

Minutes of the 71st Approval Committee Meeting of Kandla SEZ, held on 31.07.2014 at KASEZ under the Chairmanship of Shri Vijay N.Shewale, ITS, Development Commissioner, KASEZ.

Following members were present:

1	Shri Krishan Kumar	Joint Development Commissioner, KASEZ
2	Shri Neeraj Choubey	Deputy Commissioner(Cus) – Rep. Of Commissioner of Customs
3	Shri R.G.Khairkar	FTDO – Rep. Of Jt.DGFT

Following members were absent:

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

71 . Review / confirmation of the minutes of last meeting of the Approval Committee:

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

71.1: New proposals to set up Unit in KASEZ:

71.1.1: M/s. Trimurti Fragrances Pvt. Ltd ., Kanpur (U.P):

The proposal of the applicant is for setting up manufacturing activity of Guthka (ITC HS - 24039990), Khaini (ITC HS- 24039930) , Zarda (ITC HS 24039910) and Pan Masala (21069020). Mr.Pradeep Kumar Agarwal and Mr.Roshan Agarwal, Directors of the Company, appeared before the committee and explained about the proposed project. They intend to set up a manufacturing activity of Guthka, Khaini, Zarda and Pan Masala for which they will be investing Rs.1.15 Crore towards Capital Goods, financed by their share capital and reserves. They are marketing the products under the brand name “SHIKHAR” and the pouches manufactured in the SEZ will indicate it to be “for export only”. The committee after due diligence and deliberation approved the project, subject to standard terms and conditions under the SEZ Act, 2005 and the Rules framed there under and any other permission / approval required under any regulations/ instructions etc. The Committee further informed that no DTA sales of the goods manufactured shall be permissible under any circumstances and if at any stage Government of Gujarat withdraws permission for operating of export units for manufacture of Pan masala & Guthka the operation of the unit will cease therefrom.

71.1.2: M/s. Harsh International Industries, New Delhi:

The proposal of the applicant is for setting up manufacturing activity of Guthka (ITC HS - 24039990). Mr.Rajkumar Jain appeared before the committee and explained about the proposed project. They intend to set up a manufacturing activity of Guthka, for which they will be investing Rs.1.55 Crore towards Capital Goods and fixed assets, which will be financed through their

Promoter's contribution. Sri Jain stated that they have one functional unit in Noida SEZ wherein they are engaged in manufacturing of filter Khaini. They are marketing their products under the brand name "MAHAK" AND "CHAINI-KHAINI". They are the recipient of the award for the maximum turnover performances in Noida SEZ. The committee after due diligence and deliberation approved the project, subject to standard terms and conditions under the SEZ Act, 2005 and the Rules framed there under and any other permission / approval required under any regulations/instructions etc. The Committee further informed that no DTA sales of the goods manufactured shall be permissible under any circumstances and if at any stage Government of Gujarat withdraws permission for operating of export units for manufacture of Pan masala & Guthka the operation of the unit will cease therefrom.

71.1.3: M/s. J.T. Exports Corporation, Bhayander East:

The proposal of the applicant is for setting up manufacturing activity of Pan Masala with Zarda i.e. Gutkha (ITC HS- 24039990) and Pan Masala (21069020).

No one appeared before the committee. The committee deferred the proposal and decided to place the matter in the next Approval Committee meeting.

71.1.4: M/s. M/s.Chemcoat India Enterprise Pvt. Ltd, Mumbai:

The proposal of the applicant is for setting up of trading unit. The committee was informed that the applicant has sent E-mail seeking adjournment. The committee deferred the proposal and decided to place the matter in the next Approval Committee meeting.

71.1.5: M/s Quest Care Pvt. Ltd, Mumbai:

The proposal of the applicant is for setting up unit for Clinical Research. Shri R.A.Patel, Authorised Representative of the Company appeared before the committee and informed that he is one of the Director in M/s Navin Saxena Research and Technology Pvt. Ltd., company, holding in principle approval dated 10.07.2014 in KASEZ, for Research and Development and Clinical Research. Now they intend to segregate the activity of Clinical Research under a different company (M/s Quest Care Pvt. Ltd, Mumbai) to avail the budgetary benefits announced recently. He further informed that a part of the land will be transferred to this company and there will be an investment of Rs.20.00 Crore, which will be met from term loan/unsecured loan and from promoter group fund.

