

Minutes of the 92nd Unit Approval Committee Meeting of Kandla SEZ held on 19-02-2016 at 11.00 hrs. under the Chairmanship of Shri Upendra Vasishth, Development Commissioner, Kandla Special Economic Zone.

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**Following were present:**

1. Shri. Krishan Kumar : Joint Development Commissioner, KASEZ
2. Shri. Lalit P.Jain : Additional Commissioner of Income Tax., Gandhidham.
3. Shri. Y.N.Damle : FTDO, JDGFT Office, Rajkot
4. Shri. R.G. Khairkar : FTDO, KASEZ
5. Shri. Sumit Chauhan : Assistant Environment Engineer, Gujarat Pollution Control Board

**Absentees:**

1. Director (Banking)
2. Asstt. Collector/SDM
3. GM, DIC, Bhuj.
4. Customs Kandla.

**Review/confirmation of the Minutes of last meeting (91<sup>st</sup> UAC) of the Approval Committee:**

Minutes of the last meeting of Approval Committee were reviewed (except item no.91.3.1)

**92.1.1 Representation dated 17.2.2016 received from Kandla SEZ Inds. Association.**

The KASEZ Industries Association has represented requesting that the decision taken by the Approval Committee in its 91<sup>st</sup> meeting needs to be relooked into as the policy relating to worn and used clothing recycling units, plastic units and warehousing units have evolved over a period of time and different units are having different set of LoP terms issued in different time frame and hence they cannot be generalized under one yard stick. The Association requested to keep the decision of 91<sup>st</sup> UAC meeting (para 91.3.1) in abeyance till such time a generalized policy is evolved.

After detailed deliberations the Committee decided to keep in abeyance the decision taken as per Item 91.3.1 in the 91<sup>st</sup> UAC and directed the DC office to have a detailed study on the matter and then to put the said matter before the Unit Approval Committee. However, the Committee decided that henceforth, no new warehousing facility be allowed for items Worn and used clothing / Plastic waste and scrap.

**92.1.2                      Monitoring of policy of worn and used clothing.**

The Ministry Of Commerce and Industry, Department of Commerce vide their letter D.6/35/2012-SEZ dated 17-09-2013 issued policy regarding worn and used clothing in SEZ's

In reference to said letter dated 17-09-2013 and as per decision taken in the 60<sup>th</sup> BoA meeting held on 01-11-2013, this administration had renewed LoP's of all the 15 worn and used processing clothing units of KASEZ (Except M/s Safari Fine Clothing ) for further period of 5 years .

As per one of the Condition of the said renewal letters, each unit has to achieve a minimum physical export level prescribed at the end of specified period is as follows :-

PERIOD	Minimum Physical Export Obligation
At the end of 2 <sup>nd</sup> year	Not less than 40% of the total annual turnover
At the end of 4 <sup>th</sup> year	Not less than 80% of the total annual turnover
At the end of 5 <sup>th</sup> year	100% of the total annual turnover

The issue is discussed by the Committee in detail. The Committee noted that 13 units have met the condition of achieving 40% of export at the end of two years. It is noted that LoA of M/s Jindal International, KASEZ, was renewed on 11-06-2014 for the period of 5 years from 01-05-2014 to 30-04-2019, therefore two years period was not completed for the said unit, as on today. Committee noted that LoA of M/s Safari Fine Clothing, KASEZ, was not renewed after new policy dated 17-09-2013 issued by the DoC. It is also noticed that M/s Lotus recyclers (earlier known as Texool Waste savers) has submitted the data regarding import, Export, DTA clearance without C.A certification, just before UAC meeting. The Committee directed to the D.C office to inform the unit to submit C.A certified Data and then after putup before the Development Commissioner on file after proper scrutiny.



**92.1.3 Monitoring of Policy for Plastic scrap recycling Units.**

The Ministry Of Commerce and Industry, Department of Commerce vide their letter C.6/10/200-SEZ dated 17-09-2013 issued policy regarding units carrying out recycling of plastic scrap or waste in SEZ's.

In reference to said letter dated 17-09-2013 and as per decision taken in the 60<sup>th</sup> BoA meeting held on 01-11-2013, this administration had renewed LoP's of the 20 units carrying out recycling of plastic scrap or waste of KASEZ (Except M/s Anita Exports ) for further period of 5 years. LoP of M/s. R.R. Vibrant, KASEZ has been extended for five years period w.e.f. 30.12.2015, thus the monitoring is not done in this case.

