs out of which Rs. 50 lakhs is to be invested in the proposed unit and also presented copy of one advance export order for 3,00,000/- Saudi Riyal in support of his contention of adequate financial status and marketing of the proposed manufacturing items.

The Approval Committee informed the applicant that import of Betal nuts (supari) will not be allowed and no DTA sale of any goods or waste will be permitted.

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.

145.2 REQUEST FOR BROADBANDING

AGENDA ITEM NO. 145.2.1

Request for broad banding of additional items in their existing Letter of Approval/Permission No. KASEZ/IA/17/2015-16 dated 29.01.2016 of M/s Royal Petro Oil Refinery LLP, KASEZ.

M/s. Royal Petro Oil Refinery LLP, KASEZ is an approved unit for manufacturing of recycling of used lubricating oil and gas oil vide letter F.No. KASEZ/IA/17/2015-16/1665 dated 29.01.2016, as amended. They have commenced their authorised operation in KASEZ w.e.f. 11.12.2018 and accordingly their LoA is valid up to 10.12.2023.

Now, the said unit has applied for setting up of distillation project for manufacturing of following items: -

Sl.	Item	ITC (HS)
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No.		Code
1.	Monoethylene Glycol - MEG	29053100
2.	Diethylene Glycol - DEG	29094100
3.	Triethylene Glycol - TEG	29094900
4.	Glycol Ethers	29094900

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

Shri Ved stated that they intend to set up distillation project in their existing plant for four items which will further be captively used in their finished products such as brake fluids and coolants. He further stated that there is no environmental issue involved and the items proposed are non hazardous & non inflammable items.

The Approval Committee after due deliberation decided to approve the broad-banding of above four items in their existing LoA for manufacturing activity and subject to the unit furnishing an undertaking that the proposed items are non inflammable & non hazardous.

AGENDA ITEM NO. 145.2.2

Request of M/s Palmon Exports, KASEZ for Broad Banding of their LoA for inclusion of additional 19 trading items and also for warehousing of the said 19 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 said unit for Broad Banding of their LoA for Trading activity for additional 19 items and also for warehousing of the said 19 items.

Shri Mukesh Joshi, Partner of the firm appeared before the Approval Committee and explained their proposal.

Shri Joshi stated that they intend to add further items in their existing trading and warehousing LoA. Regarding starting of their manufacturing activity, Shri Joshi stated that one of the American client has visited their plant and within next month they will start their garment manufacturing activity.

The Committee noted that unit has not yet complied with the condition of restarting their original activity of manufacturing of garments and that long pending rental dues of Rs. 23.80 lakhs are still unpaid which was to be cleared as per the decision of the earlier UAC meeting held on 05.04.2019.

Therefore, the Approval Committee after due deliberation decided to defer their proposal and informed the unit that their case will be taken up only after evidence of commencement of their garment manufacturing activity and on payment of entire pending rental dues.

AGENDA ITEM NO. 145.2.3

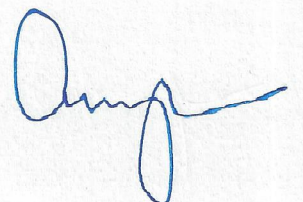
Request for broad banding of additional items in their existing Letter of Approval No. KASEZ/IA/35/2009-10 dated 22.03.2010 by M/s Exim Warehousing, KASEZ.

M/s. Exim Warehousing, KASEZ is an approved unit for Warehousing & Service Activity & Manufacturing Services Activity vide Letter of Approval No. KASEZ/IA/35/2009-10 dated 22.03.2010 (as amended) under Rule 18(5) and 18(6) of SEZ Rules, 2006.

Now the said unit has requested for manufacturing service of repair, re-furbish & re-engineer used electric & electronic assemblies falling under ITC (HS) 8443 & 8471 on behalf of their foreign client under Rule 18(6) of SEZ Rules, 2006 within their existing authorised activities. They have undertaken to re-export the goods including all the waste/residue generated in the process of repairing, re-furbishing & re-engineering.

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

Shri Kumar stated that they have entered into MOU with their foreign client wherein the foreign client has agreed to provide all the machinery/apparatus required for undertaking repair, re-furbish & re-engineering of IT products in their existing premises in KASEZ and that entire refurbished reengineered goods including waste/residue generated will be re-exported back as per the instruction of their foreign client and that as per para No. 11 of MOU the unit will hire proper technician to repair, refurbish and dismantle discarded parts. They furnished copy of aforesaid

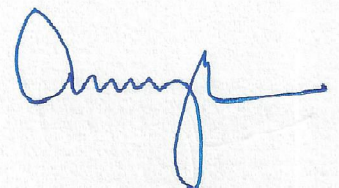


MOU, flow chart of the proposed activity and proposed projection container wise on 3 months basis before the Committee in support of their contention.

