

Agenda Item of the 28th Meeting (2018 Series) of the Units Approval Committee (UAC) for EOUs to be held on 26.12.2018 at 15:30 Hrs., under the Chairpersonship of Dr. Amiya Chandra, Development Commissioner, KASEZ.

M/s. Shakti Polyweave Pvt. Ltd., Ahmedabad.

M/s. Shakti Poly weave Pvt. Ltd, Private Limited Company, has submitted an application for **setting up of new unit in EOUScheme** at Unit IV, New Survey No. 168p/170p/166p, Simej Ruggadh Road, Post. Simej, Taluka. Dholka, Dist. Ahmedabad, Gujarat-382265, for manufacturing of 1.PP Woven Fabrics (Unlaminated/Laminated) 2.HDPE Woven Fabrics (Unlaminated/Laminated) 3.PP Woven Sacks (Unlaminated/Laminated) 4.PP Non Woven Fabrics.

The total project cost is Rs. 100.20 crores which will be self financed and through other financial Institutions. The unit will provide employment to around 1320 employees.

Summary of Projection for 5 years NFE Earnings:-

	<u>(Rs. in crores)</u>
1. FOB value of export	: 1184.72 crores
2. Imported Capital Goods	: 33.75 crores
3. Total investment in Plant & Machinery	: 77.10 crores
4. Imported Raw materials, components etc.	: 236.94 crores
5. Total F.E. out go	: 335.84 crores
6. Net foreign exchange earnings	: 848.88 crores

Comments & Recommendations:

M/s. Shakti Polyweave Pvt. Ltd, is also approved for 100% EOU unit at Dholka, Ahmedabad for manufacturing and export of PP Woven Fabrics/PP Woven Sacks & FIBC/HDPE Woven Fabrics (Unlaminated/Laminated), vide Letter of Permission (LOP) dated 08.05.2013. They commenced production on 12.09.2013.

A copy of the Manufacturing process/flow chart furnished by the applicant is enclosed herewith.

The proposal meets with other requirements of approval under EOU Scheme under the Automatic Approval route. Therefore, the proposal is placed before UAC for consideration.

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Sub: Permission for import/indigenous raw material - M/s. ZCL Chemicals Ltd., Ankleshwar, Gujarat.

M/s. ZCL Chemicals Ltd, was approved for setting up a new unit at Ankleshwar, Gujarat for manufacturing of **Chemicals, Intermediates and other chemicals** vide LOP dated 04-06-2007, as amended. The unit has started its commercial production on 01.05.2008.

The unit vide letter dated 29.09.2018 had requested for import/procurement of following raw material in their LUT for manufacture and export of new product 'MMF':

Sr. No.	Name of the raw material	ITC HS Code
1.	2,2,6-trimethyl-4H-1,3-dioxin-4-one (dikethene acetone adduct)	2932 99 00

The unit was permitted to import/procure above raw material in terms of para 6.01(d) of FTP,2015-20, vide this office letter dated 12.10.2018 subject to condition that the value of the imported goods will be taken into account for the purpose of NFE.

Regarding SION, unit has furnished a certificate of Chartered Engineer, stated that during manufacturing generation of waste, scrap and remnants is upto 2% of input quantity, which is enclosed herewith.

As unit has blanket permission for manufacture and export of **Chemicals, Intermediates and other chemicals** vide LOP dated 04-06-2007, as amended, they can import/procure above raw material in terms of para 6.01(d) of FTP,2015-20. As directed in file case is placed before UAC.

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Sub: Permission to transfer stubbed jewellery from their 100% EOU at Bhavnagar to a laboratory at BKC, Mumbai for quality testing.

M/s Renaissance Jewellery Limited, was approved for setting up a new unit at Bhavnagar, Gujarat for manufacturing of Stubbed gold/platinum jewellery etc vide their LOP dated 03.09.2004, as amended.

The unit vide their letter dated 05.10.2018 had requested to revise this office permission dated 06.03.2018 with following points inclusion.

1. Permission to transfer the stubbed jewellery for quality testing from their EOU unit at Bhavnagar to Laboratory in DTA at BKC. Mumbai.
2. Further permission to transfer the quality approved jewellery directly from Laboratory at BKC, Mumbai to Precious Cargo Customs Clearance Centre (PCCCC), BKC, Mumbai for export.
3. Permission to bring back the rejected jewellery from Laboratory at BKC, Mumbai to their EOU unit at Bhavnagar.

As per Para 6.28(b)(i) & (ii) of the HBOP 2015-20

"6.28 Replacement / Repair of Imported / Indigenous Goods

(b) EOU / EHTP / STP / BTP units may, on basis of records maintained by them and prior intimation to Customs authorities:

(i) Transfer goods to DTA / abroad for repair / replacement, testing or calibration and return.

(ii) Transfer goods for quality testing / R&D purpose to any recognised laboratory / institution upto Rs.5 lakh per annum without payment of duty, on giving suitable undertaking to Customs for return of goods. However, if goods have been consumed / destroyed in process of testing etc. a certificate from laboratory / institution to this effect be furnished to Customs".

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Sub: Show Cause Notice No. KASEZ/100%/EOU/II/92/2001-02 dated 14.06.2017- reg.

