

Minutes of the 97th Unit Approval Committee Meeting of Kandla SEZ held on 06.06.2016 at 11.30 hrs. under the Chairmanship of Shri Upendra Vasishth, Development Commissioner, Kandla Special Economic Zone.

Following were present:

1. Shri. Krishan Kumar : Joint Development Commissioner, KASEZ.
2. Shri. Pradeep Sharma : Assistant Commissioner, Customs, Kandla, Gandhidham
3. Shri.R.R.Virda, : Assistant Executive Engineer, GPCB, Kutch(East)
4. Shri. R. G. Khairkar : Foreign Trade Development Officer, Rep. of DGFT.
5. Shri.V.P.Colaco : Income Tax Officer, Income tax Office, Gandhidham,

Absentees:-

1. Director (Banking)
2. SDM
3. Representative from DIC, Bhuj

Review/Confirmation of the minutes of last meeting (96th UAC) of the Approval Committee:-

Minutes of the last meeting of Approval Committee was confirmed.

97.1 NEW PROPOSALS TO SET UP UNITS IN KASEZ

AGENDA- Item No. 96.1.1:-

AVB International :

Their proposal is for setting up a unit in Kandla Special Economic Zone, for manufacturing of Pan Masala, Zarda, Gutkha, Khaini, filter Khaini, Snus and Pandarpuri khaini.

Shri. Satyam Bihani, Partner of the firm attended to explain the proposal before the approval committee.

Shri. Satyam Bihani, informed that he is also proprietor of M/s. Sun Products, a unit already approved in KASEZ for manufacturing of Pan Masala etc. and that they have done export of Rs.14 crores in financial year 2015-16. He explained that as they



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are expanding their business with different collaborator they intend to get a new approval in the name of M/s. AVB International.

The Approval Committee after due deliberation approved the proposal subject to standard terms and conditions for such units which include no DTA sale / clearance and import of betel nuts (Supari).

97.2 Broad Banding request in existing LoA

Item No.97.2.1 :-

REGENT ROPES, KASEZ :-

M/s Regent Ropes is an approved unit unit for manufacturing of Plastic Ropes and trading activities. Their proposal is for broad banding and addition of manufacture of Plastic Granules/ Grinding in their existing LoA.

Shri.Suresh Shah, Partner, of the unit appeared before the approval committee. He explained their proposal before the approval committee and explained that they want to start manufacture of plastic granules production in their existing unit. The details of finished goods to be manufactured are as under:-

Sl.No.	Items	ITC Code
01.	Plastic Granules & Plastic Grinding	39011010, 39011090, 39012000, 39013000, 39019010, 39019090, 39021000, 39022000, 39023000, 39029000

The representative assured that OGL items and items falling under ITC Code 3901 & 3902 will only be imported.

The Approval Committee after due deliberation approved the proposal subject to standard terms and conditions.

Item No.97.2.2 :-

Shreyas Packaging Industries, KASEZ.

Their request was regarding cessation of Mrs. Bhakti R. Chellani, Partner, of the said unit w.e.f 09.04.2016 from the partnership firm due to her demise. Approval Committee noted the constitutional change in the firm.



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Item No.97.2.3 :-

M/s Texool Spinners, KASEZ.

M/s Texool Spinners (A Division of Texool Limited), KASEZ is an approved unit for manufacturing of woolen & Synthetic Yarn. Their request was to remove condition No. 9 of original LoP dated 22.06.2004 and permit them to import worn & used clothes.

Shri. S.S.Sajdeh, Managing Director, of the unit appeared before approval Committee. He explained that they were earlier procuring raw material from M/s Texool Wastesavers and that after fire in said unit they are finding it difficult to procure raw material for manufacturing of yarn, their end product.

After hearing his submissions, the Committee observed that condition No. 9 is a fundamental condition of original LoA issued in 2004, as even at that time no new LoA for such units with import of worn clothes was allowed. Removing of condition No.9 of the original LoP dated 22.6.2004 would mean permitting to import worn & used clothes by the unit, thus it will be a new LoA for worn & used clothing under which the said unit will import second hand used clothing, which will violate Rule 18(4)(c) of SEZ Rules. The Committee therefore, decided to reject the Unit's request.

Item No.97.2.4 :-

M/s Texool Spinners, KASEZ

M/s Texool Spinners (A Division of Texool Limited), KASEZ, is an approved unit for manufacturing of woolen & Synthetic Yarn. Their request was broad banding for manufacturing of Sacks & Bags from old & used clothing in their existing LoP.


Shri. S.S.Sajdeh, Managing Director, of the unit appeared before approval Committee. He explained that this product has vast usage in hotel industries and it would be a green initiative as these cloth bags will replace the traditional plastic bags

The Committee after deliberation observed that the process involves further value addition by the unit; however, as use of worn & used cloth material is involved, the Committee decided to refer the case to BoA.