The Committee noted that in terms of Para 2.31 of the Foreign Trade Policy, 2015-2020 dealing with the import policy of second hand and used goods (inserted at Sr. No. III w.e.f. 28.03.2018) provides that the import of second hand goods for the purpose of repair & refurbishing/re-conditioning or re-engineering is free subject to condition that waste generated during the repair/refurbishing of imported items is treated as per domestic laws/Rules/Orders/Regulations/technical specification/Environmental/safety and health norms and the imported items is re-exported back as per the Customs Notification. Therefore, Committee noted that the above activity is no longer in restricted category as per the prevailing import policy of FTP.

The Committee also noted that second proviso to Rule 18(4)(d) of SEZ Rules, 2006 permits reconditioning, repair, and re-engineering subject to the condition that exports shall have one to one correlation with imports and all the reconditioned or repaired or reengineered products and scrap or remnants or waste shall be exported and none of these goods shall be allowed to be sold in the Domestic Tariff Area or destroyed.

Therefore, the Approval Committee after due deliberation decided to approve the proposal under Rule 18(6) of SEZ Rules, 2006 for repair & refurbishing/re-conditioning or re-engineering for used electric & electronic assemblies falling under ITC (HS) 8443 & 8471 in their existing LoA subject to the condition that exports shall have one to one correlation with imports and all the reconditioned or repaired or reengineered products and scrap or remnants or waste shall be exported and none of these goods shall be allowed to be sold in the Domestic Tariff Area or destroyed. The above proposal is also subject to strict compliance of Rule 18(6) of SEZ Rules, 2006 and also subject to compliance of all applicable environmental law/any other law/regulation/Orders/safety & Health norms, as applicable. The import of second hand goods for the above activities shall be subject to compliance of Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 & E-Waste (Management and Handing) Rules, 2011, as amended.



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AGENDA ITEM NO. 145.2.4

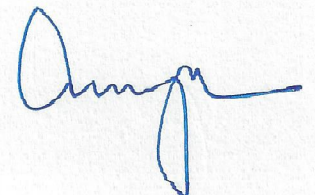
Request for broad banding of Trading Activity in their existing Letter of Approval No. 034/2010-11 dated 29.11.2010 (as amended) by M/s Dynamic Duty Free Warehouses, KASEZ.

M/s. Dynamic Duty Free Warehouses, KASEZ is an approved unit for Warehousing Service Activity & Construction & Related services vide Letter of Approval No. 034/2010-11 dated 29.11.2010 (as amended).

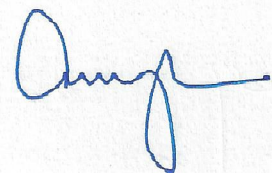
Now the said unit has requested for broad banding of their LoA to undertake Trading activity for the following items except restricted and prohibited goods:

Sr. No.	Items	ITC (HS) Code
1	Meat & Edible Meat Offal	2
2	Fish and crustaceans, molluscs and other aquatic invertebrates	3
3	Dairy produce, birds eggs, natural honey, edible products of animal origin, not elsewhere specified or included	4
4	Edible vegetables and certain roots and tubers	7
5	Edible fruit and nuts, peel of citrus fruits or melons	8
6	Coffee, tea, mate and spices	9
7	Products of the milling industry, malt, starches, inulin, wheat gluten	11
8	Sugars and sugar confectionery	17
9	Cocoa and cocoa preparations	18
10	Preparations of cereals, flour, starch or milk, pastry cooks products	19
11	Preparations of vegetables, fruit, nuts or other parts of plants	20
12	Beverages, spirits and vinegar	22
13	Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free flowing agents; sea water	2501
14	Printing ink, writing or drawing ink and other	3215

	inks, whether or not concentrated or solid	
15	Other plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials	3920
16	Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics	3923
17	Other articles of plastics and articles of other materials of headings 3901 to 3914	3926
18	Plates, sheets, strip, rods and profile shapes, of vulcanised rubber other than hard rubber	4008
19	Tableware and kitchenware, of wood	4419
20	Other paper, paperboard, cellulose wadding and webs of cellulose fibers, cut to size or shape; other articles of paperpulp, paper, paperboard, cellulose wadding or webs of cellulose fibers.	1823
21	Men's or boys' underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles, knitted or crocheted	6107
22	Pantyhose, tights, stockings, socks and other hosiery, including graduated compression hosiery (for example, stockings for varicose veins) and footwear without applied soles, knitted or crocheted	6115
23	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear)	6203
24	Ties, bow ties and cravats	6215
25	Other furnishing articles, excluding those of heading 9404	6304
26	Sacks and bags, of a kind used for the packing of goods	6305
27	Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seatsticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair	64
28	Tableware, kitchenware, other household articles	6911