The committee after due diligence and deliberation granted in principle approval to the unit subject to production of certificate of incorporation from the Registrar of Companies, confirmation by the said company when it comes into being about acceptance of the said decision. The unit will complete all necessary formalities with the Drug Controller General of India and other concerned organisations.



71.1.6: M/s. Excel Apparels Export Pvt. Ltd., KASEZ:

Shri Mohan Nathani, Authorised Representative of the Company appeared before the committee and informed that they hold LOA in the SEZ since 1981. At the time of LOA issuance , they were allotted plots in different locations. Presently they hold Plot No. 191, 192 and 406 in Sector-I of SEZ. The present proposal is for setting up of Warehousing Activity and will be termed as unit-II of the existing company i.e. M/s. Excel Apparels Export Pvt. Ltd, KASEZ. The warehousing activity will be conducted from plot No.406, Sector-I, KASEZ and thereby complying the norms of separate entry and exit for the unit-II. For the warehousing service activity the proposed project cost is Rs. 10.00 Lakhs and finance will be met from capital of the company.

The committee after due diligence and deliberation approved the project, subject to standard terms and conditions, of the SEZ Rules, 2006.

71.2: Proposals for Broad Banding of the LOA for inclusion of new items:

71.2.1: M/s New Vibe International (Earlier known as M/s Rodex International), KASEZ:

Mr. Shailesh Kumar, Authorised person of the firm appeared before the committee and explained that they are already having LOA No. KASEZ/IA/1880/02-03/1907 dated 08.05.2002 as amended/extended time to time for trading activity which was further broad banded to include "Manufacturing of Articles of Apparel and clothing Accessories Knitted or Crocheted or not Knitted or not crocheted". The said LOA is valid up to 23.05.2017. Now they want to include new products viz. Gutkha, Pan Masala and Khaini and explained their request for broad banding. Mr. Shailesh Kumar informed the committee that they will be investing Rs.1.25 Crore towards Capital Goods to be procured indigenously. For execution of the project they have one working partner Shri S.K.Pathan who possesses experience of 30 years in the field of products and submitted a copy of the letter evidencing the experience. They have submitted the copies of the confirmed orders for the export of Gutkha, Pan Masala and Khaini. They have space of aprox.2500 Sq.ft in the existing premises and an open shed for execution of the project. The committee after due diligence and deliberation approved the project, subject to standard terms and conditions, of the SEZ Rules, 2006. The Committee further informed that no DTA sales of the goods manufactured shall be permissible under any circumstances and if at any stage Government of Gujarat withdraws permission for operating of export units for manufacture of Pan masala & Guthka the operation of the unit will cease therefrom.

Further, with the regard to the request for addition of Melamine (ITC HS 2933 6100) for trading activity which attract anti dumping duty. The committee decided that in wake of the decision taken in the 50th UAC meeting held on 27.01.2012 the trading activity of the product attracting anti-dumping duty cannot be considered / approved at this juncture. However, the committee decided to call for the practice adopted at other SEZs for trading of the products attracting anti-dumping duty and shall consider proposal accordingly.



71.2.2: M/s Shubh Exports, KASEZ:

Mr. Pradeep Jain of the firm appeared before the committee and explained that they are already having LOA No. KASEZ/IA/002/2014-15/3940 dated 10.07.2014 for manufacturing activity of Readymade Garments (ITC HS Code 6201 to 6217) and Made-Ups (ITC HS Code 6302 to 6308) which they have not commenced. Shri Jain informed that they temporarily want broad banding to fulfil the order in hand and export readymade garments & made ups as trading activity temporarily and they will start manufacturing Ready made garments & made ups within 6 months and he is holding confirmed orders for the same. The committee after due diligence and deliberation approved the broad banding for period of six months only and directed the unit to commence the manufacturing activity within six months. The broad banding permission is granted subject to standard terms and conditions, of the SEZ Rules, 2006.

