

Minutes of the 151st Unit Approval Committee Meeting of Kandla SEZ held on 11.12.2019 at 16:00 hrs. under the Chairmanship of Dr. Amiya Chandra, Development Commissioner, Kandla Special Economic Zone.

Following were present:

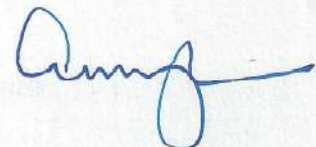
1. Shri. Dipak Zala : Deputy Development Commissioner, KASEZ.
2. Shri. Sanjay Kumar : Joint Commissioner of Income Tax, Gandhidham.
3. Shri. A. K. Moria : Assistant Commissioner, Customs, Kandla, Gandhidham-Representative of Commissioner of Customs Kandla.
4. Shri. Kanak P. Der : General Manager, DIC, Bhuj.

Absentees:-

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

Review/Confirmation of the minutes of last meeting (150th UAC) of the Approval Committee: -

Minutes of the last meeting of Approval Committee was confirmed.



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151.1 NEW UNIT APPLICATION

AGENDA ITEM NO. 151.1.1

Application for setting up of a unit in KASEZ namely M/s. Polyrec Processors Pvt. Ltd. (Unit-II), Shed No. 278/279, Sector No. III, Kandla Special Economic Zone, Gandhidham - Kutch - 370 230.

A proposal was submitted by M/s. Polyrec Processors Pvt. Ltd. (Unit-II), KASEZ, Gandhidham for setting up a unit in Kandla SEZ for warehousing service activity.

Shri Mahendra Shukla, Manager of the company appeared before the Approval Committee and explained their proposal. Shri Shukla stated that they already have a unit in KASEZ for manufacturing of recycling HDPE/LDPE scrap. Now, they intend to set up warehousing unit at KASEZ.

The Committee noted that there has been a spurt in applying for import of plastic granules/agglomerates and the UAC had earlier referred the matter to a Committee. In any case, the issue of renewal of plastic in primary form is under consideration of the BoA.

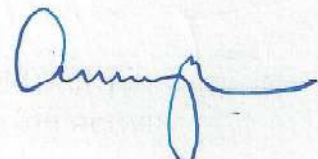
It was decided to defer the issue for the next meeting, in case the BoA takes a final call on the renewal of plastic units for import of plastic in primary form.

AGENDA ITEM NO. 151.1.2

Application for setting up of a unit in KASEZ namely M/s. Lambodar Buildwell Private Limited, Delhi.

A proposal was submitted by M/s. Lambodar Buildwell Pvt. Ltd., New Delhi for setting up a unit in Kandla SEZ for manufacturing activity.

Shri Vishal Goyal, Director of the company appeared before the Approval Committee and explained their proposal. Shri Goyal stated that they intend to set up a manufacturing unit in KASEZ for Guthka, Khaini, Zarda, etc. He further stated that his grandfather has started the business of manufacturing of chewing tobacco and he has experience of more than 20 years in this field. He also stated that they are currently doing exports to



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Nepal and they are receiving inquiries from Hongkong and Dubai for export of tobacco products.

The Committee noted that the applicant has requested for manufacturing of following items: -

Sl. No.	Manufacturing products	ITC-HS Code
01.	Guthka	24039990, 24039920
02.	Khaini	24039910
03.	Zarda	24039930
04.	Pan Masala	21069020
05.	Chewing Tobacco and Scented Tobacco	24039910
06.	Filter Khaini	24039910
07.	Allied Preparation containing Chewing Tobacco	24039920
08.	Compound	33029011, 33029019

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.

AGENDA ITEM NO. 151.1.3

Application for setting up of a unit in KASEZ namely M/s. B.V.C. Logistics Pvt. Ltd., having its head office at 1102, Building No. 11, Solitaire Corporate Park, Chakala, Andheri (East), Mumbai-400 093.

A proposal was submitted by M/s. B.V.C. Logistics Pvt. Ltd., Mumbai for setting up a unit in Kandla SEZ for warehousing service activity at FTWZ developed by M/s Kandla Free Trade Warehousing Private Limited in KASEZ.

Shri Rajesh Neelakanta, ED & CEO of the company appeared before the Approval Committee and explained their proposal. Shri Neelakanta stated that they propose to set up warehousing unit in FTWZ of KASEZ and will hold the silver on behalf of global suppliers like JP Morgan, HSBC Bank, Standard Chartered Bank, etc. and supply to local nominated agencies as per client requirement. He further stated that they are already having their set up in domestic market in 42 cities across the country like Mumbai, Delhi, Chennai, Bangalore, Ahmedabad, etc.

