

## Moradabad Special Economic Zone

(Minutes of Meeting of Approval Committee of Moradabad SEZ held on 11/11/2016)

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**Minutes of the meeting of the Approval Committee of Moradabad SEZ held under the Chairmanship of Dr. L. B. Singhal, Development Commissioner (DC), Noida SEZ at 11:30 AM on 11/11/2016 in the Conference Hall of NOIDA SEZ.**

The following members of Approval Committee were present during the meeting: -

- 1) Shri S.S. Shukla, Jt. Development Commissioner, NSEZ.
- 2) Dr. (Mrs.) Kanchan Saran, Additional Commissioner (Industries), Moradabad (Rep. of Secretary, Industrial Development, Govt. of UP).
- 3) Shri S. K. Mishra, Asstt. Commissioner (Central Excise, Moradabad Division), Rep. of Central Excise, Hapur Commissionerate, Moradabad.
- 4) Shri Tejveer Singh, FTDO, Rep. of Jt. DGFT, Moradabad.
- 5) Shri Mukesh Singh Kushvaha, Area Manager, UPSIDC Ltd., Rep. Managing Director, UPSIDC Ltd., Kanpur.

2. Besides, during the meeting Dr. Alok Pandey, Asstt. Development Commissioner, Moradabad Special Economic Zone, Moradabad was also present to assist the Approval Committee.

3. At the outset, DC, NSEZ welcomed the participants. After brief introduction of members, ADC briefed about growing Export, Employment and Investment of Moradabad SEZ to the members of Approval Committee. He informed the following details in this regard:

Financial Year	No. of Operational Units	Exports (Rs. in Crore)	Employment (Number)	Investment by Developer (Rs. in Crore)	Investment by Units (Rs. in Crore)
2014-2015	29	463.11	585	96.00	245.18
2015-2016	36	464.29	2012	98.00	263.86
2016-2017 (Till 30.10.2016)	40	595.60	4102	120.00	287.32

3.1 Approval Committee desired to know the procurement/ processes undertaken by existing SEZ units engaged in manufacturing of Textile items including Rugs, Druggets, Handcrafted Garments etc. as a number of cases relating to manufacture of Handicrafts made of Textile and similar other items have been applied for grant of LOA by number of new units. ADC of Moradabad SEZ was asked to explain that what are the actual conditions of allowance & processing of textile items in Moradabad SEZ specially in terms of Rule 18 (4) (c) of SEZ Rules, 2006 which categorically says "No proposal shall be considered for – reprocessing of garments or used clothing



*or secondary textile materials and other recyclable textile materials into clipping of rags or industrial wipers or shoddy wool or yarn or blankets or shawls”* and also that what kind of materials are being procured by various SEZ units and what manufacturing process is being practiced by them in Moradabad SEZ.

3.2 The ADC of Moradabad SEZ submitted before the Approval Committee that no items of such nature as described under Rule 18 (4) (c) is considered for entry into SEZ. Presently, the SEZ units engaged in manufacturing & export of handcrafted textile made-ups, use to procure fresh unstitched textile / garments for embroidery, piko work, patch work, knitting work, and many other processes upon these items, then steam pressing, labeling & packing before the exports. In case of Rugs & Druggets, the fresh new upper cloth and a base support cloth is brought inside SEZ for further embroidery / interlocking/ stitching and fixing of frills on both sides of Rugs/ Druggets by hand stitches.

The Approval Committee expressed its satisfaction over the above mentioned activities being carried-out by the SEZ units and directed the ADC to invariably incorporate the provisions of SEZ Rule 18 (4) (c) of SEZ Rules, 2006 in all the existing Letter of Approvals and Letter of Approvals to be issued.

3.3 Thereafter, each items included in the agenda were taken up for deliberation one by one. After detailed deliberations as well as interaction with the applicants / representatives of the units, the following decisions were taken: -

(i) **Ratification of Minutes of last meeting of the Approval Committee: -**

It was informed that no reference against the decisions of the Approval Committee taken in its meeting held on 10/06/2016 was received and therefore, Minutes of the meeting held on 10/06/2016 was ratified.

**Item wise decisions on proposals included in agenda:**

1.	<p><b>Proposal in respect of M/s. C. L. GUPTA OVERSEAS LLP. for setting up a new unit in Moradabad SEZ.</b></p> <p>It was informed to Approval Committee that the applicant has proposed to set up a new unit in Moradabad SEZ to undertake the manufacturing &amp; export of Manufacturing of Handicrafts made of Aluminium, Brass, Copper, Iron, Stainless Steel, Glass, Table-wares, Kitchen-wares, Toilet Articles, Clay, Porcelain, Ceramic, Stone, Marble, Slate, Wood including MDF, Wax and Lamps including Electric Lamps with projected exports of Rs. 18000.00 Lakhs and the NFE of</p>
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Rs. 15075.00 Lakhs over a period of five years with an employment of 1200 workers initially.

