

Minutes of the 93rd Approval Committee Meeting held on 03-03-2016 AT 11:00 HRS. under the Chairmanship of Shri. UpendraVasishth, Development Commissioner, KASEZ.

Following were present:

1. Shri. Krishan Kumar : Joint Development Commissioner, KASEZ.
2. Shri. Lalit P. Jain : Additional Commissioner of Income-Tax, Gandhidham.
3. Shri. R. G. Khairkar : Foreign Trade Development Officer, Rep. of DGFT.

Absentees:-

1. Director (Banking)
2. SDM
3. GM, DIG, BHUJ
4. Representative from Kandla Customs

Review/Confirmation of the minutes of last meeting (92nd UAC) of the Approval Committee:-

Minutes of the last meeting of Approval Committee was confirmed.

93.1 Broad Banding request for existing LoA

93.1.1 Flamingo Logistics, KASEZ

Their proposal is for permission for warehousing of "Used Empty Printer Cartridges". Shri. Kiran Singh Kochar, Partner, of the unit appeared before the Committee and explained their proposal. He explained that the Parent Company is a foreign company and that no DTA sale is involved. He also explained that there will be no processing on the goods after the same is received in SEZ and that they will be only exporting the goods as per their foreign client's requirement.

However, the Committee after due deliberations reiterated that KASEZ has been following a practice of not permitting any second hand goods in the warehousing units. Thus, their proposal for importing second hand goods in a Warehousing Unit, is rejected.

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93.1.2 MDS LUBRICANTS PRIVATE LIMITED, KASEZ

M/s MDS Lubricant Pvt. Ltd., KASEZ is an approved unit for Trading activity of Lubricants (27101980), Marine Chemicals (34029011), Wire ropes and Plastic Ropes (56072100, 56074100), Engineering and Welding products (83111000) vide LOA No. KASEZ/IA/27/2009 dated 09-11-2009. The said unit has commenced their activity with effect from 20.01.2010. Their LOA is valid upto 19-01-2020.

The said unit vide letter dated 12-01-2016 requested for Broad Banding in their LOA for addition of following items for trading activity:

Sr. No.	Items	ITC HS Code
1	Base Oil	27101960
2	Fuel Oil	27101950
3	High Speed Diesel (HSD)	27101930
4	Light Diesel Oil (LDO)	27101940

Regarding HSD and LDO which are allowed to be imported through IOC (A state Trade enterprise) as per foreign Trade Policy. The Committee, however, noticed that as per Proviso inserted in Rule 26 of Foreign Trade Policy, restrictions on State Trading Enterprise shall not apply to SEZ Manufacturing Unit. Further Rule 27(1) of the SEZ Rules 2006, mentions that the SEZ Units can import goods for authorized operation except prohibited Items. Prohibited Items are permissible with the approval of DoC only. During discussion, it also transpired that Permission for trading of such items is already granted to certain other units in the Zone. The Unit Representative mentioned that they will be supplying the items to Foreign Outgoing Vessel and other SEZs and EOU units only. Thus, the Committee approved Broad Branding of these four items subject to the conditions that there will be no DTA sale.

93.1.3 RAGHVANI TEXTILE PRIVATE LIMITED

M/s. Raghvani Textiles Pvt. Limited, KASEZ is holding LoA No. KASEZ/IA/1749/99/5299 dated 23.08.1999 as amended/ extended from time to time for manufacturing of reprocessed Garments, used clothing/secondary textile materials/ clipping/ rags/ industrial wipers/ shoddy wool/ yarn/

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blankets/ shawl and other recyclable textile materials. The validity of their LoA is valid up to **30.11.2018**.