	and toilet articles, of porcelain or china	
29	Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than that of heading 7010 or 7018)	7013
30	Table, kitchen or other household articles and parts thereof, of iron or steel; iron or steel wool; pot scourers and scouring or polishing pads, gloves and the like, of iron or steel	7323
31	Table, kitchen or other household articles and parts thereof, of copper; pot scourers and scouring or polishing pads, gloves and the like, of copper; sanitary ware and parts thereof, of copper	7418
32	Table, kitchen or other household articles and parts thereof, of aluminium; pot scourers and scouring or polishing pads, gloves and the like, of aluminium; sanitary ware and parts thereof, of aluminium	7615
33	Knives with cutting blades, serrated or not (including pruning knives), other than knives of heading 8208, and blades therefor	8211
34	Spoons, forks, ladles, skimmers, cake-servers, fish-knives, butter-knives, sugar tongs and similar kitchen or tableware	8215
35	Weighing machinery (excluding balances of sensitivity of 5 centigram or better), including weight operated counting or checking machines; weighing machine weights of all kinds	8423
36	Video recording or reproducing apparatus, whether or not incorporating a video tuner	8521
37	Discs, tapes, solid-state non-volatile storage devices, "smart cards" and other media for the recording of sound or of other phenomena, whether or not recorded, including matrices and masters for the production of discs, but excluding products of chapter 37	8523
38	Television set	8528 72
39	Cinematographic cameras and projectors, whether or not incorporating sound recording or	9007



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reproducing apparatus		
40	Mattress supports; articles of bedding and similar furnishing (for example, mattresses, quilts, eiderdowns, cushions, pouffes and pillows) fitted with springs or stuffed or internally fitted with any material or of cellular rubber or plastics, whether or not covered	9404
41	Festive, carnival or other entertainment articles, including conjuring tricks and novelty jokes	9505

Shri Kiran Singh Kochar and Clarence Samuel, Partners of the firm appeared before the Approval Committee and explained their proposal.

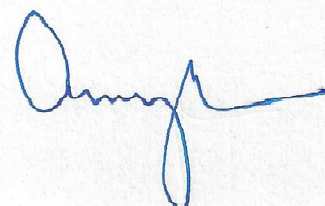
Shri Kochar stated that they intend to include trading activity for supply to Ship Stores and Foreign Embassy's and will undertake 100% exports of traded goods.

The Approval Committee after due deliberation decided to approve the broad-banding of trading activity of above 41 items in their existing LoA for warehousing activity subject to the condition that the said items will be 100% exported & no DTA sale will be allowed. Further, none of the items which are restricted or prohibited will be allowed to be traded and any restrictions on import/export of any items will apply and that entire payment has to be received only in freely convertible foreign currency in terms of Section 2(z) of SEZ Act, 2005 read with Rule 76 of SEZ Rules, 2006.

AGENDA ITEM NO. 145.2.5

Request for broad banding of Warehousing Activity in their existing Letter of Approval No. 8/18/84-FTZ dated 18.12.1984 (as amended) by M/s Baccarose Perfumes & Beauty Products Pvt. Ltd., KASEZ.

Nobody appeared for the personal hearing. However, the unit vide its letter dated 26.06.2019 has showed its inability to attend the UAC. Hence, it was decided to defer the proposal.



AGENDA ITEM NO. 145.2.6

Request for broad banding of Warehousing Activity in their existing Letter of Approval dated 31.05.2006 issued from F. No. KASEZ/IA/07/2006-07 (as amended) by M/s Dyna Glycols Pvt. Ltd., KASEZ.

M/s. Dyna Glycols Pvt. Ltd., KASEZ is an approved unit for Manufacturing activities of various chemicals vide Letter of Approval dated 31.05.2006 issued from F. No. KASEZ/IA/07/2006-07 (as amended). Their LoA is valid up to 31.08.2023.

