

**Minutes of the 1<sup>st</sup> Meeting (2020 Series) of the Units Approval Committee (UAC) for EOUs held on 25.02.2020 at 12:00 Hrs. in the Office of the Development Commissioner, Kandla SEZ, under the Chairpersonship of Shri. Satyadeep Mahapatra, JDC, KASEZ.**

Following were present:

1. Shri K.N. Chavda, Supdt. EPC-2, Customs Paldi, Ahmedabad.(Through Video Conferencing).
2. Shri Vijay Parashar, EPC-6, Customs, Valsad (Through Video Conferencing).
3. Shri M.P. Chauhan, FTDO,O/o. Addl. DGFT, Ahmedabad (Through Video Conferencing)..

**I) M/s. EUPHORIA PACKAGING LLP.**

1. The proposal is for conversion of Existing DTA unit into 100% EOU at Block No. A/3, Survey No. 396 Paiki-4, GSL Nova Compound, Moraiya Village, Sarkhej-Bavla, Tal. Sanand, Dist. Ahmedabad-382213., Gujarat for manufacturing of 1.Articles made of LDPE/HDPEFlap bags (ITC- HS 39232100),. 2.LDPE Film Sheet (ITC- HS 39201012).

2. Shri Vinayak Gupta, Partner of the company appeared before the UAC for personal interview and explained about the proposal. Shri Vinayak Gupta gave a brief about their company.

3. On being asked by Shri M.P. Chauhan, FTDO,O/o. Addl. DGFT, Ahmedabad regarding pending export obligation Shri Vinayak Gupta has replied that they have already filed an application for closure in DGFT as they have fulfilled the export obligation. **Chairman directed them to first submit the Export Obligation Discharge Certificate (EODC). Only then the LOP would be issued to the unit.**

4. On being asked by the Chairman as to why they decided to convert their DTA unit into 100% EOU scheme, Shri Vinayak Gupta explained that their DTA unit which is proposed to be converted into EOU unit is into manufacturing since the last 4 years. Further, he explained that by entering the EOU scheme they would get the benefit of 'NIL' import duty. Also, he explained that since the existing DTA unit is already exporting more than 50% of production they see a natural advantage in entering the EOU scheme which is meant for manufacturing units which mainly cater to the export market. Further, he stated that having the tag of an EOU will allow them to leverage this brand name of being an EOU unit and will help them in having foreign tie ups which will allow them assured export market abroad.

5. When asked about their plans for import of Capital Goods and the source of funds for the same, Shri Vinayak Gupta, Partner of the company stated that they have approached DBS Bank for a loan of Rs. 1.17 crores and 2 NBFCs for an amount of Rs. 60 lakhs for their working capital requirements. He further informed the Committee that as Capital Goods they would import Polyethylene film/Bubble machine and as raw



materials they would import adhesives and plastic granules which are in the Free List for import.

6. On being further probed by the Chairman as to whether they will use second hand granules or they will use virgin granules, Shri Vinayak Gupta stated that they will procure only virgin granules as raw material.

7. On being asked about their export market Shri Vinayak Gupta stated that they are majorly exporting to USA and Germany at present and tying up with Universities in Uganda and Tanzania. He further explained that their manufactured product is used in the packing of answer sheets of examinations.

8. Observation/Decision of the Committee:

- Projected Export for the 5 year period is Rs. 98.00 crores.
- Net Foreign Exchange Earnings projected for the 5 year period is Rs. 44.64 crores.

9. The proposal meets with the requirement of approval under EOU Scheme under the Automatic Approval Route. The Committee, therefore, decided to approve the proposal subject to standard terms and conditions.

## **II) M/s. Kanstiya Data Processor (KDP), Vapi.**

1. The proposal is for setting up of a new unit under 100% EOU Scheme at B-107, Narayan Chamber, Vapi, GIDC, Gujarat-396195 for Services of Data Processing, Data Storing and Data Analysis/Reporting.

