

Minutes of the 14th Meeting (2017 Series) of the Units Approval Committee (UAC) for EOUs held on 13.12.2017 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 Rajesh Kumar, JDC(i/c), KASEZ
- (2) Shri Prashant Kaduskar, Additional Commissioner, CGST, Valsad.
- (3) Shri P.C. Ravindran, Asstt. DGFT, KASEZ.

1. M/s. Lumen Magnetic Wires Ltd, Gandhinagar.

M/s. Lumen Magnetic Wires Ltd, was approved for setting up a new unit at Gandhinagr, Gujarat for manufacturing of **Ultra Fine Magnet Wire**. The unit has requested for broad-banding of following additional products in their LOP: -

Sr. No.	Name of the Product	Annual Production Capacity	ITC HS Code
1.	Printed Flex Banner	17,50,000 sq.ft. p/a	49111090

Shri Sanjay Palriwala, President of the company appeared before the UAC and explained about their proposal.

The committee observed that the above activities are neither similar goods/activities of those mentioned in LOP nor having backward or forward linkages to existing line of manufacture.

The Committee therefore, decided to reject the proposal for broad banding.

2. M/s. Mylan Laboratories Limited, Valsad.

M/s. Mylan Laboratories Limited, was approved for setting up a new unit at Umbergaon, Valsad for manufacturing of Pharmaceutical-Tablets (ORAL CONTRACEPTIVE PILLS). The unit has requested for broad-banding of following new product in their LOP:

Sr. No.	Name of the Product	Annual Production Capacity	ITC HS Code
1.	Intra Uterine Devices (IUD) Copper T	120 Lakh Nos.	30066030

Shri Ashok Sharma, Senior Manager of the company appeared before the UAC and explained about their proposal.

The committee observed that the unit is manufacturing contraceptive pills and end use of the proposed product is same i.e. family planning but the raw materials and capital goods used for the proposed product are not.

The Committee therefore, decided to reject the proposal for broad banding.



3. M/s. Taj Mahal Vision Chemicals Ltd., Umbergaon, Dist.Valsad.

This proposal of M/s. Taj Mahal Vision Chemicals Pvt. Ltd., Umbergaon, Dist.Valsad, Gujarat was earlier placed before the 21st meeting (2016 series) of the UAC held on 21.12.2016 was **deferred** on the report of the Central Excise. Again their proposal was placed before the 6th meeting (2017 series) of the UAC held on 21.03.2017 and the committee had observed that Pharma is a sensitive sector and its proposed product is highly sensitive. Central Excise, Vapi was requested to visit the location of unit and give a report. Accordingly Central Excise, Vapi visited the location of factory and gave a report vide letter No.VII/14-01/CUS/T/Tajmahal/100% EOU/16-17 dated 20.03.2017. In its report, Central Excise made observations, Further Central Excise has observed certain points and it was decided to send a central excise letter to the unit for its clarification. Thus committee had **deferred** the proposal.

Shri Gopal Agarwal appeared for the Committee and explained about the proposal. He stated that they are going to manufacture oral dissolving strips for which their factory premises is under construction and already provided the photographs, etc. They are already doing business at Mumbai and dealing with Reference Chemicals for use in R&D and their clients are like Cipla, Cadila, Alembic, etc. The two foreign Directors are already doing business in India for last two years.

Addl. Commissioner Central Excise & GST, Surat asked him whether they are going to make formulations, etc. for the coating on the strips. He was also asked explain the source of External Commercial Borrowing.

Shri Gopal Agarwal explained that they will bring API and coating will be done on the strips in the proposed EOU premises. Regarding ECB, it was explained that the ECB of Rs.2.00 crores will be contributed by one of the foreign Director in his personal capacity.

During deliberations, the proposal was found to be deficient on the following grounds:-

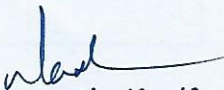
1. From the application it is made to appear that the applicant is going to manufacture the chemicals like Sildenafil Citrate, Tadalafil, Vardenafil, Caffeine, Sibutramine, Rimonabant, Avanafil, Tramadol, Dapoxetine, Project proposal envisages manufacturing of oral dissolving strips of Ephedrine, Filbanaserin, Nicotin, Vitamins B12, Vitamin D, etc. Whereas the process flow chart given by the applicant makes it evident that what they are going to do is merely get ready made active molecules and mixing it and applying it on films/strips and packing strips. The Director Shri Gopal Agarwal when asked agreed that they are not manufacturing any of the aforesaid molecules but only import it and mix it and apply it on strips & pack it. Shri Agarwal agreed to modify his application to state that they are not manufacturing the Bioactive molecules as stated above. This implies that the application was misleading to show as if they are going to manufacturing the pharmaceutical molecules/drugs from raw materials.



2. When asked to explain their experience in manufacturing/production, Shri Gopal Agarwal informed that they just import the chemicals and market it. They have no manufacturing unit in Mumbai and they have no experience in manufacturing.
3. When Shri Gopal Agarwal was specifically asked about the entity who is giving them External Commercial Borrowing of Rs.2.00 crores, he said the 2 Directors from Egypt will be giving/investing Rs.2.00 crores also the foreign holding of Rs.45.00 lakhs will be from 2 Egyptian Directors (i) Mr. Mohammaed Yousri Elmoghazi and (ii) Mr, Ahmed Abuelnasr. He also was asked to that his personal stakes are very minor only Rs.5.00 lakhs. Hence, he was asked to prove the bonafides of his Egyptian Directors as virtually they controlled the proposed EOU. He could not throw more light except giving the details and photographs of pass port of these two persons.
4. Shri Gopal Agarwal was specifically asked as to why the website www.tajchemical.com was not in existence/not functioning. He stated that the website is under repairs.
5. The applicant has not submitted the Certificate of Incorporation issued from the Registrar of Companies as proof of registered Company.
6. The company has claimed that the FOB value of Exports Rs.40 to 50 crores but not plausible answer is forthcoming as to how with so low investment of Rs.50 lakhs raw material and Rs.1.30 crore plant and machinery and Rs.1.00 crore imported capital goods they are going to achieve the value addition to make FOB value of exports of goods Rs.40 to 50 crores. He said that the Egyptian stake holder has numerous chemist shops which is not convincing.
7. Shri Prashant Kaduskar, Additional Commissioner raised following objections:-
 - i) Source of financing is not clear and appears dubious.
 - ii) Major stake holders are two foreign nationals (of Egypt), who never appeared for personal verification of UAC (3 UACs held).
 - iii) Proposal involves Ephedrine, which is one step away from psychotropic drug and making whole project highly sensitive.

In view of above the UAC unanimously rejected the proposal.

The meeting ended with thanks to all present.


14.12.17

(Upendra Vasishth)

Development Commissioner
Kandla Special Economic Zone