Now the said unit has requested for broad banding of their LoA to undertake Warehousing activity on behalf of DTA/Foreign clients in the following 19 items:

Sr. No.	Items	ITC (HS) Code
1	Butanol, Acyclic Alcohols and their halogenated, sulponated, nitrated or nitroated derivatives	29051100 to 29055900
2	Phenols	29071110 to 29072990
3	Ethers, Diethyl ether, etc	29091100 to 29096000
4	Epoxides, Ethylene Oxide, etc	29101000 to 29109000
5	Fatty Acid Ester, SA-01	29157090
6	Cocoamine Stearly Amine Tallow Amine	29211190
7	Organic Surface active agents, etc	34021110 to 34029099
8	Industrial monocarboxylic fatty acids, acid oil from refining, industrial fatty alcohols	38231100 to 38237090
9	Silicon in primary forms	39100010 to 3910090
10	Styrenated Phenol Ethoxylate	39072010
11	Castor oil	15153090
12	Paints & Varnish	32099090
13	Solvents & Diluents	38140010

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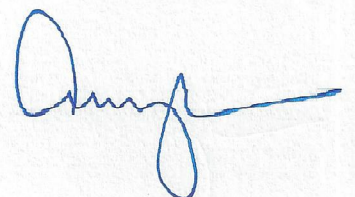
14	Colored Printing Ink	32151990
15	Varnish	32082090
16	Hardware Items	83024190
17	Copper prime Material	74071090
18	Steel items	73262090
19	Automobile Parts	87081010 to 87089900

Shri Rajeev Singh, Authorised person of the company appeared before the Approval Committee and explained their proposal.

Shri Singh stated that to expand their business in KASEZ they intend to include warehousing activity in their existing manufacturing LoA within their existing allotted premises. Further, they proposed to undertake packaging, re-packaging, labelling, re-labelling, strapping, crating, fumigation, choking, lashing, tagging, shrink/stretch/bubble wrapping, palletization, bagging, re-bagging, quality assurance, kitting, de-kitting, sorting assorting, making combination pack, consolidation, CKD/SKD assembly as per client instructions in their warehouse.

The Committee noted that Rule 18(5) of SEZ Rules, 2006 permits holding of goods on account of the foreign supplier for dispatches as per the owner's instructions and shall be allowed for trading with or without labelling, packing or repacking without any processing within their warehouse only and provided further that refrigeration for the purpose of storage and assembly of Completely Knocked Down or Semi Knocked Down Kits shall also be allowed by the Free Trade and Warehousing units undertaking the said activities.

Therefore, the Approval Committee after due deliberations decided to approve warehousing activity of above 19 items and the same will be confined only to permissible activity under Rule 18(5) of SEZ Rules, 2006 in their existing LoA for manufacturing activity subject to the condition that the unit will maintain separate accounts and earmark separate space for manufacturing and warehousing activity. Further, none of the items which are restricted or prohibited for import/export will be allowed to be warehoused.



145.3 MISCELLANEOUS ITEMS

AGENDA ITEM NO. 145.3.1

Intimation of change in Partnership Agreement of M/s Royal Petro Oil Refinery LLP, KASEZ.

M/s Royal Petro Oil Refinery LLP, KASEZ is an approved unit for manufacturing of recycling of used lubricating oil and gas oil in Kandla Special Economic Zone vide LoA No. KASEZ/IA/17/2015-16 dated 29.01.2016, as amended.

Now the said unit has intimated regarding resignation of one partner i.e Mr. Ayush D. Bharadwaj w.e.f. 23.02.2019 from Limited Liability Partnership.

The Committee noted that the share in profit/loss of the firm before change in LLP was as under:

Sl.No.	Name of Partners	profit and loss ratio
01.	Shri Hemant Shah	60%
02.	Shri Ayush D. Bhardwaj	20%
03.	Shri Vishal Ved	20%

Now, after resignation of one partner Shri Ayush D. Bharadwaj w.e.f. 23.02.2019 from Limited Liability Partnership deed, the details of partners along with their profit and loss ratio is as under:-

Sl.No.	Name of Partners	Previous, profit and loss ratio	At present, profit and loss ratio	Change in %
01.	Shri Hemant Shah	60%	70%	(+)10%
02.	Shri Vishal Ved	20%	30%	(+)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 share in profit/loss 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 profit/loss sharing ratio of the firm as above subject to following conditions:

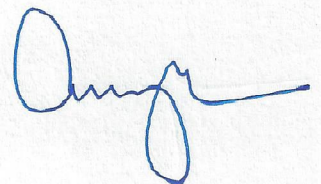
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1. Seamless continuity of the SEZ activities with unaltered responsibilities and obligations for the altered unit entity.
2. Fulfillment of all eligibility criteria applicable to unit, including security clearances etc. by the altered unit entity and 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. 145.3.2

Request of M/s. Shree Saibaba Petroleum, KASEZ for storage and supply of Petroleum and Petrochemicals products to customers of SEZ units

M/s Shree Saibaba Petroleum, KASEZ is an approved unit for Trading activity of Petrochem and Petroleum Products in Kandla Special Economic Zone, Gandhidham vide LoA No. KASEZ/IA/06/2009-10 dated 10.06.2009.