Shri K. Mukundan, Director (Commercial) of the LLP Firm appeared before Approval Committee to explain the project. The representative informed that the promoters have unit operating in domestic tariff area now in the name of M/s. CLG Exports Ltd. which is exporting about Rs. 25000.00 Lakh. The representative stated that the proposed unit in MORADABAD SEZ is a new unit and shall undertake the manufacturing & export of Handicrafts made of Aluminium, Brass, Copper, Iron, Stainless Steel, Glass, Table-wares, Kitchen-wares, Toilet Articles, Clay, Porcelain, Ceramic, Stone, Marble, Slate, Wood including MDF, Wax and Lamps including Electric Lamps. It was also submitted by Shri Mukundan that the company has no plans of import/ procurement of scraps of any kind and reprocessing of garments or used clothing or secondary textile materials & other recyclable textile materials into clipping of rags or industrial wipers or shoddy wool or yarn or blanket or shawls in their proposed unit. The representative of the company informed the chair that the operationalization of proposed unit would require minimum six months.

Representative of Developer i.e. UPSIDC Ltd. informed that the firm has been provisionally allotted plot no. A-1 in Pocket "A" of Moradabad SEZ.

After due deliberations, the Approval Committee approved the proposal of M/s. C. L. Gupta Overseas LLP.

**2. Proposal in respect of M/s. MADHAVA MANUFACTURING COMPANY for setting up a new unit in Moradabad SEZ.**

It was informed to Approval Committee that the applicant has proposed to set up a new unit in Moradabad SEZ to undertake the manufacturing & export of Manufacturing of Handicrafts made of Iron, Glass, Brass, Aluminium, Wood & Ceramics with projected exports of Rs. 714.00 Lakhs and the NFE of Rs. 714.00 Lakhs over a period of five years with an employment of 10 workers initially.

The constitution of firm is Proprietorship which is headed by Mrs. Shallu Suri and her husband Shri Rohit Suri is one of the Directors of a DTA unit viz. M/s. Hansa Agencies Pvt. Ltd. (a 66 years old firm spread over in an area of 2 lakh square feet) which has present annual turnover of Rs. 4000.00 Lakhs and is having 250 persons as their employees.

The proposed unit M/s. Madhava Manufacturing Company in MORADABAD SEZ shall

undertake the manufacturing & export of Handicrafts made of Iron, Glass, Brass, Aluminium, Wood & Ceramics. Mrs. Suri informed the chair that they have no plans of import/ procurement of scraps of any kind and reprocessing of garments or used clothing or secondary textile materials & other recyclable textile materials into clipping of rags or industrial wipers or shoddy wool or yarn or blanket or shawls in their proposed unit. She also informed that the operationalization of proposed unit would require minimum six to eight months.

Representative of Developer i.e. UPSIDC Ltd. confirmed provisional allotment of plot no. G-12 & 13 in favour of this firm in Pocket "A" of Moradabad SEZ.

After due deliberations, the Approval Committee approved the proposal of M/s. Madhav Manufacturing Company.

**3. Proposal in respect of M/s. CRAFTMADE METALS PVT. LTD. for setting up a new unit in Moradabad SEZ.**

It was informed to Approval Committee that the applicant has proposed to set up a new unit in Moradabad SEZ to undertake Manufacturing of Handicrafts made Art-wares of Brass, Aluminium, Glass, Copper, Iron, Wood, Steel, Ceramic, Leather, Shawls, Scarves, Mufflers and Stone, Marble & Granite and Zinc Oxide with projected exports of Rs. 29645.00 Lakhs and the NFE of Rs. 29645.00 Lakhs over a period of five years with an employment of 20 workers initially.

Shri Ghazi Arif, Director of the company appeared before Approval Committee to explain the project. He stated that his proposed unit in MORADABAD SEZ shall undertake the manufacturing & export of Handicrafts made of Brass, Aluminium, Glass, Copper, Iron, Wood, Steel, Ceramic, Leather, Shawls, Scarves, Mufflers and Stone, Marble & Granite and Zinc Oxide. Shri Ghazi Arif informed that he is proprietor of a DTA unit M/s. Dream Overseas which employs 30 persons and has a turnover of Rs. 2000.00 Lakhs and in the event of starting proposed unit in SEZ he will close the DTA unit. They informed the Committee that they have no plans of import /procurement of scraps of any kind and reprocessing of garments or used clothing or secondary textile materials & other recyclable textile materials into clipping of rags or industrial wipers or shoddy wool or yarn or blanket or shawls in their proposed unit. He also informed that the operationalization of proposed unit would require minimum four months. He also mentioned that he has since decided to delete "Zinc Oxide" from his proposed items of manufacturing.

The representative from UPSIDC Ltd. confirmed provisional allotment of space at plot no. G-37 in pocket "A" in favour of the applicant company.

