

## **Moradabad Special Economic Zone**

(Minutes of Meeting of Approval Committee of Moradabad SEZ held on 30/05/2017)

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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 on 30/05/2017 at 03:00 PM in the Conference Hall of NSEZ.**

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

- 1) Shri S.S. Shukla, Jt. Development Commissioner, NSEZ.
- 2) Shri Harshvardhan Rai, Dy. Commissioner, Central Excise, Moradabad
- 3) Shri Suresh Kumar, Regional Manager, UPSIDC, Moradabad
- 4) Shri Varun Kumar, E. P. O., Representative of Director, EPCH
- 5) Shri Sudarshan Dutt, Sr. Asstt., Representative of Director, EPCH

2. Besides, during the meeting (i) Smt. Mala Ranagarajan, Dy. Development Commissioner, NSEZ (ii) Shri Saurav Suman Shardool, Specified Officer, Moradabad SEZ, (iii) Shri R.P. Verma, Asstt. Development Commissioner, NSEZ (iv) Dr. V. P. Sharma, Asstt. Development Commissioner, Moradabad SEZ were also present to assist the Approval Committee.

3. At the outset, D. C., NSEZ welcomed the participants. After brief introduction, 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:-

### **Ratification of Minutes of last meeting of the Approval Committee held on 11/11/2016:-**

It was informed that no reference against the decisions of the Approval Committee held on 11/11/2016 was received. Accordingly, Approval Committee ratified minutes of meeting dated 11/11/2016



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

**1. Proposal of M/s JMD International for setting up a new Unit in Moradabad SEZ.**

It was informed to the Approval Committee that the applicant has proposed to set up a new unit in Moradabad SEZ for Manufacturing & Export of Handicrafts made of Brass (74199930), Copper (7419994), Iron (73269099), Steel (73239490 & 73239190), Wood (44219060 & 44219090), Glass (70200090) and Aluminum (76169990) with projected exports of Rs. 240 Lakhs and the NFE of Rs. 240 Lakhs over a period of five years.

Shri Mayur Dubey, Partner appeared before the Approval Committee to explain the project. He informed that both the partners are new to this business and have no experience of Entrepreneurship. However he has working experience in one of the SEZ units in Moradabad SEZ viz. M/s Omsons. He had also participated in several international fairs abroad. Both the partners have a combined gross income of Rs. 6,93,404 during 2016-17. He also informed that both the promoters will invest in the unit by using their own funds and source the remaining fund through bank finance. They will install machinery with Rs. 20.00 lakh (approx.) within 50-60 days of approval. He further informed that the proposed unit shall be a 100% export unit and will employ approx. 25 persons initially for wooden handicraft unit will procure seasoned wood from Saharanpur, U.P.

It was informed to the applicant that Red-sander, Sandalwood and its products fall under Prohibited/Restricted category. A meeting was held under the chairmanship of DGFT, New Delhi and it was informed that in case of environment related items/goods, the restrictions, applicable to DTA unit would be applicable to SEZ unit also. Hence, no Import or Export would be allowed of prohibited/ environment related restricted wood/Specifically sandalwood, red sanderwood products in SEZs until further instruction/guidelines are received from SEZ Division of Department of Commerce. Also Import of Scrap shall not be allowed from SEZ.

The Approval Committee, after due deliberations, approved the proposal of M/s. JMD International for setting up a new unit in Moradabad SEZ for manufacturing and export of

Handicrafts made of Brass, Copper, Iron, Steel, Wood, Glass and Aluminum as per list provided by the applicant as below subject to the above condition:

- (i) Lamps and lightings
- (ii) Flower vases
- (iii) Planters
- (iv) Garden accessories
- (v) Table tops
- (vi) EPNS items
- (vii) Hotel and bar accessories
- (viii) Hurricanes
- (ix) Candle holders
- (x) Cutlery
- (xi) Christmas gifts
- (xii) Dishes

Promoter was directed to provide ITC (HS) codes for the items..