M/s Rawmin Mining and Industries Pvt. Ltd., was approved for setting up a EOU at Bhavnagar for manufacturing of bauxite vide LOP dated 30.07.2001, as amended. The unit has started its commercial production on 06.11.2003.

The unit vide letter dated 02.11.2018 had requested for take an appropriate decision and pass order on the Show Cause Notice No. KASEZ/100%/EOU/II/92/2001-02 dated 14.06.2017 on the basis of their detailed reply submitted on 19.09.2017.

This office had issued the show cause notice no. KASEZ/100%/EOU/II/92/2001-02 dated 14.06.2017 for failed to fulfill the stipulated Net Foreign Exchange Earnings (NFE) for the third block period from 06.11.2013 to 31.03.2016.

The unit, vide their submission dated 19.09.2017, submitted that the unit has achieved the positive NFE in the First Block i.e. from 06.11.2003 to 05.11.2008 and Second Block i.e. from 06.11.2008 to 05.11.2013. At the end of second block period, they proposed to exit from EOU scheme. However, there was a closing stock of 13,707.38 MTs of finished goods which was lying unsold and uncleared. In view of special circumstances, BOA decided to extend their LOP for a limited period from 06.11.2013 to 31.03.2016 for a specific and limited purpose of exporting the above referred closing stock. Due to poor market condition, they were unable to export the above referred closing stock.

Further, In concurrence with the Central Excise authorities, they were requested to pay duty, interest and penalty aggregating to Rs.8, 37,740/- and also to give an Undertaking (Bond) for Rs.11,94,996/- + 10% Bank Guarantee with reference to amount blocked in the CESTAT proceedings. They have paid/deposited amounts so specified and furnished the Bank Guarantee and they were issued NOC and permission to exit from EOU Scheme by the Central Excise authority. The decision of BOA was communicated to them vide KASEZ letter dated 07.01.2016. In the Para 2 of above mentioned KASEZ letter, a condition for executing a fresh legal undertaking was laid

down. All other terms and condition stipulated in LOP dated 30.07.2001 remained unaltered by virtue of para 4 of above KASEZ letter. Further, no condition or stipulation about any NFE was laid down under the original LOP dated 30.07.2001 for the period from 06.11.3013 to 31.03.2016. Thus, there was no condition of NFE or was any quantum of NFE stipulated under the original LOP dated 30.07.2001 for the specially extended period from 06.11.2013 to 31.03.2016.

Further, they had submitted that they have never imported duty free any capital goods or inputs nor have they ever procured duty free any capital goods or inputs from domestic market and further they have never availed any benefit of duty free procurements or that of DEPB scheme or EPCG scheme during the time they operated their EOU. Therefore, there could not have been any obligation on them for achieving any NFE during such period of 06.11.2013 to 31.03.2016 because achieving positive NFE becomes a condition and obligation of a Unit in EOU only when any such benefits are availed, or goods and/or materials are imported or procured locally duty free.

For all above reasons, they submit that period from 06.11.2013 to 31.03.2016 was not "third block period" for their unit, but extension of project for this period was approved only for allowing us to export the closing stock. No condition of any NFE was attached to such extension of project period for the limited and specific purpose and therefore this SCN is founded on ex-facie incorrect and erroneous basis. Moreover, their unit has cumulatively achieved positive NFE even when the entire period of 13 years is taken into consideration. They have not committed any defaults or any irregularities during the period from 06.11.3003 to 05.11.2013 and they have also not committed any violation of the provision of the Foreign Trade Act, Rules and orders made thereunder or the FTP. Therefore, no penalty could be imposed on them in the overall view of the matter.

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Sub: Permission for Broadbanding Customs Furniture covers/Slipovers (ITC, HS code 39249010), Tarpaulin (ITC, HS code 63061200) and Aluminium Sing(ITC, HS code 76169990) .

M/s Caterpillar Signs Pvt. Ltd., was approved for setting up a EOU at Ahmedabad for manufacturing of Advertising Material (with or without Banner stand) Fabric, Flex, Vinyl and Banner stand etc. vide LOP dated 08.05.2018.

The unit vide letter dated 09.10.2018 had requested for Broadbanding of Customs Furniture covers/Slipovers (ITC, HS code 39249010), Tarpaulin (ITC, HS code 63061200) and Aluminium Sing(ITC, HS code 76169990) in their LOP.

Unit has furnished above application in form ANF-6A, which is for setting up of new EOU or conversion of existing DTA unit in EOU. They have also furnished list of raw material and capital goods.

Summary of Projection for 5 years NFE Earnings from the above products:

1. FOB value of exports	: Rs. 1480.02 lakhs
2. Import of capital goods	: Rs. 00.00 lakhs
3. Imports - RM & components	: Rs. 00.00 lakhs
4. Other outflow of Foreign Exchange	: Rs. 00.00 lakhs
5. Total outflow of Foreign Exchange	: Rs. 00.00 lakhs
6. Net Foreign Exchange Earnings.	: Rs. 1480.02 lakhs

A copy of the manufacturing process/flow chart furnished by the applicant is enclosed herewith.

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