

Minutes of the 10th Meeting (2017 Series) of the Units Approval Committee (UAC) for EOUs held on 11.07.2017 at 11:30 Hrs. in the Office Chamber of the Development Commissioner, Administrative Building, Kandla SEZ, Gandhidham under the Chairpersonship of Shri Upendra Vasishth, NDC, Development Commissioner, KASEZ.

Following were present:

- (1) Shri Krishan Kumar, JDC, KASEZ
- (2) Shri Rajesh Kumar, DDC, KASEZ.
- (3) Shri J.P. Meena, Asstt. Commissioner, Central GST, Div.VII, Bharuch Commissionerate. (for sl. No. 1)
- (4) Shri Manjunatha T, Dy. Commissioner, Jamnagar Commissionerate (for sl. No. 4)
- (5) Shri R.G. Khairkar, FTDO, KASEZ.

1. M/s. ATC Tires Pvt Ltd., Bharuch.

M/s. ATC Tires Pvt. Ltd., was approved for setting up a unit at Bharuch for manufacturing of 'New Pneumatic Tyres of Rubber, Tyre flap, Inner Tubes of Rubber, Solid Tyre of Rubber and Tyre Assembly Activities', vide LoP No.KASEZ/100% EOU/II/02/2013-14/4016 dated 16.07.2013 .

2. The unit has requested for Amendment in LoP as follows:

Item of Manufacture	Amended Items of Manufacture
New Pneumatic Tyres of Rubber, Tyre flap, Inner Tubes of Rubber, Solid Tyre of Rubber and Tyre Assembly Activities.	New Pneumatic Tyres of Rubber, Tyre flap, Inner Tubes of Rubber, Solid Tyre of Rubber and Tyre Assembly Activities including "Tyre & Tube", "Tyre, Tube & Flap, Tube Flap & Rim" .

3. Shri J.V. Niranjana, authorized representative & advocate and Shri Brij Mohan Dhiman, GM- Commercial of the company appeared before the UAC and explained about their proposal and stated that presently they do not manufacture tubes, flaps & Rim in their plant, which are required for Tyre Assembly and they outsource the same from Domestic Suppliers/import. They also stated that they will supply tyres and Inner Tubes, Tyre Flap, Rim & Valve as per Customer's specific need in assemblies or as consolidation to overseas buyers as well as DTA buyers.

Contd...2.

4. The unit has also furnished their export turnover in past two years as below:

Year	Exports (Rs. In crores)	DTA (Rs. In crores)	Total (Rs. In crores)
2015-16	314.78	0.11	314.89
2016-17	609.49	4.27	613.76
2017-18 (upto 30.06.2017)	173.81	7.63	181.44
Total	1098.08	12.01	1110.09
Turnover %	98.92%	1.08%	100.00%

5. After discussions, the committee took note of the fact that on an appeal made by the unit against earlier decision of UAC meeting No.5th (2017 series) dated 28.02.2017, the DoC did not take the appeal as it was not made at Appellate Authority, however it asked office of DC to reconsider the case of the unit, as per definition of 'manufacturing' vide letter No.13/11/2017-EOU dated 26.04.2017 (Annexure'A'). The committee took note of following definition of manufacturing given in para 9.31 of FTP:

"Manufacture" means to make, produce, fabricate, assemble, process or bring into existence, by hand or by machine, a new product having a distinctive name, character or use and shall include processes such as refrigeration, re-packing, polishing, labeling, Re-conditioning repair, remaking, refurbishing, testing, calibration, re-engineering.

Manufacture, for the purpose of FTP, shall also include agriculture, aquaculture, animal husbandry, floriculture, horticulture, pisciculture, poultry, sericulture, viticulture and mining."

6. The committee also noted the fact that tyres are manufactured by the unit and other items are procured from others and that as per nomenclature of activities may fall into following categories:

- (i) Assembly of 'New Pneumatic Tyres of Rubber, Tyre flap, Inner Tubes of Rubber, Wheel/rim and valve (or without valve).
- (ii) Consolidation of any one or more items, viz., Tyre flap, Inner Tubes of Rubber/Rim/Valve with Tyre without assembly.

Contd...3.