After due deliberations, the Unit Approval Committee approved the proposal of M/s. Craftmade Metals Pvt. Ltd. except for item "Zinc Oxide". The Committee however did not approve manufacturing and export of shawls, scarves and mufflers and directed the applicant to give details of manufacturing activities to be undertaken by them in respect of these items and explain as to how it would amount to handicraft activity.

**4. Proposal in respect of M/s. HANDICRAFT NATION for setting up a new Service unit in Moradabad SEZ.**

It was informed to Approval Committee that the applicant has proposed to set up a new unit in Moradabad SEZ to undertake the manufacturing & export of Handicraft items made of Iron, Stainless Steel, Brass, Aluminium, Copper, Glass, Leather, Textile, Wood, Bamboo, Cane, Scarves, Mufflers, Rugs, Dari, Hand Knotted Carpets, Handloom Textile, Stone & Marble, Fashion Accessories (including Costume Jewellery), Paper, Paper Mache, Fruit & Vegetable Dye, Art & Artefacts, Knitwear and Ceramic Items, with projected exports of Rs. 1315.00 Lakhs and the NFE of Rs. 1315.00 Lakhs over a period of five years with an employment of 20 workers initially and out of 20 workers they propose 15 women worker.

The constitution of firm is Partnership owned by two women headed by Mrs. Sunanda Chaudhury and Mrs. Shreerupa Mitra Choudhury. In the meeting Mrs. Shreerupa Mitra Choudhury represented the unit and submitted that she proposed to setup a woman-centric enterprise for empowering the woman workers. She also submitted that she has been doing trading of the handcrafted items in Delhi-NCR from her two outlets:- i) one from M.G. Road, Delhi and; ii) another in Gurgaon with the same firm and she has a turnover of Rs. 1900.00 Lakhs as on 31.03.2016 and Rs. 2800.00 lakhs during the current fiscal with the help of 50 workers.

The proposed unit M/s. Handicraft Nation in MORADABAD SEZ shall undertake the manufacturing & export of Handicraft items made of Iron, Stainless Steel, Brass, Aluminium, Copper, Glass, Leather, Textile, Wood, Bamboo, Cane, Scarves, Mufflers, Rugs, Dari, Hand Knotted Carpets, Handloom Textile, Stone & Marble, Fashion Accessories (including Costume Jewellery), Paper, Paper Mache, Fruit & Vegetable Dye, Art & Artefacts, Knitwear and Ceramic Items. Mrs. Shreerupa informed the chair that they have no plans of import/ procurement of

	<p>scraps of any kind and reprocessing of garments or used clothing or secondary textile materials &amp; other recyclable textile materials into clipping of rags or industrial wipers or shoddy wool or yarn or blanket or shawls in their proposed unit. She also informed that the operationalization of proposed unit may require minimum six to eight months.</p> <p>Representative of Developer i.e. UPSIDC Ltd. informed that the unit had not applied for allotment/ transfer of factory space to M/s. Handicraft Nation.</p> <p>After due deliberations, the Approval Committee approved the proposal of M/s. Handicraft Nation, in-principle, subject to provisional offer of allotment of space by the developer, UPSIDC Ltd. The Committee however did not approve manufacturing and export of scarves and mufflers and directed the applicant to give details of manufacturing activities to be undertaken by them in respect of these items and explain as to how it would amount to handicraft activity.</p>
5.	<p><b>Proposal in respect of M/s. Craft Angles Inc. for setting up a new unit in Moradabad SEZ.</b></p> <p>It was informed to Approval Committee that the applicant has proposed to set up a new unit in Moradabad SEZ to undertake the manufacturing &amp; export of Manufacturing of Handcrafted textile items, Hand Knotted Carpets, Handmade Rugs &amp; Druggets, home Décor &amp; Furnishings, Handmade Imitation Jewellery, Fashion Accessories, Handcrafted items of Copper, Brass, Tin, Wood, Aluminium, Iron &amp; Steel and Leather with projected exports of Rs. 2950.00 Lakhs and the NFE of Rs. 2360.00 Lakhs over a period of five years with an employment of 22 workers initially.</p> <p>The constitution of firm is Proprietorship which is headed by Shri Kishor Kumar Singh who runs a firm in DTA in name of M/s. Keyes Hygines Pvt. Ltd. which manufacture Tissue Papers &amp; its Boxes and various other handicrafts. They had total turnover of Rs. 200.00 lakhs in their DTA firm and now they intend to establish a SEZ enterprise in Moradabad SEZ for manufacture &amp; export of the above items with an investment of Rs. 54.86 Lakhs.</p> <p>The proposed unit M/s. Craft Angles Inc. in MORADABAD SEZ shall undertake the manufacturing &amp; export of Handcrafted textile items, Hand Knotted Carpets, Handmade Rugs &amp; Druggets, home Décor &amp; Furnishings, Handmade Imitation Jewellery, Fashion Accessories, Handcrafted items of Copper, Brass, Tin, Wood, Aluminium, Iron &amp; Steel and Leather. Shri Singh informed the Approval Committee that they have no plans of import/ procurement of scraps of any kind and reprocessing of garments or used clothing or secondary textile materials</p>

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& other recyclable textile materials into clipping of rags or industrial wipers or shoddy wool or yarn or blanket or shawls in their proposed unit. She also informed that the operationalization of proposed unit would require minimum six to eight months.

