

Minutes of the 146<sup>th</sup> Unit Approval Committee Meeting of Kandla SEZ held on 25.07.2019 at 11:30 hrs. under the Chairmanship of Dr. Amiya Chandra, Development Commissioner, Kandla Special Economic Zone.

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**Following were present:**

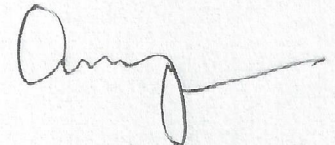
1. Shri. Dipak Zala : Deputy Development Commissioner, KASEZ.
2. Shri. Sanjay Kumar : Joint Commissioner of Income Tax, Gandhidham.
3. Shri. A. K. Moria : Assistant Commissioner, Customs, Kandla, Gandhidham-Representative of Commissioner of Customs Kandla.
4. Shri. J. S. Shah : Manager, DIC, Bhuj.
5. Shri. R. H. Jivani : Representative of GPCB, Gandhidham.

**Absentees:-**

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

**Review/Confirmation of the minutes of last meeting (145<sup>th</sup> UAC) of the Approval Committee: -**

Minutes of the last meeting of Approval Committee was confirmed.



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## **146.1 NEW UNIT APPLICATION**

### **AGENDA ITEM NO. 146.1.1**

**Application for setting up a unit in KASEZ namely M/s. Symphony Limited (Unit-II), FP12-TP50 Bodakdev, Off S G Highway, Ahmedabad-380054.**

Their proposal was for setting up a unit in Kandla SEZ for manufacturing & trading unit of Air Coolers & Other Home Appliances (including accessories).

Shri Vijay Joshi, CEO and Shri Vivek Milak, authorised representative of the company appeared before the Approval Committee and explained their proposal. Shri Joshi stated that they had one existing unit in KASEZ engaged in manufacturing of Household Air coolers and during the past 3 years. NFE is to the tune of Rs. 58 crores and their exports are to USA, Middle East and almost 60 countries. He further stated that they intend to set up a Unit-II for manufacturing and trading of industrial air cooler and other home appliances for further export to various countries including USA. He further explained the marketing of the intended air coolers and home appliances in the international market and stated that they have already carried out marketing of the export and that there is a very good potential for sale in such goods in the international market.

The Approval Committee after due deliberation approved the proposal subject to standard terms and conditions and also subject to unit furnishing undertaking that all the inputs and finished goods are environmental friendly and no restricted and prohibited goods will be imported by them.

### **AGENDA ITEM NO. 146.1.2**

**Application for setting up of a unit in KASEZ namely M/s. Lauras Trade Exim Private Limited, Unit-510, AMT AGG. Millennium Tower, E-1,2,3, NSP, Distt-Wazirpur, Pitampura, Delhi.**

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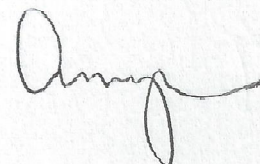
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Their proposal was for setting up a unit in Kandla SEZ for manufacturing activity of Pan Masala, Chewing Tobacco, Zarda, Gutkha, Khaini, preparation containing Chewing Tobacco.

Shri Ashish Kakkar, Director of the company appeared before the Approval Committee and explained their proposal. Shri Kakkar stated that he has 9 years experience in international marketing and he has been exporting automobile parts, compound and essential oils, Indian katha, pan masala to overseas buyers. He was asked to produce the copies of shipping bill in support of their claim of export credentials.

As regards their financial viability of the proposed project, Shri Kakkar stated that the project cost is Rs. 20 lakhs for 5 years which will be funded through share capital and Directors investment. He further explained that the combined gross taxable income of their 3 Directors are of range of Rs. 21 lakhs as per the IT returns and that the authorised capital as per the RoC incorporation is about Rs. 10 lakhs & that additionally they are backed by their family business which are into manufacturing of katha and pan masala. He further stated that they will be getting 50% advance from their foreign buyers which will be utilised as working capital in the initial year. He further stated that they have already got two export orders from M/s. ASL Honour Pte Ltd., Singapore and M/s. Al Sayed General Trading FZE, UAE for an order of about US\$ 952000 & US\$ 2058000 respectively and handed over the copies of the said order before the Committee in support of their contention.

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



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packaging as detailed under Item No. 117.1.2 in terms of the Apex Court's judgement.

**AGENDA ITEM NO. 146.1.3**

**Application for setting up of a unit in KASEZ namely M/s. Sabar Aroma Overseas LLP having its registered office at 194, 4<sup>th</sup> Floor, Deepali Enclave, Pitampura, North East Delhi.**

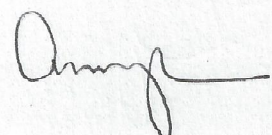
Their proposal was for setting up a unit in Kandla SEZ for manufacturing activity of Pan Masala Gutkha, Zarda Khaini, Filter Khaini, Chewing Tobacco & Preparations & Mouth Freshner.