7. The Committee noted that while assembly activities fall under the category of manufacture; other activity where goods are just sent in consolidation (without parts being actually assembled) would be treated as consolidation of goods with 'Tyre' which the unit actually manufactures & hence will be covered under para 6.01(k) of FTP which will require approval of BoA. Goods upto 5% of FOB Value of such manufactured articles exported by the unit in preceding financial year can only be allowed to be imported/procured indigenously duty free.
8. The Committee decided to approve the activities of Assembly of 'New Pneumatic Tyres of Rubber, Tyre flap, Inner Tubes of Rubber, Wheel/rim and valve (or without valve)' and directed the unit to give value of exports yearwise of goods falling under category 6(i) and FoB Value of tyre in 6(ii) which is to be taken as FoB value of manufactured goods. The unit is also to provide value of goods consolidated with Tyre and falling under category 6 (ii). Unit submitted the information & is annexed at 'Annexure B'.

2. M/s. Q.V. Labs Pvt. Ltd., Ankleshwar, Bharuch.

M/s. Q V Labs Pvt. Ltd. was approved for setting up a new unit at Plot No. 4616, GIDC Indl. Estate, Ankleshwar, Dist. Bharuch-393 002 for manufacturing of Isopropyl Thiogalactose Tetraacetate (Fine Chemical), etc. vide LoP dated 17.01.2008. The unit has started its commercial production on 03.10.2008.

2. The unit has informed in their letter dated 19.05.2017 that their plant is multi product plant and their range of products is very large, so to develop the New Products, they are in process to develop a new set up of Research and Development (R&D) in their existing premises.
3. The Jt. Development Commissioner has pointed out that we may get clarification from the unit that how they will account for R & D work as per the new scenario of GST under which for DTA clearance, duty on inputs is to be reversed and also whether new set up of Research and Development (R&D) is for development of their products only or for others also.
4. No representative of the unit appeared before the UAC. The chairman directed that the request of the unit may be put up before next UAC after getting above clarification and confirmation of their attendance; as on earlier occasion also, their proposal has to be deferred. Therefore, the committee decided to defer the proposal.



Contd...4.

3. M/s Reliance Defence and Engineering Ltd.(RDEL), Port of Pipavav, Distt. Amreli: Request for Broadbanding of LOP

M/s RDEL vide letter dated 13.05.2017 submitted the modified proposal for consideration in relation to minutes of 11th Meeting (2016 series) of UAC,. The unit requested for broad-banding of their LOP for inclusion of activities of decommissioning/dismantling of offshore structures and cutting of structures.

Mr Trivedi, representative of the unit, alongwith other two, appeared before the Committee and explained the proposal. He clarified that the unit will do the decommissioning activity at the shipyard. There is big scope for decommissioning of outlived offshore platforms. It is anticipated that in next five years well platforms in fields located off Gujarat coast will also come up for decommissioning and degutting / refurbishments. It is proposed to set up State of the Art Onshore Decommissioning Facility at Offshore Yard. There is no dismantling facility company in India in relation to offshore platforms. Further, He informed that the Panna-Mukta-Tapti joint venture (PMT JV), consisting of ONGC, RIL and BGEPIIL, plans to carry our decommissioning of 05 well head platforms in the Tapti field in 2018-19. Each platform consists of a Jacket and the Topsides. These structures are proposed to be removed from the Tapti field and transported onshore by the PMT JV's offshore works contractor for further onshore demolition/scrapping/disposal. M/s RDEL has submitted Expression of Interest (EOI) to BGEPIIL for Onshore disposal of Topsides and Jackets.

Observation/Decision of the Committee:

The Committee deliberated on the proposal of their Broadbanding of LOP and decided to ask the unit the following points:

- (a) Provide ITC HS of raw material and finished goods related to activities of decommissioning/dismantling of topside structure and cutting of structures.
- (b) Details of supplier and the buyer?
- (c) Whether they are providing services or it is manufacturing?
- (d) Route of foreign exchange earnings.
- (e) Whether sub-contracting will be involved?
- (f) Enlist the activities to be performed at yard.
- (g) What will be effect of their proposal of Integration of SEZ and EOUs?
- (h) Flow chart activities.
- (i) Whether any third party export of goods would be required?