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Now the unit has requested for clarification and stated that they intend to procure Furnace Oil, LDO and High Viscosity Furnace Oil from Indian Oil Corporation Ltd. from their refinery at Vadadara as well as from Kandla Depot/Terminal as their Business Development Associate and lifting from IOCL in their SEZ unit they intent to supply the same to actual end user of F.Oil/LDO which are operating in various SEZ of Gujarat like KASEZ, Mundra SEZ, Pharma SEZ, Dahej SEZ, etc.

Shri Vijay Purohit, Partner of the firm appeared before the Approval Committee and explained their proposal.

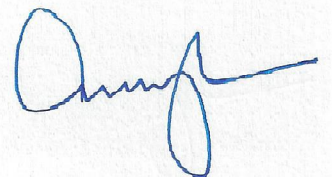
Shri Purohit stated that they are authorised distributor of IOCL for items FO/LDO etc. Now, they intend to supply the same to SEZ units operating in various SEZs of Gujarat like KASEZ, Mundra SEZ, Pharma SEZ, Dahej SEZ, etc. for which they will receive payment in foreign currency. He further stated that they are facing problem with IOCL for supply of above petroleum products to intra zone SEZ units with regard to doubt regarding permissibility of the trading activity in SEZ after enactment of GST in 2017. Hence, he has requested for clarification in the matter.

The Committee after due deliberation noted that their proposed requested activity is within their permissible existing authorised activity for which no separate approval is required and further directed office to guide the unit and clarify the matter suitably. Further, the unit was informed that all the sale transactions under the above trading activity shall be in freely convertible foreign currency as trading is define as Service under Rule 76 of SEZ Rules, 2006 read with Section 2(z) of SEZ Act, 2005.

AGENDA ITEM NO. 145.3.3

Permission to warehouse goods on behalf of DTA client - Request of M/s. Srikaram Prescience Pvt. Ltd., KASEZ.

The Committee noted that the issue was taken up in the last UAC meeting wherein the proposal was deferred with direction to the unit to appear before next UAC to explain whether there is any environmental issue for the items proposed to be warehoused. However, nobody appeared for the personal hearing. Hence, it was decided to defer the proposal.



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AGENDA ITEM NO. 145.3.4

Permission to warehouse goods on behalf of DTA client – Request of M/s. Commodities Trading (SEZ Warehousing Division), 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. Commodities Trading (SEZ Warehousing Division) requested for permission to warehouse goods on behalf of DTA client and submitted list of 5 items to be warehoused in KASEZ alongwith KYC of client.

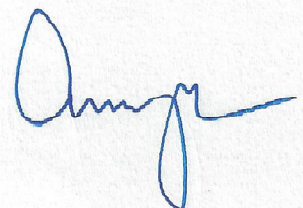
The Committee after due deliberation decided to take on records the items to be warehoused by the above unit except LED Chips on behalf of DTA client as submitted by the unit subject to the condition that none of the items which are restricted or prohibited will be allowed to be warehoused and any restrictions on import/export of any items will apply.

AGENDA ITEM NO. 145.3.5

Permission to warehouse goods on behalf of DTA client – Request of M/s. Central Warehousing & Trading, KASEZ.

The Committee noted that M/s. Central Warehousing & Trading requested for permission to warehouse goods on behalf of DTA client and submitted list of 1 item to be warehoused in KASEZ alongwith KYC of client.

The Committee after due deliberation decided to take on records the item to be warehoused by the above unit for their DTA client as submitted by the unit subject to the condition that none of the items which are restricted or prohibited will be allowed to be warehoused and any restrictions on import/export of any items will apply.



AGENDA ITEM NO. 145.3.6

Permission to warehouse goods on behalf of DTA client - Request of M/s. Zest Marine Services Pvt. Ltd. (Unit-II), KASEZ.

The Committee noted that M/s. Zest Marine Services Pvt. Ltd. (Unit-II) requested for permission to warehouse goods on behalf of DTA client and submitted list of 3 items to be warehoused in KASEZ alongwith KYC of client.