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The Committee noted from the IT returns of the company that the company is running in losses in last two assessment years i.e. 2017-18 and 2018-19, also that when they have projected investment of Rs. 5 crores to set up this company, how can the company start their warehousing activity in KASEZ being going into losses regularly. Further, they have also not submitted any other financial documents in support of their financial strength. In reply, Shri Neelakanta informed that they have made profit of Rs. 5 crores in F.Y. 2018-19, but not produced the IT return before the Committee.

Therefore, the Committee after due deliberation decided to defer the proposal with the direction to the applicant to submit financial strength, latest income tax return, agreement made with any foreign client for warehousing, vaulting facility and security arrangements plan etc. in support of their contention in the next meeting to enable the Committee to consider their proposal.

151.2 MISCELLANEOUS ITEMS

AGENDA ITEM NO. 151.2.1

Request of M/s. Polyrec Processors Pvt. Ltd., KASEZ for change in Director and shareholding pattern of the company.

M/s Polyrec Processors Pvt. Ltd., KASEZ is an approved unit for manufacturing of Recycling of HDPE / LDPE Scrap in Kandla Special Economic Zone vide Letter of Approval No. FTZ/IA/1542/94/7174 dated 04.10.1994, as amended.

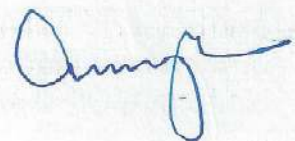
Now the said unit has intimated that the Directors of the company has been changed and Shri Arun Kumar Karnani has resigned from the company as Director w.e.f. 15.09.2017 and Shri Vivek Karnany has been appointed as Director of the company w.e.f. 05.09.2017. They have submitted copies of Form No. DIR-12 of ROC regarding appointment and resignation of Director and also submitted copy of PAN card & Aadhar Card of new Director.

The Committee noted that before the cessation and appointment of Director, they had following Directors on Board:

1. Shri Rahul Goel
2. Shri Arun Kumar Karnani
3. Shri Nemichand Sharma

Now, after cessation and appointment of Director, they have following Directors are on Board:

1. Shri Rahul Goel



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2. Shri Nemichand Sharma
3. Shri Vivek Karnany

The Committee also noted the details of present and earlier shareholding patterns of the company and changes in shareholding as under:-

Sr. No.	Name of the Shareholders	Previous Share- holding pattern	Present Share- holding pattern	Changes
01.	Shri Arun Karnany	33.25%	--	(-)33.25%
02.	Shri Rahul Goel	33.25%	33.25%	--
03.	Shri Nemichand Sharma	33.34%	33.34%	--
04.	Shri Suresh Karnani-HUF	0.08%	0.08%	--
05.	Shri Ramdarshan Goyal-HUF	0.08%	0.08%	--
06.	Shri Vivek Karnany	New Director	33.25%	(+)33.25%
	Total	100%	100%	(+)33.25%

The Committee noted that Department of Commerce vide Instruction No. 89 dated 17.05.2018 has 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 further noted that the change in shareholding pattern is to the extent of 33.25%. Therefore, the Approval Committee after due deliberation decided to approve and take on record the proposal of change in Directors and shareholding pattern of the company as above 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. 151.2.2

Intimation of change in Partnership deed of M/s Kutch Polymers, KASEZ.

M/s Kutch Polymers, KASEZ is an approved unit for manufacturing of All types of reprocessed plastic raw material in granules, Agglomerates, shredding, grinding pieces, crushing chips form, lumps and chunks, etc. in Kandla Special Economic Zone vide Letter of Approval No. FTZ/IA/1689/97/10487 dated 27.01.1998, as amended.

Now the said unit has intimated regarding change in partners of the firm wherein Shri. Pinakin R. Shah, family member has been inducted in the firm and Shri Kushal Pinakin Shah has retired from the firm w.e.f. 01.10.2019.

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

Sl.No.	Name of Partners	Share in Profit/Loss
01.	Smt. Dipti Pinakin Shah	75%
02.	Shri Kushal Pinakin Shah	25%

Now, after change in Partnership of the firm, the share in profit/loss of the firm is as under:

Sl. No.	Name of Partners	Share in Profit/Loss
01.	Smt. Dipti Pinakin Shah	55%
02.	Shri Pinakin R. Shah	45%

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.