The Committee deliberated on this issue and found that there is need to get more clarity in the proposal, as list of unexplained point remains. The Committee decided to defer the proposal and also directed the unit to clearly explain their production process as well as financial issues/transaction involved in the process.



Contd....5.

4. M/s Euro Steel Recycling, Jamnagar, Gujarat : Request for new unit

M/s. Euro Steel Recycling, Survey No. 89/2/3, Jamnagar Rajkot Highway, Opp. Hotel Mansi, Khijadiya Bypass, Village-Khijadiya, Taluka-Jamnagar-361120, have applied for setting up a new unit under 100% EOU scheme at Survey No. 89/2/3, Jamnagar Rajkot Highway, Opp. Hotel Mansi, Khijadiya Bypass, Village-Khijadiya, Taluka-Jamnagar-361120, for manufacturing of Brass parts for electrical & electronic apparatus, compressor parts, brass builder hardware, sanitary ware, kitchenfitting, motor vehicles, brass hand tools, casted/rolled bars, non ferrous metals and electrical insulating fitting. The nature of the applicant firm is Proprietorship.

The Proprietor of the company appeared before UAC for personal interview.

Observation/Decision of the Committee:

The Chairman pointed out that in the application form ANF – 6A, there are two different figures for Plant and Machinery one at VII (a) Indigenous Capital Goods Rs.48.00 lakhs and another at IX(c) Plant and Machinery Indigenous Rs.115.00 lakhs. The Applicant was directed to clarify which is correct figure. The Committee further directed the applicant to furnish the itemwise details of costing of plant and machinery alongwith documentary evidence. Applicant submitted a letter, clarifying the mistake. However UAC decided to ask for evidence of cost of Plant & Machinery indicated.

The Committee also requested the jurisdictional Assistant/Deputy Commissioner, Goods and Service Tax, Jamnagar to send physical verification report of the premises of the Applicant.

The Committee decided to defer the proposal till the above mentioned clarification/report is received.

The meeting ended with thanks to all present.



(UPENDRA VASISHTH)
Development Commissioner
Kandla Special Economic Zone



No. 13/11/2017-EOU
Ministry of Commerce & Industry
Department of Commerce
EOU Section

Udyog Bhawan, New Delhi
Dated 26 April, 2017

To

M/s ATC Tires Pvt. Ltd.,
Plot No. D-III/23 & 23-A, Dahej Industrial Estate-III,
Village Samantpore, Taluka Vagra,
Dist. Bharuch, Gujarat - 392 130

Sub: Appeal filed by M/s ATC Tires Pvt. Ltd. against the decision of DC, KASEZ.

Sir,

I am directed to refer to your appeal dated 20.03.2017 filed against the decision of DC, KASEZ in respect of rejection of your request for amendment in LoP vide letter dated 24.03.2017 and to say that the matter was examined by this Department and it is observed that the appeal under Section 9(g) read with Section 9(2)(b) of SEZ Act is not tenable for a unit under EOU Scheme. Therefore, your appeal alongwith DD is returned herewith.

Encl: As above Axis Bank D.D. No. 009328
for Rs 2500/-

Yours faithfully,

(G. Srinivasan)

Under Secretary to the Government of India

Tel: 23062496

E-mail: srinivasan.g@nic.in

Copy to: The Development Commissioner, KASEZ with a request to re-examine the matter in light of the definition of Manufacturing as mentioned in Para No. 9.31 of FTP 2015-20 (Copy of appeal enclosed).



Subject: FW: Letter for UAC Meeting reg LOP Amendment

To: dc.kasez-gj@gov.in, zonaldckandla@gmail.com

Cc: bmurthy@atgtire.com, 'Neel Ratan Soni' <nsoni@atgtire.com>, ashinde@atgtire.com

Date: 07/13/17 05:49 PM

From: Brij Mohan Dhiman <bdhiman@atgtire.com>

image001.png (11kB)

KASEZ LETTER DTD.27.06.17.pdf (294kB)

Respected Sir,

Kindly consider our below written Submissions aftermath the Personal Hearing in the Unit Approval Committee on 11/07/2017

14-11
2017
14/10/17

DOC
Include figures in body
14.7.17

1. We submit that we are engaged in manufacture of new pneumatic tyres of rubber and the tyres so manufactured are mainly exported. Our export turnover in past two years is as below:

Year	Exports (Rs. Crores)	DTA (Rs. Crores)	Total (Rs. Crores)
2015-16	314.78	0.11	314.89
2016-17	609.49	4.27	613.76
2017-18 (Up to 30 th Jun-17)	173.81	7.63	181.44
Total	1098.08	12.01	1110.09
Turnover %	98.92%	1.08%	100.00%

We are exporting around 99% of total turnover.