Shri Abhishek Nandwani, Partner of the firm appeared before the Approval Committee and explained their proposal. Shri

The Committee asked the applicant as to whether any case has been booked against any of their firms in which they were Directors or Partners, to this Shri Nandwani stated that in the past one case was booked by the Central Excise authorities and Income Tax is also investigating the matter but the case has not attained the finality. However, they could not give any tangible reply about the details of the case detected by the Govt. agencies.

The Committee expressed its displeasure for non-disclosure of offence booked in the past in their project report/application and also taking into consideration of provision of Rule 18 of the SEZ Rules which provides that in case of violation of public law which has a bearing on merit of the project proposal the Committee is empowered to reject the application.

Therefore, the Approval Committee after due deliberation decided to defer the case and directed the applicant to bring the full facts and details of the case booked against them in the next UAC meeting in order to enable the Committee to decide the matter. They were also asked to bring the



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details of their financial and export credentials and details of their past experience in the manufacturing of the proposed items.

### **146.2 MISCELLANEOUS ITEMS**

#### **AGENDA ITEM NO. 146.2.1**

**Permission to warehouse goods on behalf of DTA client – Request of M/s. Creative Free Trade Warehousing Pvt. Ltd., KASEZ, Gandhidham.**

The Committee noted that M/s. Creative Free Trade Warehousing Pvt. Ltd. requested for permission to warehouse goods on behalf of foreign client and submitted list of 27 items to be warehoused in KASEZ alongwith KYC of client.

Shri Lal Advani, Dy. GM of the company appeared before the Committee and explained their proposal. Shri Advani stated that they want to diversify their warehousing business.

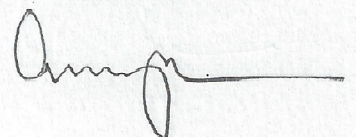
On being asked by the Committee, Shri Advani failed to confirm that all intended items are non-hazardous and environmentally complaint or otherwise. He further agreed to withdraw their present application and stated that they will file fresh request only after getting confirmation about the conformity of environmental compliances for these items.

After due deliberation, the Committee decided to accede to the request of the applicant for withdrawal of their present request.

#### **AGENDA ITEM NO. 146.2.2**

**Permission to warehouse goods on behalf of DTA client - Request of M/s Srikaram Prescience Private Limited, KASEZ, Gandhidham.**

In the 116<sup>th</sup> 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.



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The Committee noted that in the earlier meetings their proposal was deferred for want of confirmation about complaint with environmental laws as the proposed items were refrigerators. Accordingly, representative of the State GPCB was also requested to be present in the meeting.

Shri Anand Mehta, Authorised representative of the company appeared before the Committee and stated that he has produced the confirmation from their foreign supplier about environmental compliances of the proposed products and its declaration about non-presence of any ozone depleting substance. He also stated that as per the GPCB website that the cold storage industries are under the exempted categories.

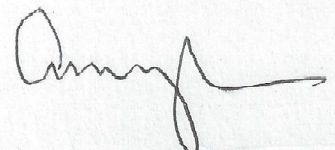
The Committee after due deliberation, wherein the invitee of GPCB representative was also present, decided to approve the list of 7 items to be warehoused within their existing warehousing LoA subject to furnishing a undertaking that the proposed items does not contain any ozone depleting substance and that all the proposed items are environmentally complaint as per the applicable law.

**AGENDA ITEM NO. 146.2.3**

**Permission to warehouse goods on behalf of DTA client – Request of M/s. Commodities Trading (SEZ Warehousing Division), KASEZ, Gandhidham.**

In the 116<sup>th</sup> 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



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behalf of DTA client and submitted list of 6 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 Pan Masala and Zarda/Khaini 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. 146.2.4**

**Permission to storage of warehouse goods on behalf of Foreign Client - Request of M/s Mahamaya Construction & Engineer, Plot No. 438/A, Sector-IV, KASEZ, Gandhidham.**

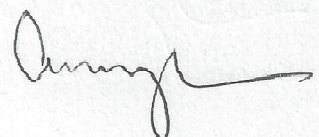
Nobody appeared for the personal hearing. However, the Committee decided to defer the proposal because a Committee has been constituted consisting of JDC & DC (Cus) which is yet to submit its report related to all business aspects of plastic lumps and other plastic related items requested by such units including marketing extortions, prevailing international business. The said proposal will be taken up in the UAC after said Committee submits its report regarding import of plastic lumps & other plastic related items, market distortion, pattern of international trade and other issues as deemed fit.