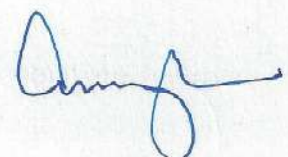
The Committee further noted that the change in share in profit/loss of the firm is to the extent of 45%. Therefore, the Approval Committee after due deliberation decided to approve and take on record the proposal of change in profit/loss sharing ratio of the firm as above subject to following conditions:

1. Seamless continuity of the SEZ activities with unaltered responsibilities and obligations for the altered unit entity.
2. Fulfilment 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. 151.2.3

Intimation for change in constitution of M/ s Dipi Enterprises, KASEZ from Proprietorship to Partnership.

M/s Dipi Enterprises, KASEZ is an approved unit for trading & warehousing service activity vide Letter of Approval No. 03/2015-16 dated 13.05.2015 issued from F. No. KASEZ/IA/03/2015-16, as amended.



Now the said unit has intimated the change in constitution of the unit from Proprietorship to Partnership.

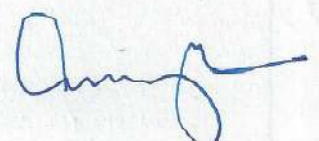
The Committee noted Shri Kushal Pinakin Shah was the Proprietor of the firm and after change in constitution from Proprietorship to Partnership and as per the partnership deed dated 01.10.2019 submitted by the unit, the share in profit/loss ratio of the firm is as below:

Sl. No.	Name of the partners	Share in Profit/Loss
1	Shri. Kushal Pinakin Shah	55%
2	Smt. Pankti Sachin Joshi	45%

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 further noted that the change in share in profit/loss of the firm is to the extent of 45%. 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:

1. Seamless continuity of the SEZ activities with unaltered responsibilities and obligations for the altered unit entity.
2. Fulfilment 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.



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7. The unit shall furnish details of PAN and jurisdictional assessing officer of the unit to CBDT.

AGENDA ITEM NO. 151.2.4

Permission to warehouse goods on behalf of DTA clients - 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 clients and submitted list of 2 items to be warehoused in KASEZ along with KYC of clients.

The Committee after due deliberation decided to take on records the items to be warehoused by the above unit on behalf of 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. Further, the item viz. Skimmed Milk Powder will be allowed to be warehouse subject to the Policy Conditions specified in DGFT's ITC HS Code 0402 1010 i.e. skimmed milk powder, standard grade must conform to IS 13334 (Part 1) and extra grade must conform to IS 13334 (Part 2).

AGENDA ITEM NO. 151.2.5

Permission to warehouse goods on behalf of DTA clients - Request of M/s. Mysore Scents Company (Unit-II), KASEZ.

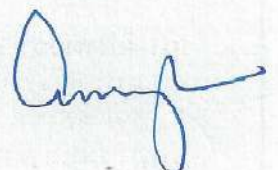
The Committee noted that M/s. Mysore Scents Company (Unit-II) requested for permission to warehouse goods on behalf of DTA clients and submitted list of 5 items to be warehoused in KASEZ.

The Committee after due deliberation decided to take on records the items to be warehoused by the above unit on behalf of 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.

AGENDA ITEM NO. 151.2.6

Permission to warehouse goods on behalf of DTA clients - 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 5 items to be warehoused in KASEZ along with KYC of clients.



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The Committee after due deliberation decided to take on records the items to be warehoused by the above unit on behalf of 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. Further, the warehoused goods viz. Dry Dates, Garlic and Wet Dates when cleared into DTA, the same shall be subject to compliance of FSSAI norms and all other statutory compliance before clearance of the same in DTA.

TABLE AGENDA ITEM NO. 151.3.1

Permission to supply goods to Customs Bonded Warehouse – Request of M/s. Zest Marine Services Pvt. Ltd., KASEZ.

M/s. Zest Marine Services Pvt. Ltd., KASEZ is an approved unit with LoA dated 12.08.2010 issued from F. No. KASEZ/IA/016/2010-11 for trading activity subject to certain terms and conditions enumerated in the aforesaid Letter of Approval.

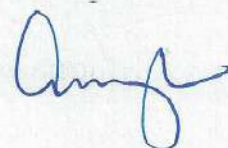
The unit request for broad-banding of trading activity in Juices, Soft Drinks, Wine, Beer & Whisky was approved by UAC in its 139th meeting held on 11.01.2019 subject to the condition that the same will be supplied to foreign bound vessels calling at Kandla Port and Mundra Port.

Earlier, the unit vide letter dated 27.08.2019 has requested for permission for supply of above items to customs bonded warehouse which was taken up in the 148th UAC meeting held on 17.09.2019 wherein the Committee noted that the above items are sensitive items and therefore the Approval Committee after due deliberation decided to reject the request of the unit for supply of above items to customs bonded warehouse.