The unit vide their letter dated 22.01.2016 requested to include various "Business Auxiliary Services" in the list of Services for Service tax Exemption. The Committee observed that most of the services seemed to be covered under various services already included in the default list, as shown in the table below;-

SL No.	Services proposed by the Unit for service Tax Exemption	Various Services as mentioned in default list of 66 Items
1	Documentation Charges	Clearing & Forwarding Agent
2	Seal Charges	Transport of Goods Services
3	Survey fees	Survey & Map making services
4	Container Cleaning & Washing Charges	Cleaning Activity Service
5	Facilitation/processing fees	Cargo Handling Services
6	Delivery Order Fees	Other port services
7	Repair Facilitation charges	-
8	Storage and Demurrage Charges	Storage & Warehousing
9	Other Charges if any related to transporting/ handling of import & Export by sea.	Transport of Goods Service

The Unit's Representative did not appear before the Committee. The Committee decided that in view of the table above, the Unit may re-work on its request and if there is any problem, it may come up with detailed justification. As regard, 'RepairFacilitation charges' it was decided that the Unit will furnish detail justification for consideration of DC office on file.

93.2.1 COMMODITIES TRADING

M/s Commodities Trading, KASEZ, is an approved unit vide LoA dated 19-08-2013 for warehousing service Activity.

The unit have requested for addition of Trading Activity to their already approved LoA. The unit has given a list of following Items they intend to trade.

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Sl. No.	Items	HS code
1	Lubricants	27101980
2	Castor Oil	15153090
3	Flexi Tank / Flexi / Barrels(Packing material for castor oil)	73101090 39232990
4	High Speed Diesel	27101930
5	Furnace Oil	27101950
6	Super Kerosene Oil	27101910
7	Plastic Granules	39019010, 39011010, 39019090, 39021000
8	Plastic Regrinds and Agglomerates	39021000, 39023000, 39019090, 39012000

Regarding High Speed Diesel and Super Kerosene Oil which are allowed to be imported through IOC (A state Trade enterprise) as per foreign Trade Policy. The Committee noticed that as per Proviso inserted in Rule 26 of Foreign Trade Policy, restrictions on State Trading Enterprise shall not apply to SEZ Manufacturing Unit. Further Rule 27(1) of the SEZ Rules 2006 mentions that the SEZ Units can import goods for authorized Foreign except prohibited Items. Prohibited Items are permissible with the approval of DoC only. During discussion, it also transpired that Permission for trading of such items is already granted to certain other units in the Zone. The Unit's Representative mentioned that they will be supplying the items to Foreign Outgoing Vessel and no DTA Sale of the above said goods will be there. Thus, the Committee approved Broad Branding of these six items (at Sl No. 1 to 6) subject to the conditions that there will be no DTA sale.

As regards to Plastic Granules and Plastic Regrinds & Agglomerates mentioned in SL No. 7 & 8 of the table above, the Committee noted that these items are free for import and export and thus allowed Broad Branding of these two items also.

93.2.2 ESSKAY NIRYAT CORPORATION

M/s. EsskayNiryat Corporation, KASEZ is an approved unit vide LOA No.02/2015-16 dated 28.04.2015 for Manufacturing Activity of Pan Masala and Zarda. Their LoA is valid upto 27.04.2016.

The proposal was for the following:

- (A) Broad banding in existing letter of approval and addition of manufacturing of Perfumery compound in their LoA.
- (B) Permission to remove Wastage- Supari Powder and Super Chilka (Peals) into DTA after paying appropriate duty.

(A). The unit has requested that one of the ingredients in manufacturing process for their final product i.e Pan Masala and Guthka is perfume/ Sugandhi, which they are presently importing or procuring from DTA .

The unit now intends to manufacture this product in house for captive consumption. The HSN code of the product is 33021090 and the product is free as per Import/Export policy.

Shri S.K. Shetty also mentioned that they have expertise in manufacturing of Perfumery products and these products can be exported later on. The committee after deliberation approved the proposal.

(B). As regards to Sl No. B above, Mr. S.K. Sethi, partner, appeared before UAC and explained that during the process, about 15 Tons of Supari powder & superichilka (peals) have accumulated at their factory. The said item is of no use at their factory. However, as per the condition stipulated in their LoA, 100% of the manufactured goods shall be exported and no DTA sale of goods shall be permissible under any circumstances. The representative informed that due to this condition they are not permitted to remove the waste accumulated out of their manufacturing process.