Representative of Developer i.e. UPSIDC Ltd. confirmed provisional allotment of plot no. G-23 & 24 in favour of this firm in Pocket "A" of Moradabad SEZ.

After due deliberations, the Approval Committee approved the proposal of M/s. Craft Angles Inc. The Committee however did not approve manufacturing and export of scarves, shawls and mufflers under Handcrafted textile items and directed the applicant to give details of manufacturing activities to be undertaken by them in respect of these items and explain as to how it would amount to handicraft activity.

6. **Proposal of M/s. Naaz Exports for inclusion of additional items of manufacture under authorized operations.**

M/s. Naaz Exports vide its letter dated 03.11.2016 had submitted proposal for addition of more items of manufacture as "Handicraft items of Textile, Iron, Glass, Tin & Articles there-of, Fashion Accessories, Leather, Home Décor & Home Furnishings, Handmade Rugs & Druggets" in its existing LOA dated 07.03.2016-

Name of the Unit	M/s. NAAZ EXPORTS
LOA No. & date	LOA No. NSEZ/4-378/2003-MBD/9413 dated 07.03.2016
Date of Commencement of production	Yet to Commence.
LOA valid up to	26.03.2017
Whether Bond-cum-LUT submitted/ Accepted	Yes; on 05 September 2016 for Rs. 500.00 Lakhs
Location of the Unit	Plot no. G-08, Moradabad Special Economic Zone, 6 <sup>th</sup> km, Pakbara-Dingarpur Road, Moradabad.
Details of Existing Authorized Operations	<u>Manufacturing &amp; Export of Handicrafts made of Brass and Aluminium.</u>
Details of proposed additional items of manufacture	<u>Handicraft items of Textile, Iron, Glass, Tin &amp; Articles there-of, Fashion Accessories, Leather, Home Décor &amp; Home Furnishings, Handmade Rugs &amp; Druggets.</u>
Proposed revised entry in LOA under Authorized Operations (in event of approval by Approval Committee)	<u>Handicraft items of Brass, Aluminium, Textile, Iron, Glass, Tin &amp; Articles there-of, Fashion Accessories, Leather, Home Décor &amp; Home Furnishings, Handmade Rugs &amp; Druggets.</u>

Ms. Nazo, Proprietor of the firm explained that she has received many enquiries for supply of

handcrafted Textile, Iron, Glass, Tin & Articles there-of, Fashion Accessories, Leather, Home Décor & Home Furnishings, Handmade Rugs & Druggets from various countries and if these items are allowed for inclusion in their existing LOA, they will be able to increase the business. She also informed that her unit has started doing export and recently sent one consignment of export for Rs. 1.5 Crores (aprox.).

After due deliberations, the Approval Committee approved the addition of "Handicraft items of Iron, Glass, Tin & Articles there-of, Fashion Accessories, Leather, Home Décor & Home Furnishings, Handmade Rugs & Druggets" in the existing authorized operation of M/s. Naaz Exports. The Committee however did not approve manufacturing and export of scarves, shawls and mufflers under Handicraft items of Textile and directed the applicant to give details of manufacturing activities to be undertaken by them in respect of these items and explain as to how it would amount to handicraft activity.

7. **Proposal of M/s. Connect India Inc. for renewal of LOA for next five years in terms of Rule 19(6) of SEZ Rules'06 – Reg.**

It was informed to the Approval Committee that M/s. Connect India Inc. has been issued an LOA dated 10/05/2011 for manufacturing & trading activities. It was further informed that the unit is substantially doing business in trading by making supply under Rule 53 of SEZ Rules 2006.

The Approval Committee observed that there are some differences in the figures of export, import & NFE earnings as seen in the APRs submitted by the unit. The Approval Committee directed to re-examine the said details so that exact NFE position could be worked out.

Shri Sandeep Garg, Partner of the unit appeared before the Approval Committee and informed that they have already diversified and expanded their business by adding manufacture and export of some new items and installed many machines in their factory for carrying-out the manufacturing activities. In future they assured that some more machines would be installed for further expansion of manufacturing activities. Shri Garg expressed his confidence that the physical export will increase from his unit in coming years. He also stated that it will take 4-5 months to implement the full-fledged manufacturing activities.