Item No.97.2.5 :-

Woco Tech Polymers Kandla Ltd:-

M/s Woco Tech Polymere Kandla Limited (Formerly known as Woco Motherson Advanced Rubber Technologies Ltd.), KASEZ is an approved unit for manufacturing of Rubber Products including bonded with metal / plastic parts



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Their request for broad banding for manufacture of additional items i.e Plastic Products including Bonded with Metal / Rubber Parts in their existing LoA.

Shri. Swaroop Mohanti, DEGM Operation, of the unit appeared before the approval Committee. He explained their proposal before the approval Committee and informed that they have orders for the product from automobile sector.

The Approval Committee after due deliberation approved the proposal.

97.3 Miscellaneous Application

Item No.97.3.1 :-

La Spirit Liquor Trading Co. :-

M/s La Spirit Liquor Trading Co., KASEZ, is an approved unit for trading activity of all sorts of Liquor.

The unit's proposal is to purchase the wastage, i.e. sticker waste being generated by Plastic Recycling units in KASEZ and segregate the sticker and plastic. The plastic portion will be utilised for recycling into agglomerate instead of destroying. The party will install an agglomerate machine for manufacture of agglomerate out of the plastic waste/scrap generated after removal of the stickers and the same will be cleared into DTA on payment of duty.

The Committee, after due deliberation, asked the DC's office to call information from the KASEZ Plastic Recycling Units' Association as to how presently they deal with these waste/stickers and whether the units are using this waste for further manufacturing of low grade material etc. After receipt of the said information the matter may be considered by Approval Committee.

Item No.97.3.2

Request of M/s Nymak Pharma Limited to relax the liability condition and earmark the liability for both the companies separately.

The request of M/s Nymak Pharma Limited to reconsider and change the liabilities condition imposed on them in 95th UAC meeting.

Shri. Harish Advani and Shri. Dhiren Mehta, represented on behalf of M/s Nymak Pharma Limited and M/s Vifor Pharmaceuticals Limited respectively and



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explained their proposal in details and informed that the liabilities will be taken by M/s Vifor Laboratories Pvt. Ltd., and that they are only taking the building, plant, machinery and amenities created on the land.

After deliberation, the Committee informed the representative that, M/s. Vifor Laboratories Pvt.Ltd., is closing their operations in KASEZ and therefore, all the procedure for exit must be completed with the KASEZ Customs/Estate/IA-I section. After completion of this procedure M/s Vifor Laboratories Pvt.Ltd has to apply for exit and they will be given exit by the DC and any dues, liabilities is to be paid by them. M/s. Nymak Pharma Ltd. taking over the plant & machinery, infrastructure and building etc. of M/s. Vifor Laboratories Pvt. Ltd will be considered on file for approval of the Chairman, KASEZ Authority. However, valuation of Plant & Machinery and Raw material if any, as on date, has to be transferred to M/s. Nymak Pharma Ltd., and its value on date of transfer will be taken on books of M/s Nymak to use in calculation of NFE.

Item No.97.3.3:-

M/s Shanky Petroleums

The unit has requested for change in partnership firm.

In this regard, they have informed that Mr. I.K.Singh Rohatgi, has tendered his resignation and has retired from the firm and new partner Shri Mahesh R. Yadav has been inducted in the firm with 10% share.

The Approval Committee after due deliberation took the intimation on records.

Item No.97.3.4:-

M/s U. S. Clothing (India) Pvt. Ltd., KASEZ :-

M/s U. S. Clothing (India) Pvt. Ltd., KASEZ is an approved unit for reprocessing, Sorting, Grading, Cutting, Mutilation etc. of used garments/ Textiles/ Clothes/ Used clothing. The units request is to procure white knit wipers from DTA.

Shri. Shivdayal Ajwani, CFO, of the unit appeared before the approval committee. He explained their proposal to the committee and explained that they will cut such wipers to sizes as per buyer's requirement for export.

After due deliberation the Committee noted that this unit is approved for reprocessing, sorting, grading, cutting, mutilation of Used Clothes and Used Cloth

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industry has to follow special policy conditions issued by DoC regarding their export commitments. If they buy from indigenous sources, it will be vitiating the conditions/guidelines issued by MoC. Secondly, broad banding to such units is not permitted under instruction No. 69. Therefore, procurement of clothes from DTA cannot be permitted to the same unit. The Committee, therefore, rejected the proposal.

SUPPLEMENTARY AGENDA-

Item No.97.4.1:-

Eminence Technologies.

The Committee noted that their proposal was earlier listed in the 95th and 96th UAC. As nobody from the Unit appeared before the UAC, it was deferred. Now, even after confirmation from the unit that they will appear to explain their proposal before approval committee, none of the representative appeared before the UAC.

The Committee after detailed scrutiny and discussion of their proposal observed that their financial background is completely unsatisfactory and also the proposal is incomplete. They have not given income tax return of three financial year. They have not given ITC (HS) details. Also it is observed from their proposal that they have no experience in he said field (consumer electronic products).

In view of above, the Committee rejected the proposal.


