

Minutes of the 64<sup>th</sup> Approval Committee Meeting of Kandla SEZ held on 31st December 2013 at 1130 hrs. at KASEZ under the Chairmanship of ShriMahendra Jain, IAS, Development Commissioner, KASEZ.

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Following were present:-

1. Shri Krishan Kumar : Joint Development Commissioner, KASEZ
2. Shri H.C. Verma : Asstt. Commissioner (Cus) –  
Rep. of Commissioner of Customs, Kandla.
3. Shri R.G. Khairkar : FTDO, KASEZ – Rep. of Jt. DGFT

Absentees:

- 1) Director (Banking)
- 2) Asstt. Collector/SDM
- 3) GM, DIC, Bhuj.
- 4) Commissioner of Income Tax.

64. Review/confirmation of the minutes of last meeting of the Approval Committee.

Minutes of the last meeting of the Approval Committee were confirmed.

64.1.1 M/s. Pankaj Tobacco Pvt.Ltd. Delhi.

The proposal of the applicant is for setting up a unit for manufacturing of Pan Masala ITC (HS)21069020 and Pan Masala containing Tobacco Gutka ITC (HS) 24039990. The Company's representative who appeared before the Committee mentioned following facts:-

1. They are already having a working unit in Nepal which they wish to shift to Kandla SEZ.
2. No DTA sale is envisaged by them.
3. They have experience of more than 8 years in the field.
4. Investment projected is Rs.85 lakhs which is to be met from own sources.



5. Export projected for 5 years is Rs.12,400 lakhs and they are likely to achieve NFE of Rs.10,900 lakhs.
6. Employment of 49 persons.

The Committee approved the proposal subject to the condition that no DTA sale shall be permitted and the unit shall be required to follow all the rules/guidelines, policy of the Govt. of India and Govt. of Gujarat on manufacturing/export of these products. If at any stage, Govt. of Gujarat withdraws permission for operating of export units for manufacture of Pan Masala & Gutka, the firm shall close its operations at KASEZ. The permission shall also be subject to all standard terms & conditions and availability of space in the Zone/acquiring of space by the unit in the Zone. They will have to make bid for acquiring space in SDF whenever the auction takes place, which is likely shortly.

#### 64.1.2 M/s. Amar Flavours Pvt.Ltd., Delhi.

The proposal of the applicant is for setting up a unit for manufacturing of Pan Masala ITC (HS) 21069020 and Pan Masala containing Tobacco Gutka ITC (HS) 24039990. The Company's representative who appeared before the Committee mentioned following facts:-

1. Earlier they had established a unit in Delhi and are already in the same line of work.
2. No DTA sale is envisaged by them.
3. They have previous experience in the field.
4. Investment projected is Rs.75 lakhs which is to be met from own sources.
5. Export projected for 5 years is Rs.8,600 lakhs and they are likely to achieve NFE of Rs.8,240 lakhs.
6. Employment of 30 persons.



The Committee approved the proposal subject to the condition that no DTA sale shall be permitted and the unit shall be required to follow all the rules/guidelines, policy of the Govt. of India and Govt. of Gujarat on manufacturing/export of these products. If at any stage, Govt. of Gujarat withdraws permission for operating of export units for manufacture of Pan Masala & Gutka, the firm shall close its operations at KASEZ. The permission shall also be subject to all standard terms & conditions and availability of space in the Zone/acquiring of space by the unit in the Zone. They will have to make bid for acquiring space in SDF whenever the auction take place shortly.

#### 64.1.3 M/s. Dinesh Pouches Ltd. Jodhpur.

The proposal of the applicant is for setting up a unit for manufacturing of Pan Masala ITC (HS)21069020 and Pan Masala containing Tobacco Gutka ITC (HS) 24039990. The Company's representative who appeared before the Committee mentioned following facts:-

1. Earlier they had establishment a unit at Jodhpur an in the same field.
2. No DTA sale is envisaged by them.
3. They have experience in the field.
4. Investment projected is Rs.88.69 lakhs which is to be met from own sources.
5. Export projected for 5 years is Rs.33,900 lakhs and they are likely to achieve NFE of Rs.33,900 lakhs.
6. Employment of 63 persons.

The Committee approved the proposal subject to the condition that no DTA sale shall be permitted and the unit shall be required to follow all the rules/guidelines, policy of the Govt. of India and Govt. of Gujarat on manufacturing/export of these products. If at any stage, Govt. of Gujarat withdraws permission for operating of export units for manufacture of Pan Masala & Gutka, the firm shall close its operations at KASEZ. The permission shall also be subject to all standard terms & conditions and availability of



space in the Zone/acquiring of space by the unit in the Zone. They will have to make bid for acquiring space in SDF whenever the auction takes place shortly.