Now, the unit vide its letter dated 09.12.2019 has requested for reconsideration of the decision taken in the 148th UAC meeting and to permit them to supply these goods to bonded warehouse also and they will follow the procedure as mentioned in Rule 46(13) of SEZ Rules for supplying the goods to bonded warehouses.

The Committee noted that Rule 46(13) of SEZ Rules, 2006 provides for transfer of goods to a bonded warehouse and the DoC vide Instruction No. 63 dated 10.08.2010 has prescribed procedure regarding removal of goods to bonded warehouse under Rule 46(13) of SEZ Rules, 2006.

Therefore, the Approval Committee after due deliberation decided to permit the unit to supply these goods viz. Juices, Soft Drinks, Wine, Beer & Whisky to customs bonded warehouse subject to the condition that the unit will follow the procedure prescribed in Instruction No. 63 dated 10.08.2010 regarding removal of goods to bonded warehouse and if the unit fails to



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abide by the said procedure penalty will be imposed against them as per procedure.

TABLE AGENDA ITEM NO. 151.3.2

Request for inclusion of Rule 76 of SEZ Rules, 2006 for authorised operations in LoA – Request of M/s. Easy Warehousing, KASEZ.

M/s Easy Warehousing is an approved unit of KASEZ holding LoA No. KASEZ/IA/07/2009-10/2835 dated 10.06.2009 for Free Trade and Warehousing Services, as amended.

Now, the said unit has requested for inclusion of Rule 76 of SEZ Rules, 2006 for authorized operations in their LoA. The unit has stated that beside Rule 18(5), such inclusion of Rule 76 has been permitted to number of warehousing units in the past. This will enable the unit to earn more foreign exchange as they will be receiving warehousing charges in foreign exchange under Section 2(z) of the SEZ Act, 2005.

The Approval Committee after due deliberation decided to amend their LoA dated 10.06.2009 by amending condition No. 1) to include Rule 76 also apart from Rule 18(5) of the SEZ Rules, 2006.

TABLE AGENDA ITEM NO. 151.3.3

Permission to addition of items in trading activity- Request of M/s Laxmi Impex, KASEZ.

M/s. Laxmi Impex, KASEZ is an approved unit for trading activity of Plastic Sheets & Bags (all items except prohibited, canalized & restricted items) vide LoA F.No. KASEZ/IA/1893/2002-03 dated 31.10.2002, as amended.

Now the said unit has requested for addition of following items in their trading activity: -

Sl. No.	Item	ITC (HS) Code
1.	Potassium Humate	38089990
2.	Urea Technical Grade	31021000
3.	Ammonium Sulphate	31022100
4.	Tyre	40112010
5.	A4 Paper	48025690
6.	Sunflower Seed Oil	15121110
7.	Naphthelene Crude	27074000
8.	Pepper	09041110
9.	Energy Drink	22021090
10.	Pigment	32041711



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11.	Dyes	32129020
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The Approval Committee after due deliberation decided to approve the broad-banding of trading activity of above items in their existing trading LoA. Further, the traded item viz. Tyre (Sr. No. 4) will be allowed to be traded subject to the Policy Conditions specified in DGFT's ITC HS Code 4011 2010 i.e. Automotive vehicles-Pneumatic tyres for commercial vehicles-Diagonal and radial ply must conform to IS 15636. Further it is also noted that the traded items viz. Urea Technical Grade (Sr. No. 2) will be allowed to export under licence only.

TABLE AGENDA ITEM NO. 151.3.4

Clarification in respect of Warehousing units of KASEZ- request made by five warehousing units of KASEZ.

These units has requested to issue clarification on the decision of 124th UAC and submitted that first LOA for warehousing activity was issued on 22.12.2008 and the LOA's issued upto 11.02.2011 there was a specific condition that the LOA holders will not be allowed to import worn/used clothing and plastic waste/scrap. LOA's issued after 11.02.2011 have specific conditions that they will neither be allowed to import worn/used clothing and plastic waste/scrap nor they will be allowed to warehouse these items.

The Committee discussed the issue of functioning of warehousing units in length and gone through the decisions taken in the 116th UAC held on 19.07.2017 and its subsequent meeting of 124th UAC meeting held on 27.02.2018.

The Committee noted that the DC office has started incorporating the new conditions as decided in the 116th UAC meeting at the time of renewal of existing warehousing units of KASEZ. Therefore, the Approval Committee after due deliberation decided not to intervene with the decisions taken in the 116th UAC meeting & 124th UAC meeting and all the warehousing units of KASEZ has to abide by the conditions as per decision of 116th UAC at the time of renewal of their LoAs.

The meeting ended with vote of thanks of the chair.



(Dr. Amiya Chandra)
Development Commissioner