Shri Garg further informed that currently the goods worth Rs. 2-3 Crores brought-in for trading



in DTA are lying at the unit and are ready for clearance in DTA under Rule 53 of SEZ Rules, 2006. He requested to give permission for clearing these goods in DTA against free foreign exchange permissible under Rule 53 of SEZ Rules, 2006. He further stated that they will need ONE year's time for removal of these goods. He also stated that all the goods are imported and there is no DTA procurement of trading goods. Approval committee did not agree with his request for grant of time of ONE year. Shri Garg pleaded that they are working in the zone from 2011 and the stocks have been accumulated during the course of time. He further requested to allow them a time up to 31/03/2017 for clearance of these goods.

The Approval Committee, after due deliberations, agreed with the request and allowed time up to 31/03/2017 for clearance of goods lying in the stock of the unit as on date of Approval Committee in DTA against free foreign exchange as permissible under Rule 53 of SEZ Rules, 2006.

Shri Sandeep Garg also requested for broad-banding of items of Manufacture as "Handcrafted Lighting Items, including- Lamps, Table Lamps, Wall Lamps, Chandeliers, Pendants and Garden Lights".

The Approval Committee observed that the unit has been allowed following manufacturing activities in their LOA:

- (i) Manufacturing and export of all Indian handicrafts.
- (ii) Trading and Rendering services including import & export through trading and /or manufacturing of various articles required by the SEZ units /100%EOUs and other units allowed to import duty free goods on the special entitlement as per the SEZ Act & Rules/ FTP in-force. Providing buying house services including consultancy related to operations, maintenance and marketing, as per the requirement of the overseas buyers or principals.

Shri Garg further informed that they have planned to increase manufacture & physical export from SEZ and discontinue the trading activities. He provided list of items of manufacture as under:

S. No. Name of item of manufacture

1 Wide range of Electrical Lamps, Table Lamps, Wall Lamps, Chandeliers, Pendants and

in DTA are lying at the unit and are ready for clearance in DTA under Rule 53 of SEZ Rules, 2006. He requested to give permission for clearing these goods in DTA against free foreign exchange permissible under Rule 53 of SEZ Rules, 2006. He further stated that they will need ONE year's time for removal of these goods. He also stated that all the goods are imported and there is no DTA procurement of trading goods. Approval committee did not agree with his request for grant of time of ONE year. Shri Garg pleaded that they are working in the zone from 2011 and the stocks have been accumulated during the course of time. He further requested to allow them a time up to 31/03/2017 for clearance of these goods.

The Approval Committee, after due deliberations, agreed with the request and allowed time up to 31/03/2017 for clearance of goods lying in the stock of the unit as on date of Approval Committee in DTA against free foreign exchange as permissible under Rule 53 of SEZ Rules, 2006.

Shri Sandeep Garg also requested for broad-banding of items of Manufacture as "Handcrafted Lighting Items, including- Lamps, Table Lamps, Wall Lamps, Chandeliers, Pendants and Garden Lights".

The Approval Committee observed that the unit has been allowed following manufacturing activities in their LOA:

- (i) Manufacturing and export of all Indian handicrafts.
- (ii) Trading and Rendering services including import & export through trading and /or manufacturing of various articles required by the SEZ units /100%EOU's and other units allowed to import duty free goods on the special entitlement as per the SEZ Act & Rules/ FTP in-force. Providing buying house services including consultancy related to operations, maintenance and marketing, as per the requirement of the overseas buyers or principals.

Shri Garg further informed that they have planned to increase manufacture & physical export from SEZ and discontinue the trading activities. He provided list of items of manufacture as under:

S. No. Name of item of manufacture

1 Wide range of Electrical Lamps, Table Lamps, Wall Lamps, Chandeliers, Pendants and

	<p>Garden Lights.</p> <p>2 Power Cord, Cord sets/Wire fitting with Inline Switch &amp; Lamp Holder.</p> <p>3 Lamp Holder.</p> <p>4 Cutting of wire &amp; Fixing of Ferrules.</p> <p>Unit has also provided manufacturing process flow chart and ITC-HS Codes of many items, but still in case of few items it is not submitted.</p> <p>The Approval Committee, after due deliberations, approved the items of manufacture as given above and directed the unit to submit list of all manufacturing items along with ITC HS Code.</p> <p>The approval committee after due deliberations extended the LOA of unit dated 10/05/2011 for another term of 5 (five) years till 28/07/2021 for manufacturing activities only, subject to submission of above documents. As requested by unit, trading activity will be discontinued. However as requested the existing trading unit, unit is allowed time to clear existing stock against free foreign exchange, in terms of Rule 53 or by way of export, upto 31.03.2017. The Approval Committee also directed the unit to submit complete details of NFE achievement for manufacturing &amp; trading activities separately.</p>
8.	<p><b>Following cases for monitoring of performance/APRs were also placed before the Approval Committee. The unit wise decision of Approval Committee is indicated below: -</b></p> <p>i) <b>M/s. Connect India Inc.</b> - The Committee monitored performance of the unit on the basis of APRs for a period from 2011-12 to 2015-16 and noted That the position of NFE earning is not clear from the submitted APRs of the unit and directed them to submit following documents/statements:</p> <ol style="list-style-type: none"><li>1. Complete details of sales made and proceeds realized under various provisions of Rules 53 of the SEZ Rules, 2006;</li><li>2. Complete details of sales made and proceeds realized through physical exports;</li><li>3. Complete details of sales made and proceeds realized through DTA Sales;</li><li>4. Details of Import / Indigenous Procurements;</li><li>5. Details of NFE Achieved against manufacturing activities; and</li><li>6. Details of NFE achieved against Trading Activities.</li></ol> <p>The unit was directed to submit above details, thereby submitting complete details of NFE achievement for manufacturing &amp; trading activities separately within 15 days and directed ADC, Moradabad SEZ to place the same in the next Approval Committee Meeting.</p>