As per one of the Condition of the said renewal letters, each unit has to achieve a minimum physical export level prescribed at the end of specified period is as follows :-

PERIOD	Minimum Physical Export Obligation
At the end of 2 <sup>nd</sup> year	Not less than 40% of the total annual turnover
At the end of 4 <sup>th</sup> year	Not less than 80% of the total annual turnover
At the end of 5 <sup>th</sup> year	100% of the total annual turnover

Now as per the LoA renewed by this office, two years period is completed on 30-11-2015. Further in reference to this office letter dated 26-11-2015, Only 03 units carrying out recycling of plastic scrap or waste of KASEZ have submitted data regarding Import, Physical Export, D.T.A. sale etc., duly certified by C.A. M/s Kandla Polyplast (I) Ltd. has submitted data not certified by C.A.

Committee observed that even after reminder letter dated 04-12-2015, non of the remaining unit has submitted data regarding Import, Physical Export, D.T.A. sale etc., duly certified by C.A.

Further after due verification, the Committee observed none of the four units have met the policy condition of achieving 40% physical export of total annual turnover at the end of 2<sup>nd</sup> year. The Committee directed to the D.C to issue SCNs to the said four units immediately for non achieving 40% physical export of total annual turnover at the end of 2<sup>nd</sup> year. For remaining units which have not given the data despite of reminders issued by the Administration, the Committee informed the DC office to get data from NSDL and then put before the Unit Approval Committee meeting.

**92.1.4 Review of the case of M/s. Integrated Warehousing Kandla Project as Co-Developer of KASEZ.**

Ministry vide letter No. F.2/18/2005-FPZ dated 15-02-2007 had approved the proposal of M/s Integrated Warehousing Kandla Project for setting up of FTWZ in KASEZ as a Co-Developer. The Committee observed that M/s. Integrated Warehousing Kandla has not been submitting any requisite returns under Rule 12 & 22.

Shri Mohammed Sagheer, CEO, of the Co – developer appeared before the UAC and explained that they have started works like land filling, construction of road/buildings etc. as per the Master Plan approved by the DCs Office. As regards to submission of Quarterly report, the representative informed that they will submit the returns within a week's time.

The Committee asked the co-developer to come forward with their tariff plan for approval by the DC Office to which they have agreed to submit early.

**92.2 Broadbanding proposals of KASEZ units.****92.2.1 M/s. MDS Lubricant Pvt.Ltd. KASEZ.**

M/s. MDS Lubricant Pvt.Ltd. KASEZ applied for broad banding of their existing LoA for trading of further items like Base Oil, Fuel Oil, HSD & LDO. It was noted that no representative of the unit appeared and hence the proposal was deferred.

**92.2.2 M/s. Om Siddh Vinayak Impex Pvt.Ltd., KASEZ.**

M/s Om Siddh Vinayak Impex Pvt. Ltd, KASEZ is engaged in the business of processing of Worn & Used Clothing vide LOA No. KASEZ/IA/1860/2001-02/10043 dated 30.01.2002 as amended from time to time.

The unit vide their letter dated 05.11.2014 had requested for Broad Banding of their existing LoA by adding following value added activities in addition to their current operations -

1. Rag pulling and garneting of used clothing to make fibre
2. Extract fibre and cotton from used clothing.
3. Make insulation and padding using used clothing.
4. Make non-woven and woven fabric using used clothing.
5. Extracting oil, carbon and gases from used clothing.
6. Dying & bleaching of used clothing.

The said issue was placed before the 88<sup>th</sup> UAC for discussion. The Committee after due deliberation decided to call for detailed process or activities at Sr. No. 5 & 6 i.e Extracting oil, carbon and gases from used clothing & dyeing & bleaching of used clothing from the unit.

Shri Harmeet Singh Kohli, Representative, of the firm appeared before the Committee and explained about their proposal. He informed that activity mentioned at Sl. No. 5 of their letter dated 05-11-2014 i.e. Extracting oil, carbon and gases from used clothing has been withdrawn due to non-viability of the activity as International price of crude oil has decreased drastically.