Item No.97.4.2:-

M/s. Shivam Betalnut pvt.Ltd.

Their proposal is for setting up a unit in Kandla Special Economic Zone, for manufacturing of Pan Masala, Pan Masala containing tobacco, Zarda, Gutkha.

Shri. Rajpurohit, CA and Mr.Bhagawati, Director of the firm appeared and explained their proposal before the committee. They informed that they are already having manufacturing unit of Pan Masala in Delhi and exported goods worth Rs. 28 Crores last year .

The Approval Committee after due deliberation approved the proposal subject to standard terms and conditions for such units which includes no DTA Sale / Clearance and import of Beetel nuts (Supari).



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Item No. 97.4.3:-

M/s Singhvi Tradelink LLP.

Their proposal is for setting up a unit in Kandla Special Economic Zone for a Trading and Warehousing Unit.

Shri. Gyan Singhvi, Managing Director, of the firm appeared before the approval committee and explained their proposal.

The Committee observed that the unit has requested for warehousing of All items covered under Chapter 27, 28, 29, 38 and Chapter 39 of Central Excise Tarrif Act including certain items of the said chapters which are falling under restricted category.

The Committee after deliberation asked the representative to come with specific proposal and submit specific ITC (HS) code for the item for which they have entered into agreement . The unit representative informed that they will submit the detail within a week's time. The Committee decided that on receipt of the information, proposal may be dealt on file.

Item No. 97.4.4:-

M/s. Singhvi Tradelink LLP

Their proposal is for setting up a unit in Kandla Special Economic Zone for a Manufacturing activity.

Shri. Gyan Singhvi, Managing Director, of the firm appeared before the approval committee and explained their proposal. He explained that the activity is ^{for} Blending of Petroleum and Chemical products. All items covered under Chapter 27, 28, 29, 38 and 39 of Central Excise Tarrif Act. As per export /import policy, some items of the said chapters are also falling under restricted category and conditional for import / export.

The Committee after due deliberation rejected the proposal as they found that the activity comes under the purview of Rule 18(4) of SEZ Rules 2006, as import items included second hand materials such as plastic scrap.



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Item No. 97.4.5:-

M/s. GKN Enterprises

Their proposal is for Broadbanding of their LoA and to include manufacturing of Melamine Formaldehyde Amino Resins to their LoA.

Shri. N.Seenivasan, promoter of the company appeared before the UAC. He explained the manufacturing process and informed that all the raw material used for manufacturing and final product falls under free category. The committee requested the promoter to submit the correct ITC (HS) code of the final manufactured product.

The Committee after due deliberation decided that the proposal may e approved on file after receipt of the requisite information.

Item No. 97.4.6 :-

M/s. Palmon Exports

M/s Palmon Exports, KASEZ, is an approved unit for manufacturing activity of all types of readymade garments and made-ups, Manufacturing and reconditioning of Electrical/Mechanical Equipments, Manufacturing of Ingots/Recycling Metals for trading activities of Vegetable products, Mineral products, Products of Chemical and Allied Industries, Plastic , rubber and articles thereof , Raw Hides and skins, Food and articles , Textiles and textile articles, Footwear, Head gear etc. Their request is to include certain consumer durables, mobiles etc. to their trading activity.

Shri.Mukesh Joshi, Authorised signatory, of the unit appeared before the approval committee and explained their proposal.

The Approval Committee observed that ITC (HS) of LCDs is not clear and asked the DC Office to get a confirmation on this from the DGFT before issuing permission.

The Approval Committee also felt that the items like mobile phones, P.C.B's, T.V sets, which M/s. Palmon Exports sought for approval are very sensitive in nature. Therefore, to keep safeguard, a special condition needs to be put that "NFE monitoring of the activity of PCB, LCD, Mobile will be done after a period of one year and if found NFE negative after completion of one year, then action as approved by approval Committee may be taken.

Further the Chairman observed that the unit has taken approval of many items over period of years and that they are not dealing in any of the activities



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as proposed by them. The Approval Committee suggested to Audit the unit to find out their actual activities being performed, and put up a report.

Item 97.6

RATIFICATION OF REQUESTS ALREADY APPROVED ON FILE

The approval committee ratified and approved the issuance of SCN to M/s Shell Exports, for non achievement of positive NFE at the end of 5 years of the first five years block period ending 2014-2015.

97.7 TABLE AGENDA

97.7.1 Global Brand Resources Pvt. Ltd.

Their proposal is for setting up a manufacturing unit in KASEZ for manufacturing of organic food products.

Shri. Himanshu Vyas, Director, of the company appeared before the approval committee and explained their proposal.

The approval Committee observed that the units proposal was earlier approved in the 81st UAC held on 12-05-2015, subject to condition that they will participate in open bidding for getting suitable space for their project since they did not acquire space for their approved activity even after one year of issuance of letter, the proposal was resubmitted for revalidation.

The approval Committee revalidated the proposal.

The meeting ended with vote of thanks of the chair.



(Upendra Vasishth)
Development Commissioner