**AGENDA ITEM NO. 146.2.5**

**Intimation of change in Partnership Deed of M/s Oswal Tradex, KASEZ.**

M/s Oswal Tradex, KASEZ is an approved unit for Free Trade and Warehousing Service Activity in Kandla Special Economic Zone vide Letter of Approval No. KASEZ/IA/030/2010-11 dated 29.11.2010, as amended.

Now the said unit has intimated regarding change in partners of the firm wherein Mr. Mukesh R. Parekh has retired from the firm and Mrs. Mamta M. Parekh has joined as new partner w.e.f. 01.04.2019.



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

Sl.No.	Name of Partners	profit and loss ratio
01.	Shri Mukesh R Parekh	25%
02.	Shri Ratanlal G. Parekh	25%
03.	Shri Kushalraj G. Parekh	25%
04.	Shri Pritesh K. Parekh	25%

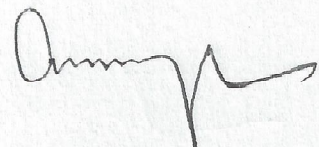
Now, after admission and retirement of partner as per partnership deed dated 01.04.2019, the details of partners along with their profit and loss ratio are as under:-

Sl. No.	Name of Partners	profit and loss ratio
01.	Shri Ratanlal G. Parekh	25%
02.	Shri Kushalraj G. Parekh	25%
03.	Shri Pritesh K. Parekh	25%
04.	Smt. Mamta M. Parekh	25%

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 25%. 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. 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.





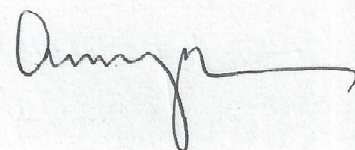
4. Full financial details relating to change in equity/merger, demerger, amalgamation or transfer in ownership etc. shall be furnished immediately to Member(IT), CBDT, Department of Revenue and to the Jurisdictional Authority.
5. The Assessing Officer shall have the right to assess the taxability of 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.

**TABLE AGENDA- Item No.146.3.1**

**Transfer of surplus goods in DTA- Request of M/s IFGL Refractories Limited, Plot No. 638-644, KASEZ, Gandhidham.**

M/s IFGL Refractories Limited, Plot No. 638-644, KASEZ had been granted LoA No. KASEZ/IA/32/2007-08 dated 07.11.2007 for Manufacturing & Service of Refractories (shaped/unshaped), Equipment, Application, repairs and maintenance of Refractories and Equipment”.

The Committee noted that a reference has been received from Customs, Technical section vide U.O. Note dated 24.07.2019 seeking clarification whether permission to M/s IFGL Refractories Limited to remove surplus material into DTA to their sister concern at Orissa can be granted or not. It was explained to the Committee that KASEZ Customs has earlier rejected their request of removal of 7.5 MTs into DTA in the light of decision of the 142<sup>nd</sup> UAC meeting regarding the misuse of provision of Rule 34 by certain erring units who are indulged in frequent clearance of their raw materials into DTA without any proper justification for genuineness of non-utilisation of the raw materials for their authorised activity.



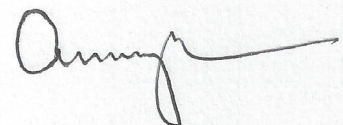
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Shri Kamal Sarda, Director and Shri K. M. Dubey, authorised representative of the company appeared before the Approval Committee and explained the difficulties faced by them. Shri Sarda stated that they are into manufacturing of various refractory products and their almost 100% export oriented units with their export turnover of Rs. 123 crores for the year 2018-19. They have one more unit in DTA at Orissa which also manufactures the same products and that both of them have certain common foreign buyers. He further explained that they are importing about 6000 MTs of the inputs on annual basis and that some times in order to meet the export schedule of both the units, about 1% of their inputs (60 MTs) are required to be transferred to their sister concern on urgent basis on payment of full applicable customs & GST duties. He further explained such transfer is on a cost plus pricing of stock transfer method does not involve any commercial sale.

The Committee, after due deliberations, noted that this is a genuine request of the unit and accordingly decided to grant permission for removal/transfer of surplus materials into DTA subject to the payment of all applicable duties/taxes. The Committee further directed the DC (Customs), KASEZ that rejection of such request shall be considered only after due examination of the merit of each case and not in general manner. The Committee also clarified that the decision of the earlier 142<sup>nd</sup> UAC meeting was to dissuade the misuse of the provisions by some of erring units and not to the genuine cases.

The meeting ended with vote of thanks of the chair.



**(Dr. Amiya Chandra)**  
Development Commissioner