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	<p>ii) <b>M/s. Nodi Exports Inc.-</b> The Committee monitored performance of the unit on the basis of APRs from 2011-12 to 2015-16 and noted achievement of positive NFE by the unit. The unit's representative Shri Vinod Khanna informed the Committee that no foreign exchange is pending for realization as on date and submitted a copy of Certificate to this effect duly certified by the Chartered Accountant.</p> <p>iii) <b>M/s. S. F. Star International -</b> The Committee monitored performance of the unit on the basis of APRs for a period from 2011-12 to 2015-16 and noted achievement of positive NFE by the unit. It was noticed that the unit has 21.976 Crore Foreign Exchange pending for realization. Shri Gulam Rasool represented the unit and informed the Committee that all the pending foreign exchange would be realized latest by 31.03.2017.</p> <p>The Committee directed Shri Rasool to submit following documents in the next Approval Committee :</p> <ul style="list-style-type: none"><li>a) Detailed date-wise &amp; party-wise statement of pending Foreign Exchange;</li><li>b) Statement showing FE pendency beyond nine months;</li><li>c) Extension of RBI in cases where FE is pending for more than nine months.</li></ul> <p>The Approval Committee after due deliberation extended the LOA of unit dated 22.02.2010 for another term of 5 (Five) years till 27.10.2021, subject to submission of above documents.</p>
9.	<p><b>Proposal of M/s. Akai Exports for Change in Constitution from 'Partnership' to "Proprietorship" – reg.</b></p> <p>M/s. Akai Exports (a Partnership Firm co-owned by Shri Azhar Ali (50% Share) and Shri Nazim Ali Khan (50% Share)) has been issued LOA dated 31/01/2014 for <i>manufacturing of "Handicrafts made of Iron, Aluminium, Brass, Copper, Zinc, Wood, Leather, Glass, Textile &amp; Home Furnishings"</i> The unit has been allotted Plot No. F-22 in this SEZ for carrying out its above activities. The unit commenced Production w.e.f. 29.01.2015.</p> <p>The unit vide its letter dated Nil received in this office on 10.08.2016 informed this office about the change in its constitution from Partnership to Proprietorship due to retirement of partner Shri Nazim Ali Khan (50% Shares) vide <b>dissolution deed dated 27.04.2015</b>. The unit has submitted copy of Dissolution deed. Upon retirement of Shri Nazim Ali Khan, (partner of 50 percent share) his shares have now been merged with Shri Azhar Ali who according to dissolution deed will be Sole Proprietor of the firm.</p>

*hush*

Shri Azhar Ali has submitted an Affidavit by undertaking that:

- (i) He will bear all the profit & losses or any incidental arising out w.e.f. 27.04.2015 which is the date of dissolution deed; and
- (ii) Upon change in constitution from partnership to proprietorship he will be holding 100 percent shares in his name.

Existing guidelines for change in constitution under Rule 19(2) inter-alia clarification on Rule-74A of SEZ Rules, 2006, as decided & circulated by the 69<sup>th</sup> BOA in its meeting on 23.02.2016 may be seen as under:

*"The Joint Secretary (GPM) explained to the Board that representations have been received on the applicability of Rule 74A of SEZ Rules, 2006 in cases where the operational SEZ units continue to operate as such, i.e. on a going concern basis as a result of change of name, court approved mergers/ de-mergers, slump sale, change of constitution from proprietorship to partnership & vice-versa, change of constitution from public limited company to private/ limited liability company & vice-versa, company to partnership & vice-versa, change in shareholding up to 50 per cent, etc. and per se are not opting out/ exiting out of the SEZ scheme.*

*With a view to promote the ease of doing business in India and that restructuring of entity/ business is a fairly common occurrence, BOA decided that provisions of Rule 74A shall not apply to SEZ Units that do not exit or opt out of the SEZ Scheme by transferring its assets and liabilities to another person and the SEZ Unit continues to operate as a going concern in the situations mentioned above. The Approval Committee s concerned, may consider such requests under Rule 19(2) of the SEZ Rules, 2006.*