The Committee after due deliberation decided to take on records the items to be warehoused by the above unit for their DTA client as submitted by the unit subject to the condition that none of the items which are restricted or prohibited will be allowed to be warehoused and any restrictions on import/export of any items will apply.

AGENDA ITEM NO. 145.3.7

Permission to warehouse goods on behalf of DTA client - Request of M/s MGA & Associates (Unit II), Plot No. 262/263 Sector-IV, KASEZ.

The Committee noted that M/s. MGA & Associates (Unit II) requested for permission to warehouse goods on behalf of DTA client and submitted list of 9 items to be warehoused in KASEZ alongwith KYC of client.

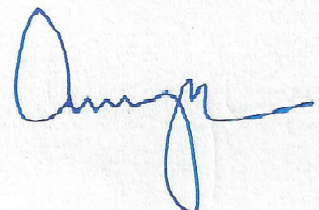
The Committee after due deliberation decided to take on records the items to be warehoused by the above unit for their DTA client as submitted by the unit subject to the condition that none of the items which are restricted or prohibited will be allowed to be warehoused and any restrictions on import/export of any items will apply.

AGENDA ITEM NO. 145.3.8

Permission to warehouse goods on behalf of DTA client - Request of M/s. Naman Marketing, KASEZ.

The Committee noted that M/s. Naman Marketing requested for permission to warehouse goods on behalf of DTA clients and submitted list of 2 items to be warehoused in KASEZ alongwith KYC of clients.

The Committee after due deliberation decided to take on records one item to be warehoused by the above unit for their DTA client as submitted by the unit and subject to the condition that none of the items which are



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restricted or prohibited will be allowed to be warehoused and any restrictions on import/export of any items will apply. However, warehousing of Nutritional Supplement was not allowed to be warehoused for which required system is being updated which will be implemented soon by DC office.

AGENDA ITEM NO. 145.3.9

M/s V. Milak Enterprises, KASEZ regarding Audit by ATS LLP, Thane for vaulting facility of precious metals & Insurance Policy for USD 600 million.

M/s V. Milak Enterprises, is an approved unit of KASEZ vide LoA No. KASEZ/IA/1721/98/3202 dated 21.07.1998 for Manufacturing & Warehousing activity.

Now, the unit has submitted threat perception & risk analysis audit report done by M/s. ATS LLP, Thane and Insurance Coverage for the Custom duty.

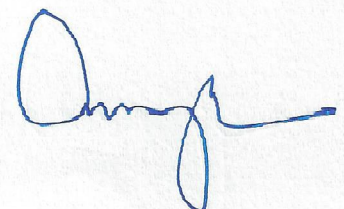
Shri Vivek Milak, Partner of the company appeared before the Approval Committee and explained their proposal.

Shri Milak stated that they have already put in place all the requisite security/infrastructure facility & that they are ready with operationalization of the activity and further requested that their security and vaulting facility may please be get audited subject to satisfaction of UAC/DC, KASEZ and that they are ready to borne the cost of audit.

The Committee noted that in terms of condition No. 6 of approval letter dated 20.06.2018, the DC, KASEZ has been authorised to get the completed vaulting facility/security audited from any of the reputed security agencies and the cost to that effect will be borne by the unit.

The Committee also noted that the unit has submitted Insurance Coverage for USD 600 million whereas the Custom Duty aspect was excluded which was one of the condition for their approval Letter.

The Committee after due deliberations decided to defer their commencement issue and directed that vaulting facility/security shall be get audited from any reputed security agencies as was earlier done by other



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such unit from Mahindra SSG & cost of same shall be borne by the unit and also directed the unit to furnish revised comprehensive Insurance coverage for the custom duty.

AGENDA ITEM NO. 145.3.10

Zone to Zone transfer of manufactured goods - Request of M/s Kamna Tobacco Pvt. Ltd., Unit No. 102&202, 103&203, 104&204, Tapti, SDF Complex, Phase-2, KASEZ.

M/s Kamna Tobacco Pvt. Ltd., E-5, New Colony, M.I.Road, Jaipur 302001 had been granted LoA No. KASEZ/IA/16/2016-17 dated 22.12.2016 (C/P-170) for manufacturing of Pan Masala, Gutkha, Zarda, Filter Khaini & Spit Tobacco (Khaini).

A reference has been received from Customs, Technical Section vide U.O. Note dated 16.05.2019 seeking clarification whether permission to M/s Kamna Tobacco for zone to zone transfer of manufactured goods i.e. Mijaj Khaini Loose can be granted or not in the light of its LOA's condition of 100% physical exports and no DTA sales shall be allowed.