2. We submit that our finished goods (Tyres) are mainly for Export Market as figures shown above, however some of the customers and OEM's insist us to have tyres with tyre assemblies like Tube, flap, Valve and Rim in supply set.
3. These tyre assemblies tubes, flaps, valves and rims are essential items for tyre functioning. Tubes will be put inside the tyres and then inflated. Flaps are also useful and make functioning of tyres more convenient and trouble free.
4. These tyre assemblies will be bought out items and will be procured to meet requirements of our customers.
5. These tyre assemblies will be tested as per the customer's specification and these tested and approved tyre assemblies will be then shipped /dispatched to the Customer(s).
6. Since all these above items are within broad category of Tyre and tyre assembly with the ancillary items (i.e. Set of tyre + Tube + Flap+ Rim), therefore we wish to bring to your kind notice that in order to execute these orders we do not require any additional machineries /equipment except few small equipment for assembly, air filing and testing equipment (which cost would be upto Rs. 10 Lacs approx.). However, this broadening of product range would enable us to increase our sales turnover in quantities and value.
7. We are confident that with the inclusion of requested tyre assemblies which will help us in bringing in more orders and consequently having **better net earnings in foreign exchange**.
8. Furthermore, in current GST regime we will procure tyre assemblies with applicable payment of Goods and Service Tax since CT-3's and Procurement Certificate's will no more exist in current GST regime.
9. In light of the above, we request to broadband operations by clearly including the following as tyre assembly activities in our LOP:
- › Tyres and tubes with tubes inserted inside the tyres and inflated
 - › Tyres, Flaps and tubes with tubes inserted inside the tyres and inflated

2 Tyres, tubes, flap and wheel/rim
3 Tyres, tubes, flap, wheel/rim and valve

Hence, in view of above further submissions, it is prayed that permission to be granted to us and for this act of your kindness we shall be ever grateful. We further submit that we shall abide by any conditions that may be imposed pursuant to the permission that may be granted.

Regards

Brij Mohan Dhiman

GM- Commercial

ATC Tires Pvt. Ltd. (Member of Alliance Tire Group),

Plot No.D-III/23&23A, Dahej Industrail Estate-III, Village-Samantpore, Taluka Vagra, Dist. Bharuch, Gujarat -392130

Mob: +91 8980803524 email: bdhiman@atgtire.com

www.atgtire.com



From: BS Rama. Murthy

Sent: 30 June 2017 13:09

To: 'dc.kasez-gj@gov.in' <dc.kasez-gj@gov.in>; 'zonaldckandla@gmail.com' <zonaldckandla@gmail.com>

Cc: 'Nilesh Pathak' <nilesh.pathak@bizsolindia.com>

Subject: RE: Letter for UAC Meeting reg LOP Amendment

Date: 30th June 17

To

The Development Commissioner,
Kandla Special Economic Zone,
Ministry of Commerce & Industry,
Gandhidham,
Kutch - 370 230.

Kind Attn : Mr. Rajesh Kumar – Dy Development Commissioner

Sub : Request for Amendment in LOP - Reg

Ref : Your letter No.KASEZ/100%EOU/I/16/2009-10/Vol.I/3212
dtd.27.06.2017

We are in receipt of your above mentioned letter for rescheduling the UAC meeting on 11th July 17 and we are extremely thankful for accepting for the request. Our team would be present for the meeting.

However we would kindly request your clarification on the following

Our Earlier request for LOP amendment has been rejected your good offices..

In view of the above, can we know what would the UAC Committee would like to discuss so that our team can come prepared for the same.