During the discussions the Committee noted that from the very beginning of activities of Used Cloth Industries in KASEZ, they were being encouraged for Value Added activities out of the used clothing. Therefore, the Committee observed that these Value Added activities as requested by M/s Om Siddh Vinayak Impex Pvt.Ltd., anyway, if performed by the worn cloth units will add to their value and accordingly export may increase. Therefore, Approval Committee was of the view that Value addition or up streaming in the value chain is also recommended and therefore, activities like, Rag pulling and garning to make fibre, extract fibre and cotton from used cloth, make insulation and padding using used cloth, make non-woven and woven fabric using used clothing, should be permitted. Accordingly, the Committee approved the activity mentioned at Sl. No. 1 to 4 of the units letter dated 05-11-2014. However, the Committee made it very clear that no DTA procurement of used cloth will be permitted. The Committee decided that the decision taken as above may be intimated to the Ministry also.

The Committee, however, did not agree to the activity mentioned at Sl. No. 6 'Dyeing and bleaching of Used clothing' of units letter dated 05-11-2014 at present, as opinion from the GPCB is required and therefore Committee asked the DC Office to refer the matter to GPCB for their comments. After receipt of comments from GPCB, said proposal may be put up in upcoming UAC for consideration.

### **92.2.3. M/s. Sujan Oil & Gas Infra Logistics, KASEZ.**

M/s. Sujan Oil & Gas Infra Logistics, KASEZ is an approved unit vide Letter of Approval No. KASEZ/IA/023/2009-10 dated 22.10.2009 for warehousing activity of Oil Exploration activity related equipments.

Mr. Vipin Sharma, DGM(Marketing) appeared before the committee and explained their proposal. He informed that they have submitted the proposal for permission for trading of 30 items which are coming under open category as per Import Export Policy. After due discussion, the Committee noted that out of the 30 items requested for trading activity, certain items like Sulphuric Acid, Ammonia,

Ethylene etc. many need GPCB approval. Therefore, the Committee asked, the units representative to obtain permission/NOC from the GPCB for the proposed 30 items.

In view of this, though the Committee agreed to the proposal in principle ; however, formal approval letter will be issued only after getting No Objection/Consent letter from GPCB.

The representative of the firm requested that as they have urgent export orders for item i.e MP DIOL, which covers under the ITC HS code 2905 3990 and also falling under the free category of Import/Export policy. However, due to typographic mistake they have mentioned ITC HS code 2915 3990 at Sl.No.20 instead of ITC HS code 2905 3990 and therefore this item i.e MP DIOL (ITC HS code 2905 3990) may be permitted. The Committee approved the units request and approved this item i.e MP DIOL (ITC HS code 2905 3990). However, for other items permission will be accorded only after getting confirmation from GPCB. The Committee also directed the DC office to put up the items on file to DC for permission.

**AGENDA :- ITEM No . 92.3**

**RATIFICATION OF REQUESTS ALREADY APPROVED ON FILE.**

Sl. No.	Name of the unit	Request dated	Request made for	Request approved on file
1.	M/s Vifor Pharma Pvt. Ltd	29-01-2016	Change in name	15-02-2016
2.	M/s. Shree Bhagwati Lubricant Industries	05-12-2015	For addition of manufacturing activity of HDPE/LDPE Bottles and Can	05-02-2016
3.	M/s Woco Motherson Advanced Rubber Technologies Limited	08.01.2016 and 27.01.2016	Change in Shareholding, Directors and name	09.02.2016
4.	M/s Dyna Glycols (Table Agenda)	27-01-2016	Broad Banding and addition of new product SA-01 Fatty Acid Ester	19-02-2016

After due deliberation, the Approval Committee ratified/approved action taken in above mentioned four cases.

#### **92.4 New Proposals to set up units in KASEZ.**

##### **92.4.1 . M/s. Ashmeer Global, New Delhi.**

Their proposal is for setting up a unit in Kandla Special Economic Zone for Manufacturing of Guthka (ITC HS Code:24039990), Scented Khaini(ITC HS Code:24039930), Flavoured Chewing Tobacco(ITC HS Code:24039910), & Pan Masala(ITC HS Code:21069020).

The said proposal was put up before the 78<sup>th</sup> Unit Approval Committee of KASEZ (Item No. 78.1.3) held on 17<sup>th</sup> March 2015, the Committee after due deliberation informed the applicant that as per the Industrial Policy, the activity for which permission is sought, does not fall within the preview of the Approval Committee and Board of Approval is competent Authority to approve such activity. Therefore it was decided to refer the proposal to BoA for approval.