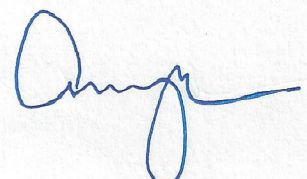
The Committee noted that manufacturing, sale, etc. is banned in the State of Gujarat under the State law and that exception has been granted for setting up such units under 100% EOU/SEZ on the premise that entire stock shall be physically exported out of the country.

Therefore, the Approval Committee after due deliberations decided to reject the request of the unit for Zone to Zone transfer of manufactured goods and directed them to make 100% export out of the country only as per the condition of their original LoA.

AGENDA ITEM NO. 145.3.11

One time permission for export of used/second hand shoes accumulated out of segregation of used & worn clothing - Request of M/s. Maruti Exports, KASEZ.

M/s. Maruti Exports, KASEZ is an approved unit for manufacturing of (1) Segregation of Textiles Waste/Waste Yarn, Reconditioned clothing & Rags from used waste clothes, (2) Made-ups sets, comforter shells, Pillow shells, Quilt covers made from raw material produced from (1) above and (3) Readymade (woven) garments made from raw material produced from (1)



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above vide LoA No. KASEZ/IA/1677(A)/97/3945 dt. 30-07-1997, as amended from time to time.

Now the said unit has requested to grant them one time permission for Export of 150 MT of used/second hand Shoes accumulated during the process of segregation of Worn Clothing during the last many years.

The Committee noted that worn shoes in bales form also fall under ITC (HS) 6309 0000 i.e. same as worn clothing and it complies with chapter note 3 (b) "Footwear and headgear of any material other than asbestos".

The Approval Committee after due deliberation approved the request of the unit for one time permission to export 150 MT of used/second hand Shoes as was earlier approved in respect of M/s. Tulip Exim Pvt. Ltd., KASEZ by the UAC in its 143rd meeting held on 05.04.2019.

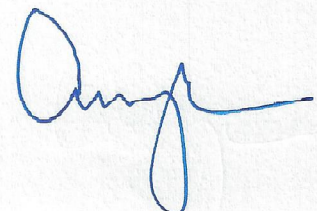
AGENDA ITEM NO. 145.3.12

Monitoring of ANNUAL PERFORMANCE REPORT (APR) for the Financial Year 2017-18, as per provisions of Rule 54 of SEZ Rules, 2006

As per Rule 54 of the SEZ Rules, 2006, the performance of the units shall be monitored by the Approval Committee as per the guidelines given under Annexure appended to these rules.

The Committee perused the status, in respect of 265 units placed before them. The Committee noted out of 265 working units, 227 units have submitted APRs and 38 units have not submitted APRs for the year 2017-18. Further, out of 227 units who have submitted APRs, 20 units have failed to achieve positive Net Foreign Exchange Earnings and out of 20 units who have failed to achieve positive NFE, 10 units have failed to achieve positive NFE in their 1st& 2nd year of their 5 year block period; 04 units have failed to achieve positive NFE in 3rd and 4th year of their 5 year block period and 06 units have failed to achieve positive NFE in 5th year of their 5 year block period.

The Committee noted that in respect of the NFE negative cases at the end of 5th year of their 5 year block period that SCNs have already been issued in respect of all the 6 cases and adjudication has also been completed except in 1 case of M/s. Rekha Superfine Exporters



After due deliberation, the Approval Committee directed the DC's office to take following actions as under: -

1. To adjudicate the SCN issued to M/s. Rekha Superfine Exporters who failed to achieve positive NFE in 5th year of their 5 year block period.
2. To issue SCN to 4 units who have failed to achieve positive NFE in 3rd& 4th year of their 5 year block period.
3. To place the 10 units who failed to achieve positive NFE in their 1st& 2nd year of their 5 year block period under the watch list as per monitoring guidelines
4. UAC decided that non-submission of APRs despite repeated reminder even after lapse of more than 8 months beyond 180 days of time period of submission of APRs is violation of BLUT condition and also of Rule 22 of SEZ Rules, 2006. Therefore, UAC decided to issue SCN to these 38 erring units for imposition of penalty under FT (D&R) Act, 1992 read with Rule 54 of SEZ Rules, 2006.
5. The Committee directed to seek clarification from the 118 units in whose APRs discrepancies were pointed out by the Auditor and on receipt of written comments from these units, their APRs should be re-scrutinised to ensure the aspect of NFE achievement is complied and their consolidated reports may be put up in the Approval Committee meeting for discussion.