71.2.3: M/s PPE Safety Private Limited, KASEZ.:

Mr. Shailendra Limbani, Proprietor of the firm appeared before the committee and explained that they are already having LOA No. dated 29-2-2012 for trading activities and the construction activity of shed is in progress. Shri Limbani further informed that he is holding confirmed orders for supply of spices and requested for addition of the same in the existing LOA. The committee after due diligence and deliberation approved only five products viz. Pepper(0904 1110); Light Black Pepper(0904 1120); Black Pepper Garbled(0904 1130); Black Pepper Un-Garbled(0904 1140) and Mixed Spice (0910 9100) for broad banding to the existing LOA for period of six months only subject to standard terms and conditions, of the SEZ Rules, 2006. The committee also directed the Unit for obtaining registration from the Spices Board for the trading of the product and produce copy thereof to the office of the Development Commissioner, KASEZ.

71.3: Miscellaneous Cases:

71.3.1 : Default list of Service allowed for Service Tax Exemption in SEZ:

A list of 60 default service were approved by UAC in 61st UAC meeting held on 18.11.2013 to the authorised operation in KASEZ as per Annexure-I attached.

Now, DOC vide their letter No. D. 12/19/2013-SEZ dated 19.06.2014 and 09.07.2014 have informed that during the 61stBoA meeting held on 03.04.2014 the following six services may be included in the list of default authorised service and DC's/ UAC's may expand the above list to facilitate units/developers in their respective zones:-

- (i) Air Travel Agent's Service
- (ii) Rail Travel Agent's Service
- (iii) Travel Agent's Service
- (iv) Business Support Service
- (v) Transport Passengers by Air
- (vi) Accommodation Service



The committee after due diligence and deliberation approved the above said six services to be default authorised services for SEZs under KASEZ.

71.3.2: M/s.Inox India Limited, KASEZ – request for addition of more services in default list of services:

Mr.Rajesh Khakhariya, Authorised Representative of M/s. Inox India Limited,, KASEZ appeared before the committee and appraised requirement of additional service in addition to the list of sixty default authorised services granted in 61st UAC held on 18.11.2013. Mr.Rajesh informed the committee that they have submitted a list of 36 additional services and have given justification for the availment of same and wherever no justification is submitted the same may not be considered in this meeting.

The committee after due diligence and deliberation approved the following additional services, as detailed below:

Sl.No.	Name of the Service	Remarks
1	Air Travel Agent's Service	Included in the default list.
2	Business Auxillary Service	Approval accorded restricted to Services pertaining to Commission on sales and Rental charges.
3	Business Support Service	Included in the default list.
4	Life Insurance	Approval accorded subject the payment of premium amount by the company for the employees working in the unit. This will cover the life insurance of employees at factory premises only.
5	Rail Travel Agent's Service	Included in the default list.

71.3.3: Review of policy of Old & used clothing units:

The Chairman & Development Commissioner KASEZ, informed about the order No. 01/2014-15 dated 06.06.2014 issued by the office of Development Commissioner, KASEZ, according to which the used and mutilated clothes to be cleared in DTA are received in the designated area in the bales form and only 10% of the bales are opened and checked 100% and rest of the bales are allowed to be cleared for DTA sales without 100% phisical examination. The Development Commissioner also appraised the members that number of persons (including Chief Commissioner of Central Excise, Vadodara) have hinted at the misuse of the facility and therefore, the issue needs to be revisited, as it is in contravention of the policy received vide letter No. D.6/35/2012-SEZ dated 17.09.2013 from the DoC, which mandates 100% examination of the mutilated goods to be cleared for the DTA sales. The DC also informed that vide letter No. NIL dated 29.07.2014 , the KASEZ Industries Association have reprensted for continuation of the new system of allowing the goods to be cleared into DTA in baled condition and further demanded that as per the policy framed by the DoC, the examination to be carried out at the premises of the unit. In this regard, the DC observed that it was with a view to minimise the possibilities of diversion of un mutilated clothes to DTA sales that the examination is

being carried out in the designated area under the supervision of the team of Customs officers and under the surveillance of CCTV cameras. However, the KASEZ Industries Association is demanding that the examination should be done at the premises of the unit as per the policy dated 17.09.2013 of the DoC. The DC requested the members to peruse the various instructions/ guidelines annexed as Annexure-A to H enabling the discussions on review of the policy/ guidelines to strengthen the modalities of DTA clearances of Mutilated - Rags/ Wipers/ Chindi/ Old and Used Clothing in the next meeting so that the issues are brought to the notice of the DoC and the guidelines in the matter are sought.

The meeting concluded with thanks to all members.



(Vijay N. Shewale)
Development Commissioner
Kandla Special Economic Zone