*In so far as Business Transfer Agreement is concerned, it was explained that certain acquisitions happen globally as a result of Business Transfer Agreement which result in transfer of the SEZ unit of the Indian company on a going concern basis to the acquirer. The BOA decided that such cases resulting in change of ownership would be decided on merits by the Board of Approvals on a case to case basis."*

In light of above clarification issued by the 69<sup>th</sup> BOA on 23 February 2016 the Approval Committee considered the request of the unit under Rule 19(2) of the SEZ Rules, 2006 keeping in view the fact that that the unit is not making exit from SEZ & change in shareholding pattern is up to 50%. Thereafter, the committee approved the proposal of M/s. Akai Exports.

10. **Proposal of M/s. Abhishek International, Moradabad SEZ for inclusion of additional items under authorized operation: -**

M/s. Abhishek International vide its letter dated 02 July 2016 had submitted proposal for addition of more items of manufacture as "Made-ups of Plain Glass and Plain Cut Glass" in their existing LOA dated 02.07.2015 and requested approval of same urgently to comply its existing orders. The proposal of M/s. Abhishek International was placed before DC of this SEZ for approval and detailed examination is placed below for perusal of Approval Committee : -

Name of the Unit	M/s. Abhishek International
LOA No. & date	LOA No. NSEZ/4-372/2003-MBD/9037 dated 02.07.2015
Date of Commencement of production	04.01.2016
LOA valid up to	03.01.2021
Whether Bond-cum-LUT submitted/ Accepted	Yes; on 10 September 2015 for Rs. 500.00 Lakhs
Location of the Unit	Plot no. G-03 to 05, Moradabad Special Economic Zone, 6 <sup>th</sup> km, Pakbara-Dingarpur Road, Moradabad.
Details of Existing Authorized Operations	<u>Manufacturing &amp; Export of Handcrafted Wax Made-ups, Wax Candles, Photo Frames, Art-ware of Glass, Wood Crafted Items, Handicraft items made of Brass, Iron and Aluminium.</u>
Details of proposed additional items of manufacture	<u>Made-ups of Plain Glass and Plain Cut Glass.</u>
Proposed revised entry in LOA under Authorized Operations (in event of approval by Approval Committee )	<u>Manufacturing &amp; Export of Handcrafted Wax Made-ups, Wax Candles, Photo Frames, Art-ware of Glass, Made-ups of Plain Glass and Plain Cut Glass, Wood Crafted Items, Handicraft items made of Brass, Iron and Aluminium.</u>

Considering the urgent requirement of this unit the Development Commissioner had approved the proposal on file, subject to ratification by the next Approval Committee .

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In view of the above, Approval Committee ratified the approval accorded by DC, Moradabad SEZ.

11. **Proposal of M/s. Ritu Overseas, Moradabad SEZ for inclusion of additional items under authorized operation.**

M/s. Ritu Overseas vide its letter dated 06 October 2016 and 26 October 2016 the unit had submitted proposal for addition of more items of manufacture as "Handicraft items made of Iron, Stainless Steel, Brass, Aluminium, Copper, Glass, Leather, Textile, Wood, Scarves, Mufflers, Rugs, Dari, Hand Knotted Carpets and Ceramic Items" in their existing LOA dated 16.05.2013 and requested approval of same urgently to comply its existing buyer orders. The proposal of M/s. Ritu Overseas was placed before DC of this SEZ for approval and detailed examination is placed below for perusal of Approval Committee : -

Name of the Unit	M/s. Ritu Overseas
LOA No. & date	LOA No. NSEZ/4-335/2003-MBD/7067 dated 16.05.2013
Date of Commencement of production	03 February 2015
LOA valid up to	02.02.2020
Whether Bond-cum-LUT submitted/ Accepted	Yes; BLUT accepted by DC on 14.08.2013 for Rs. 100.00 Lakhs.
Location of the Unit	Plot no. G-25, Moradabad Special Economic Zone 6 <sup>th</sup> km, Pakbara-Dingarpur Road, Moradabad.
Details of Existing Authorized Operations	<u>All kind of packaging materials including corrugated sheet, boxes, labels, barcodes, Thermocol sheets, chemicals including colours and allied items and other Indian handicrafts.</u>
Details of proposed additional items of manufacture	<u>Handicraft items made of Iron, Stainless Steel, Brass, Aluminium, Copper, Glass, Leather, Textile, Wood, Scarves, Mufflers, Rugs, Dari, Hand Knotted Carpets and Ceramic Items.</u>
Proposed revised entry in LOA under Authorized Operations	<u>Handicraft items made of Iron, Stainless Steel, Brass, Aluminium, Copper, Glass, Leather, Textile, Wood, Scarves, Mufflers, Rugs, Dari, Hand Knotted Carpets &amp; Ceramic Items.</u>