AGENDA ITEM NO. 145.3.13

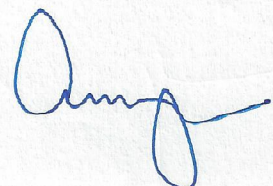
Ratification of issues already approved in file

The Approval Committee ratified the SCN and O-I-O issued by Development Commissioner, KASEZ to M/s. Kandla Exim Pvt. Ltd. for not complying with stipulated physical export obligations as per DoC guidelines dated 17.09.2013 as amended.

TABLE AGENDA- Item No.145.4.1

Permission to warehouse goods on behalf of DTA client - Request of M/s International Warehousing & Trading, KASEZ.

The Committee noted that M/s. International Warehousing & Trading requested for permission to warehouse goods on behalf of DTA clients and submitted list of 1 item to be warehoused in KASEZ alongwith KYC of clients.



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The Committee after due deliberation decided to take on records the item to be warehoused by the above unit for their DTA clients as submitted by the unit subject to the condition that none of the items which are restricted or prohibited will be allowed to be warehoused and any restrictions on import/export of any items will apply.

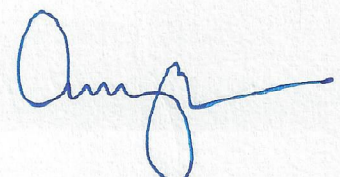
TABLE AGENDA- Item No.145.4.2

Legal Notice dated 21.06.2019 of TLC Legal, Advocates, Mumbai on behalf of their clients of plastic recycling units in KASEZ for lifting of DTA stoppage.

The Committee noted that consequent upon Hon'ble High Court Order dated 20.03.2019 upholding the legality and constitutional validity of DoC guidelines dated 17.09.2013, after reviewing the performances of export obligation as per the said guidelines in respect of plastic recycling units by the UAC, SCNs were issued to all 22 plastic recycling units and O-I-Os were passed imposing the penalty on all such 22 erring plastic recycling units. After 30 days of issuance of O-I-Os as these units have neither paid penalty nor produced any specific stay order from Appellate Authority/Court of Law, DTA sales of all such units were stopped. However, their all other activities of import and export were continued to be allowed.

The Committee further noted that M/s. TLC Legal, Advocates, Mumbai on behalf of their clients of plastic recycling units in KASEZ has submitted legal notice dated 21.06.2019 for taking coercive action for stoppage of DTA clearance to their clients and requested for lifting of DTA stoppage of their clients during pendency of their appeal and stay application before the Appellate Authority.

Shri Chiranjeev Tandon, Advocate, representative of legal firm hired by the KASEZ Authority as its legal consultant appeared as an Special Invitee for providing legal advice in the above matter. He informed the Committee that as per the provisions of SEZ Act & Rules and Bond-cum-Legal Undertaking the provision of stoppage of DTA sale can be imposed only in the event of non submission of Annual Performance Report or furnishing of wrong information in the APR. He further stated that Rule 54 of SEZ Rules, 2006 stipulates for initiating penal action under the provisions of FT (D&R) Act, 1992 for not achieving positive NFE or failed to abide by any of the terms and conditions of LoA or BLUT. Further, Section



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11 (5) of FT (D&R) Act, 1992 provides for sequential steps for recovery of penalty imposed under FT (D&R) Act.

The Approval Committee after due deliberations directed the legal consultant to submit the opinion in writing which may be taken on records and directed office to act as per opinion rendered by the legal consultant in the matter.

TABLE AGENDA- Item No.145.4.3

Request of M/s. United Drilling Tools Ltd., KASEZ for fixation of wastage/scrap percentage.

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), as amended.

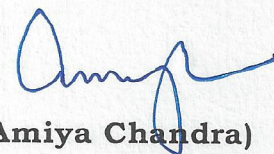
Now, the said unit has again requested for early fixation of wastage/scrap percentage.

The Committee noted that their case was earlier taken up in the 142nd UAC meeting held on 04.03.2019 and the Committee decided to forward their application for fixation of wastage/scrap percentage to DGFT. Accordingly, the said request was sent to Regional Director, EEPC of India, New Delhi on 29.03.2019.

The Chairman spoke to the Regional Director, EEPC over telephone wherein he has informed that the matter has already been taken up with the DGFT and he will submit reply to DC's office at the earliest.

The Approval Committee after due deliberation decided to defer the proposal till a reply is received from EEPC of India and in case no reply is received the matter will be taken up with the DGFT for disposal of their case.

The meeting ended with vote of thanks of the chair.



(Dr. Amiya Chandra)

Development Commissioner