2. Smt. Anuja Kanstiya, Proprietor of the firm and Shri Akshay Kanstiya, CA appeared before the UAC for personal interview and explained about the proposal. Shri Akshay Kanstiya gave a brief about their company.

3. On being asked by the Chairman about their project Shri Akshay Kanstiya stated that they have their own land and have experience of 5 years in Accounting, Costing and financial Data analysis. They will export their services to the Middle East, Hongkong, USA and Singapore.

4. Further he stated that the total project cost is Rs. 10.00 lakhs which will be invested through their own funds. Being Service unit they require server and computers only.



5. On being asked by the Chairman about their business he stated that they will gather data from their clients, organize the data and generate reports which they will provide to their clients which will act as an aid to decision-making of their clients.

6. On being asked by the Chairman about the Foreign exchange outgo stated by them in their form they stated that the same would be mainly on account of Commission to agents for procuring new clients.

7. However, the Customs member of the Approval Committee representing EPC-6, Valsad sought time in order to verify the proposal as he had certain doubts regarding the proposal and requested that the Minutes be issued only when he had carried out the necessary verification for the doubts that he had. Vide email dated 13.03.2020 EPC-6, Valsad of Customs has raised the following issues:

- (i) In para VII(b) of the application, the applicant has mentioned Rs. 30,00,000/- as proposed investment in Raw material, components, consumables, packing material, fuel etc. during the period of 5 years whereas as per para V Items of Manufacture/Service is mentioned as Data Analysis/Reposting Data Storing, Accounts Keeping/Banking which requires no raw material therefore there is a false projection of Rs. 30,00,000/- in raw material. They agreed to the observation and provided a copy of corrected application.
- (ii) The address of the proposed unit is mentioned at B-107, Narayan Chamber, Near Hotel Galaxy, Vapi, GIDC, Gujarat. During visit of the said premises on 11.03.2020, it has been observed that the said premises is a shop admeasuring 150.00 Square Feet on First Floor of the building Narayan Chambers situated at Vapi GIDC, Taluka-Vapi, Dist. Valsad, Gujarat which has been taken on Lease from Shri Susheel Kanstiya HUF. During the visit, it was found that there was only a un-finished shop and there is no facility of Data Processing or Data Storing found available in the said shop (copies of photographs taken during the visit are attached). On being pointed out, they informed that no infrastructure has been set up so far and no work orders/contracts are in place right now. In this connection, they reiterated the same vide their e-mail dated 11.03.2020 at 4:47 pm (copy attached) and requested for 15 days time for intimating the progress in the matter.
- (iii) On going through the Income Tax returns of Smt. Anuja Kanstiya, Proprietor of the firm, it does not reflect any income made by her during the past three years in the said data processing/technical field.
- (iv) As per the background submitted in the Project Report, Smt. Anuja Kanstiya is pursuing Chartered Accountancy Course (Final First Group pending). Her husband is also a Chartered Accountant by profession.



There is no other specialized employee/expert found engaged by them for the said purpose. However, they have proposed to employ two (02) persons initially and 15 persons in near future.

- (v) The firm has not produced/submitted any work order from any firm from the abroad. They did not specify the service and mode of providing the service for import and export of data and its accounting for the purpose of operation of 100%EOU etc.
- (vi) They have not provided any documents related to Import Export Code (IEC), Registration-cum-Membership Certificate (RCMC), Small Scale Industry (SSI) Registration, Registration/NOC from the local municipal authority for setting up a shop/firm etc.

8. Observation/Decision of the Committee:

In view of the above issues raised by the Customs member as stated in Para 7 above the Approval Committee decided to **defer** the proposal until the deficiencies pointed out by the Customs member of the UAC are made good.

9. The meeting ended with thanks to all present.



(Satyadeep Mahapatra)  
Jt. Development Commissioner,  
Kandla Special Economic Zone.