#### 64.2.1 M/s. Hwatsi Chemical Pvt.Ltd. KASEZ.

The Committee noted that this was a deferred item of 60<sup>th</sup>& 61<sup>st</sup> meeting of UAC and heard the representative of the unit. It was decided that the unit will again submit detailed information to KASEZ Administration and the matter will be referred to CBEC for a clarification in view of their Circular No.910/30/2009-CX dated 16.12.2009. While making a reference to CBEC, clarification will be sought interalia on following points:-

1. On the issue of labeling and relabeling.
2. Why a tanker should not be treated as a bulk?
3. Is there any definition of a smaller pack?
4. If chemicals of different countries of origin are blended and repacked in smaller packs, can "The Country of origin" be labeled as from India.

#### 64.2.2 M/s. Hindustan Oils & Industries, KASEZ.

The Committee noted that this is a deferred item of 60<sup>th</sup> meeting. The item was deferred for the comments of Asstt. Commissioner, Customs who represented the Chief Commissioner, Customs in that meeting. The issue was again considered and the Asstt. Commissioner representing the Commissioner of Customs, Kandla had a doubt that the manufacturing items being considered in the proposal may require permission from Ministry of Environment & Forest. Thus, the item was deferred and the officer representing Custom House, Kandla was requested to send his written comments in the matter expeditiously. The matter may then be processed in file.

#### 64.3 Consideration of cancellation of LOP of M/s. Safari Fine Clothing Pvt. Ltd. KASEZ.



The Committee noted that the unit M/s. Safari Fine Clothing Pvt. Ltd. KASEZ had submitted its written submission on 26.12.2013. The representatives of the unit further made oral representation before the Committee. Their main emphasis was on clarifying the status of previous cases listed in the letter issued by this office on 4.12.2013 suspending their LOP. The position in brief as stated in the written and oral submissions by them regarding these cases are as under:-

2. Description of these cases and submission of the unit in brief are as under:-

(i) Show Cause Notice No.KASEZ/IA/1852/2001 dated 31.3.2003 for planning to divert and unload the consignment outside the SEZ issued by Development Commissioner, KASEZ.

Submission: The offence involved was technical in nature and the issue has been settled after imposition of a penalty of Rs.35,000/-.

(ii) Show Cause Notice No.KASEZ/CUS/OR/2/07-08/1543 dated 7.5.2008 for clandestine removal of goods issued by Joint Commissioner of Customs, Kandla.

Submission: The process being initiated by the above SCN has been dropped and the company has been totally exonerated.

(iii) Show Cause Notice No.DRI/JRU/INT-17/2012/386 dated 8.4.2013 for misdeclaration of goods cleared into DTA issued by Asstt. Director, DRI, Jamnagar.

Submission: The order passed in the matter has since been quashed.

(iv) Show Cause Notice No.KASEZ/IA/1852/2001 dated 31.7.2013 by Development Commissioner, KASEZ on the basis of SCN No.DRI/JRU/INT-17/2012/386 dated 8.4.2013 issued by Asstt. Director, DRI, Jamnagar for misdeclaration of goods cleared into DTA.



Submission: This SCN was issued by DC, KASEZ based on the SCN mentioned at Sl.No.3 above which has already been quashed by Commissioner of Customs (Appeals), Kandla.

- (v) Show Cause Notice No.S/43-30/2011-12-SIIB dated 17.2.2011 issued by Customs, Kandla for 10 containers of goods imported and declared as Old & Used worn clothing, misdeclaration and undervaluation of the said consignment.

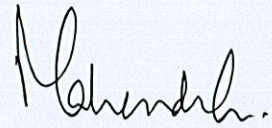
Submission: CESAT, Ahmedabad has already set aside the Order-in-Original passed by the Commissioner of Customs, Kandla. However, Kandla Customs has filed appeal before the Hon. High Court of Gujarat which is pending though no stay has been granted in the matter. This matter pertains to detaining of goods at Mundra Port and allowing their entry into KASEZ.

3. The representatives of the unit however agreed that the goods had been unloaded in their premises without getting marks and seal number verified from the concerned Preventive Officer. They pleaded that this was an unintentional mistake. On the issue of filing amendment to the B/E i.e. regarding increasing number of bales, the unit representatives submitted that it is only after the goods were unloaded that they came to know about the number of bales. The Unit's representatives also highlighted the fact of having employed 450 workers and having investment of few crores in capital goods in the company. After the company's representative left, the Committee Members deliberated on the issue and following decisions were taken:-

- (i) A letter would be written to Custom House, Kandla to give details of all the cases of default/offences against the unit that are pending with them. They would do so on immediate basis.
- (ii) The written/oral submissions made by the party would be examined on file and thereafter the matter would be placed before the next UAC for suitable decision. The UAC has been tentatively scheduled on 28<sup>th</sup> Jan. 2014.



- (iii) Till a decision is taken in the next meeting of UAC the unit shall be allowed to make imports against only those Bill of Entries which have been assessed till now. However, the unit may continue with export of their finished goods. The Company presently does not have permission to make DTA sale and Intra-zone transfers which shall continue till further decision in the matter
- (iv) Whenever any imports takes place as per point (iii) above, Seal and marks etc. should be duly verified by the Appraiser on duty.



(Mahendra Jain)  
Development Commissioner  
Kandla Special Economic Zone