**2. Proposal of M/s Gemini Enterprises for setting up a new Unit in Moradabad SEZ.**

It was informed to the Approval Committee that the applicant has proposed to set up a new unit in Moradabad SEZ for Manufacturing & Export of Handicrafts made of Brass (74199930), Aluminum (76169990), Copper (74199940), Iron (73269099) and Leather (42023190) with projected exports of Rs. 359.72 Lakhs and the NFE of Rs. 359.72 Lakhs over a period of five years.

Shri Sudhir Dutt, Proprietor appeared before the Approval Committee to explain the project. He informed that he has a work experience of Approx. 12 Years in Handicrafts Export business but he does not have any experience of Entrepreneurship. He has a gross income of Rs. 4,33,570 during 2016-17. He also informed that earlier he worked as AGM with M/s Jainsons Exports and he will invest in the unit by using his own funds and source the remaining funds by bank finance. He further informed that the proposed unit shall be a 100% export unit and will employ approx. 10 persons initially. He will install machinery worth Rs. 3 lakh.

It was informed to the applicant that Red-sander, Sandalwood and its products fall under Prohibited/Restricted category. A meeting was held under the chairmanship of DGFT, New Delhi and it was informed that in case of environment related items/goods. The Import-export restrictions applicable to DTA unit of such products would be applicable to

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SEZ units as well. Hence, no Import or Export would be allowed of prohibited/ environment related Restricted / products including wood in SEZs specifically Sandalwood, red sander wood until further instruction/guidelines are received from SEZ Division of Department of Commerce. Also Import of Scrap is not Allowed from SEZ.

The Approval Committee, after due deliberations, approved the proposal of M/s. JMD International for setting up a new unit in Moradabad SEZ for manufacturing and export of Handicrafts made of Brass, Aluminum, Copper, Iron, and Leather viz. Planters, candle stands, Christmas hangings, stars and dolls subject to the condition of submission of list of specific items with their ITC (HS) code to be manufactured and exported by the unit.

3. **Proposal of M/s J. O. Exports for inclusion of additional authorized operations in LOA.**

It was informed to the Approval Committee that M/s. J. O. Exports has been issued an LOA dated 08.04.2004 for manufacturing and export of Handicrafts made of Brass, Aluminum, EPNS, Iron, Glass and other Indian Handicrafts and manufacturing of all kind of Packaging items. The unit has commenced its activities w.e.f. 22/10/2007 and its LOA is accordingly valid till 21/10/2017.

It was informed to the Approval Committee that the unit has submitted a proposal to allow them permission for inclusion of additional authorized operation in their LOA Handicrafts made of Wood with ITC (HS) codes [44140000, 44151000, 44152000, 44190010, 44190020, 44201000, 44209010, 44209090, 44219060, 44219090, 44219019, 94035090, 94036000, 94056090, 94052010 & 94051010].

The unit is set up on a plot of 4000 Sq Mtrs. and has been lying non-functional since 2010-11 and Foreign Exchange of Rs. 28.76 Lakhs is pending for realization.

Shri Ankur Agarwal, Partner in the company appeared before the Approval Committee. Shri Agarwal stated that they have received new orders from their foreign buyers and they will start production with immediate effect, if their proposal is approved by the Approval Committee. Shri Agarwal further informed that they will receive the pending foreign exchange realization by 30.06.2017.

It was informed to the applicant that Red-sander, Sandalwood and its products fall under Prohibited/Restricted category. A meeting was held under the chairmanship of DGFT, New Delhi and it was informed that no Import or Export is allowed of prohibited/ Restricted wood/ products in SEZs specifically Sandalwood and red sanderwood until further instruction/guidelines are received from SEZ Division of Department of Commerce. Also Import of Scrap is not Allowed from SEZ.