However the Ministry of Commerce, DoC, vide their letter No. D.1/20/2015-SEZ dated 15-02-2016 informed that the Department Industrial Policy and Promotion vide their O.M. No. 15(35)/2015-CI dated 18-12-2016 has informed that it had not issued any License for manufacturing cigratte, Cigar etc. after the year 1999. The Department of Industrial Policy and Promotion has also confirmed that there is no restriction on manufacturing of Gutka, Scented Khaini, Flavoured Chewing Tobacco and Pan Masala and as on date these are non-licensable products. The Department of Commerce also informed that, since there is no restriction in the manufacturing of Gutka, Scented Khaini, Flavoured Chewing Tobacco and Pan Masala, the Approval Committee would be competent to approve units intending to manufacture the same subject to condition as per regulation 2.3.4, of Food Safety and Standard (Prohibition and restriction on Sales) Regulation 2011 of the respective state.

Mr. Alok Kumar Arya , Director, of the firm appeared before the Committee and explained their proposal. He informed that they have manufacturing unit in the name and style of "Apsana Global Sugandhy (P) ltd in Noida (UP) and has market under the brand name "RAFIQUA 306", which is exported to major parts of globe such as KSA, UAE, OMAN, YEMEN, SOUTH AFTICA etc. In the year 2013-14 their export turnover in the tune of Rs.1100.00 lacs.

The committee noted that as per notification dt 10.09.2015 issued by the Food Safety and standard Act 2006, the state government of Gujarat has allowed for manufacturing storage distribution or sale of guthka and pan masala known by any names containing tobacco or a nicotine to 100% Export Oriented Units upto 11.09.2016. The Committee after due deliberation approved the proposal for issue of

in principle LoA subject to the condition that the unit getting space through bidding process or by getting space transferred on regular basis from any existing units in the KASEZ. This is also subject to following conditions:

1. The finished goods shall be 100% physically exported.
2. No DTA sale shall be allowed at any circumstances and if at any stage. Govt. of Gujarat withdraws permission for operating of export units for manufacture of Pan Masala & Gutka, the operation of the unit in KASEZ will cease therefrom.
3. They shall follow all the GPCB norms for manufacture and disposal of the waste.
4. The applicant shall submit an undertaking regarding no offence case booked against them by DRI, Income Tax and Central Excise Authorities

**92.4.2. M/s. Kishore Export House, Varanasi, U.P.**

Their proposal is for setting up a unit in Kandla Special Economic Zone for Manufacturing of Guthka (ITC HS Code:24039990) , Khaini, Filter Khaini & Pandharpuri Khaini (ITC HS Code 24039910, 24039920), Zarda(ITC HS Code 24039930), Pan Masala(ITC HS Code: 21069020).

The said case was referred to MoC&I/BoA vide letter dated 28-07-2015, for consideration, as the said case is falling under Sub-Section 2(e) of Section 9 of SEZ Act 2005 read with Sub-Rule 3 of Rule 17 of SEZ Rules 2006 and therefore Industrial License is required under the Industries(Development and Regulation) Act 1951. Therefore Board of Approval is competent Authority to approve such activity.

However the Ministry of Commerce, DoC, vide their letter No. D.1/20/2015-SEZ dated 15-02-2016 informed that the Department Industrial Policy and Promotion vide their O.M. No. 15(35)/2015-CI dated 18-12-2016 has informed that it had not issued any License for manufacturing cigratte, Cigar etc. after the year 1999. The Department of Industrial Policy and Promotion has also confirmed that there is no restriction on manufacturing of Gutka, Scented Khaini, Flavoured Chewing Tobacco and Pan Masala and as on date these are non-licensable products. The Department of Commerce also informed that, since there is no restriction in the manufacturing of Gutka, Scented Khaini, Flavoured Chewing Tobacco and Pan Masala, the Approval Committee would be competent to approve units intending to manufacture the same subject to condition as per regulation 2.3.4, of Food Safety and Standard (Prohibition and restriction on Sales) Regulation 2011 of the respective state.



Mr. Manish Bagaria, Branch Head, of the firm appeared before the Committee and explained their proposal. He informed that the proprietor has experience of over three decades in the tobacco business and has resulted in tremendous success of the firm. The firm is rapidly growing multi diversified conglomerate with a export turnover of Rs. 49.50 Crs. He also informed that proprietor has remained committed towards creating premium quality product and creating brand "JAGMAG". Apart from chewing tobacco products, the firm also manufactures mouth freshner and pan favouring material under brand name "Ras Gilori".