The unit has submitted in its letter dated 26 October 2016 that they are not able to sell packaging items due to lack of demand for same and want to drop the items allowed for



	<p>manufacturing under the LOA dated 16.05.2013 and requested urgent addition of new item of manufacture "Handicraft items made of Iron, Stainless Steel, Brass, Aluminium, Copper, Glass, Leather, Textile, Wood, Scarves, Mufflers, Rugs, Dari, Hand Knotted Carpets &amp; Ceramic Items". The promoter of unit also appended a copy of overseas orders along with revised copy of Form-F, Project Report etc. as required in the instant case.</p> <p>Considering the urgent requirement of this unit, the Development Commissioner had approved the proposal subject to ratification by the next Approval Committee .</p> <p>In view of the above, Approval Committee ratified the approval accorded by DC, Moradabad SEZ. However, in view of decisions taken in respect of above mentioned units, the Committee did not ratify manufacturing and export of scarves and mufflers and directed the applicant to give details of manufacturing activities to be undertaken by them in respect of these items and explain as to how it would amount to handicraft activity.</p>
12.	<p><b><u>Proposal of M/s. Trendz's Inc., Plot no. M-2 &amp; 3, Moradabad SEZ for sharing of 300 M<sup>2</sup> of Factory Space with M/s. Phoenix India Inc. at Plot no. D-17, Moradabad SEZ.</u></b></p> <p>M/s. Trendz's Inc. which is allottee of plot no. M-2 &amp; M-3, measuring 3300 M<sup>2</sup> Moradabad SEZ submitted a request letter dated 27.09.2016 (received on 30.09.2016) requesting permission for sharing surplus factory space of M/s. Phoenix India Inc. to the extent of 300 M<sup>2</sup>.</p> <p>A letter from M/s. Phoenix India Inc. dated 30.09.2016 was also received where-in they also confirmed availability and willingness to share their 300 M<sup>2</sup> factory space with M/s. Trendz's Inc. M/s. Trendz's Inc. requested for permission of sharing of space and attached an order from their buyer of USA and explained that the order has to be complied by 22.10.2016.</p> <p>The request of M/s. Trendz's Inc. has been examined below:</p> <ol style="list-style-type: none"><li>1. The original allottee of Plot No. D-17 is M/s. Phoenix India Inc. and which is an operational unit w.e.f. 26.03.2016 and it has executed business to the tune of Rs. 6184 Lakhs till date.</li><li>2. The area of 300 M<sup>2</sup> in question is less than 10 % of the total covered area of the sharer unit M/s. Phoenix India Inc.</li><li>3. The applicant unit M/s. Trendz's Inc. is not a related unit of M/s. Phoenix India Inc.</li><li>4. The Entry &amp; Exit of the proposed premises to be shared, is separate from rest of the</li></ol>



**Moradabad Special Economic Zone**

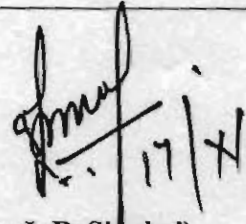
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	<p>factory.</p> <p>5. M/s. Trendz's Inc. possesses a valid Letter of Approval and they have been allotted plot no. M-2 &amp; 3 measuring 3300 M<sup>2</sup> by the developer.</p> <p>6. The Developer has conveyed their NoC to M/s. Phoenix India Inc. with respect to sharing of space to M/s. Trendz's Inc.</p> <p>Based on the fact that unit had short time to commence the supplies to its buyers and construction of its own building is taking some time, DC had approved the proposal of unit on file for sharing of 300 M<sup>2</sup> factory space with M/s. Phoenix India Inc. at plot no. D-17 in light of above facts, subject to ratification by the Unit Approval Committee.</p> <p>In view of the above, Approval Committee ratified the approval accorded by DC, Moradabad SEZ.</p>
13.	<p><b><u>Cancellation of LOA of M/s. Shree Jee Exports, Moradabad SEZ.</u></b></p> <p>M/s. Shree Jee Exports, was approved by the Approval Committee in its meeting held on 03.03.2016 for "Manufacturing &amp; Export of Handicrafts made of Brass, Iron, Glass, Copper, Aluminium, Wood, Leather, Imitation Jewellery, Textile, Tin, Stainless Steel, Home Décor &amp; furnishing Rugs &amp; Druggets and Fashion Accessories".</p> <p>The unit had failed to obtain a plot from the UPSIDC Limited (Developers) and have shown no activity till date.</p> <p>The Approval Committee after due deliberations decided to review the status of implementation of the unit after expiry of initial validity of LOA.</p>

Meeting ended with vote of thanks to the Chair.

  
(S. S. Shukla)

Joint Development Commissioner

  
17/11

(Dr. L.B. Singhal)

Development Commissioner