The Committee deliberated on this issue, and in view of the practical situation the Approval Committee decided that removal of this waste may be permitted for destruction at the designated site of GPCB. The waste material may be removed with escorting of an Officer of KASEZ Customs to the designated site.



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93.2.3 TRANSWORLD FURTICHEMPRIVATE LIMITED

M/s. TransworldFurtichemPvt. Ltd., KASEZ is an approved unit vide Letter of Approval No. KASEZ/IA/024/2004-05 dated 24.10.2004 for manufacturing activity of N. P. K. Fertilisers. The said LoA is valid up to 15.02.2017.

This office vide letter dated 14.12.2005 has approved trading activity (export only) of permissible fertilizers under their existing LoA No. KASEZ/IA/024/2004-05 dated 24.10.2004.

The unit vide their letter dated 08.02.2016 has requested for addition of Ammonium Chloride in trading activity in Letter of Approval/Permission No.KASEZ/IA/024/2004-05 dated 26.10.2004.

Shri LalAdvani and Shri OP Gupta of the unit appeared before the Committee and mentioned that they have ready export order for Ammonium Chloride. The Committee noted that the said Item i.e Ammonium Chloride having HS Code No. 31029090 falls under free category in import/export policy and, thus, approved the proposal of the said Unit.

93.3 NEW PROPOSALS TO SET UP UNITS IN KASEZ.

93.3.1 M/s NYMAK PHARMA LTD.

M/s. NymakPharma Limited, Plot No. 80, Shop No. 42, GF, Sector – 8, Gandhidham – 370201, has filed an application vide Ref. No. Nil dated 02-03-2016 for setting up a unit in Kandla Special Economic Zone for Manufacturing of Pharma Products mentioned below :-

1. Sterile Water for injection IP/BP/USP5ml/10ml/20ml/30ml in plastic ampoules : (30049099)
2. Dextrose Injection B.P 5ml/10ml : (30049099)
3. Sodium Chloride Injection B.P 5ml/10ml/20ml : (30049099)

The said items are falling under Free Category as per Import/Export Policy category.

As per their proposal, the project cost is Rs.3677.00 Lakhs and finance will be met from term loan and Share Capital, Reserves & Surplus. The unit is going to procure Indigenous Capital goods of Rs.250.00 Lakhs. The unit will

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procure indigenous material and other inputs of Rs.2576.60 Lakhs in next five years.

In their foreign exchange balance sheet for next five year promoter has shown projection of foreign exchange earning as mentioned below:

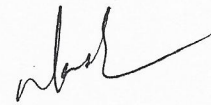
FOB value of export	-	Rs. 7326.12 Lakhs
Foreign exchange outgo	-	Rs. 851.00 Lakhs
N.F.E.	-	Rs. 6475.12 Lakhs

It was also projected that the employment for 80 people will be generated and the Promoters of the Unit have experience of about 2 decades in the field.

Shri.HareshAdvani and Shri.VinodNankani, Promoters of the unit appeared before the Committee. They explained that they are already in the business of manufacturing of Pharma product for export. They are interested in starting a manufacturing unit in KASEZ.

The Representative of the Units could not explain proposal as to how will they meet the requirements of the capital required. The Committee asked them to submit their income tax Returns/ other financial proof/ viable plan to meet the requirements of the Capital. Approval Committee deliberated and found the proposal acceptable and it was decided that after receipt of the said information from the applicant, the case would be examined on file and the permission to set up a unit for Manufacturing of Pharma Products mentioned above may be granted with the approval of Development Commissioner, KASEZ. After obtaining space in KASEZ the final approval may be issued.

The meeting ended with vote of thanks of the chair.



(UPENDRA VASISHTH)
Development Commissioner
Kandla Special Economic Zone