The committee noted that as per notification dt 10.09.2015 issued by the Food Safety and standard Act 2006, state government of Gujarat has allowed for manufacturing storage distribution or sale of guthka and pan masala known by any names containing tobacco or a nicotine to 100% Export Oriented Units upto 11.09.2016. The Committee after due deliberation approved the proposal for issue of in principle LoA subject to the condition that the unit getting space through bidding process or by getting space transferred on regular basis from any existing units in the KASEZ. This is also subject to following conditions:

1. The finished goods shall be 100% physically exported.
2. No DTA sale shall be allowed at any circumstances and if at any stage. Govt. of Gujarat withdraws permission for operating of export units for manufacture of Pan Masala & Gutka, the operation of the unit in KASEZ will cease therefrom.
3. They shall follow all the GPCB norms for manufacture and disposal of the waste.
4. The applicant shall submit an undertaking regarding no offence case booked against them by DRI, Income Tax and Central Excise Authorities

**92.4.3. M/s. R.K.Exports, Kanpur, Uttar Pradesh.**

Their proposal is for setting up a unit in Kandla Special Economic Zone for Manufacturing of Guthka (ITC HS Code:24039990) , Khaini (ITC HS Code 24039910) Zarda(ITC HS Code 24039910), Pan Masala(ITC HS Code: 21069020).

Mr. Hinesh Jobanputra, Marketing Head, of the firm appeared before the Committee and explain their proposal. He informed that they have two units of Pan Masala in Hyderabad and the brand of their product is "SAGAR"

The committee noted that as per notification dt 10.09.2015 issued by the Food Safety and standard Act 2006, state government of Gujarat has allowed for manufacturing storage distribution or sale of guthka and pan masala known by any names containing tobacco or a nicotine to 100% Export Oriented Units upto

11.09.2016. The Committee after due deliberation approved the proposal for issue of in principle LoA subject to the condition that the unit getting space through bidding process or by getting space transferred on regular basis from any existing units in the KASEZ. This is also subject to following conditions:

1. The finished goods shall be 100% physically exported.
2. No DTA sale shall be allowed at any circumstances and if at any stage. Govt. of Gujarat withdraws permission for operating of export units for manufacture of Pan Masala & Gutka, the operation of the unit in KASEZ will cease therefrom.
3. They shall follow all the GPCB norms for manufacture and disposal of the waste.
4. The applicant shall submit an undertaking regarding no offence case Booked against them by DRI, Income Tax and Central Excise Authorities

**92.4.4. M/s. Unique Tobacco Products, Hyderabad.**

Their proposal is for setting up a unit in Kandla Special Economic Zone for *Manufacturing Activity of Scented Supari, Mouth fresheners, Pan Masala (ITC HSN 21069020) Pan Masala Containing tobacco, Zarda (ITC HSN 24039990)* in Kandla SEZ, Gandhidham under the Proprietorship firm.

Mr. B.S. Rajpurohit, C.A. & Mr. Hari Desai, Authorized Signatory, of the firm appeared before the Committee and explain their proposal. He also informed that M/s. Unique Tobbaco Products is a Proprietorship firm promoted by Mr. Sayed Irfanuddin. Promoter is having total experience of 10 years in relevant field. 6 years in manufacturing and 4 year in marketing and sales of the product. He also informed that last year's turnover is Rs. 20 crores and they will utilize and their brand is "RR" (Red Rose).

The committee noted that as per notification dt 10.09.2015 issued by the Food Safety and standard Act 2006, state government of Gujarat has allowed for manufacturing storage distribution or sale of guthka and pan masala known by any names containing tobacco or a nicotine to 100% Export Oriented Units upto 11.09.2016. The Committee after due deliberation approved the proposal for issue of in principle LoA subject to the condition that the unit getting space through bidding process or by getting space transferred on regular basis from any existing units in the KASEZ. This is also subject to following conditions:

1. The finished goods shall be 100% physically exported.

2. No DTA sale shall be allowed at any circumstances and if at any stage. Govt. of Gujarat withdraws permission for operating of export units for manufacture of Pan Masala & Gutka, the operation of the unit in KASEZ will cease therefrom.
3. They shall follow all the GPCB norms for manufacture and disposal of the waste.
- 4.. The applicant shall submit an undertaking regarding no offence case booked against them by DRI, Income Tax and Central Excise Authorities

The meeting ended with vote of thanks of the chair.



(Upendra Vasishth)  
Development Commissioner,  
Kandla Special Economic Zone.