The Approval Committee, after due deliberations, approved the proposal of unit for inclusion of additional authorized operation in their LOA namely Handicrafts made of Wood with ITC (HS) codes [44140000, 44151000, 44152000, 44190010, 44190020, 44201000, 44209010, 44209090, 44219060, 44219090, 44219019, 94035090, 94036000, 94056090, 94052010 & 94051010] subject to the condition (1) they will not use any prohibited or restricted wood in manufacturing of Handicrafts, and permission required for import and export under any other law/rules/regulations would be applicable(2) they will start production at the earliest, (3) they will submit the CA certified report of realization of pending Foreign Exchange within 3 months i.e. by 01.07.2017.

4. **Proposal of M/s Naaz Exports for inclusion of additional authorized operations in LOA.**

It was informed to the Approval Committee that M/s. Naaz Exports has been issued an LOA dated 07.03.2016 for manufacturing and export of Handicrafts made of Brass, Aluminium, Textile (except for scarves, shawls & mufflers), Iron, Glass, Tin and Articles there-of, Fashion accessories (except for scarves, shawls & mufflers), Leather, Home Décor & Home Furnishings, Handmade Rugs & Druggets. The unit has commenced its activities w.e.f. 09/11/2016 and LOA is accordingly valid till 08/11/2021.

It was informed to the Approval Committee that the unit has submitted a proposal for inclusion of additional authorized operation in their LOA for manufacturing and Export of Handicrafts of Wood [44219990](Except Prohibited Wood), Steel [73262090], Copper [74199940], Scarves/ Mufflers/ Shawls/ Stoles/ Mantillas Veils [61171040].

No one on behalf of unit appeared before the Approval Committee. Therefore, the

	proposal was <u>deferred</u> for the next meeting of Approval Committee.
5.	<p><b>Proposal of M/s. Shree Jee Exports for extension of LOA.</b></p> <p>It was informed to the Approval Committee that M/s. Shree Jee Exports has been issued an LOA dated 07.03.2016 for Manufacturing &amp; Export of Handicrafts made of Brass, Copper, Textile, Wood, Aluminium, Leather, Iron, Glass, Steel, Tin, Rugs &amp; Druggets, Home decor and home furnishing. The unit has not commenced its export production till date and their LOA expired on 06.03.2017.</p> <p>It was informed to the Approval Committee that the unit has requested for extension in validity of their LOA.</p> <p>Shri Rajendra Tater, proprietor of the firm appeared before the Approval Committee. He informed that they have requested the Developer to allot space to them in SEZ. But their request is under consideration with the Developer's Head Office, Kanpur. The Approval Committee observed that in terms of 18 (2) (ii) of SEZ Rules " a copy of the registered lease deed shall be furnished to the Development Commissioner concerned within six months from issuance of LOA and failure to do so, the Approval Committee may take action to withdraw the LOA after giving an opportunity of being heard." The Committee noted that earlier also this issue was discussed by it in its earlier meeting held on 11.11.2016, when the following decision was taken:-</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> <p>The Approval Committee, after due deliberations, decided not to extend validity of <u>LOA as the unit did not have</u> provisional offer of space from the Developer.</p>
6.	<p><b>Proposal of M/s. Ad Print Product Industries for exit from SEZ Scheme.</b></p> <p>It was informed to the Approval Committee that M/s. AD Print Product Industries has been issued an LOA dated 21/08/2007 for Manufacturing &amp; Export manufacturing of Packaging items, Stationary and Indian Handicrafts. The unit commenced in production</p>

on 02.05.2008 and its LOA is valid till 01.05.2018.

It was informed to the Approval Committee that the unit has submitted a request for Exit from SEZ Scheme. The unit has achieved Negative NFE to the tune of Rs 17.38 lakhs. Besides, Foreign Exchange of Rs 6.23 Lakhs is also pending for realization.

Shri Muti-ur-Rehman, Proprietor of the company appeared before the Approval Committee. He informed that they propose to re-export the machine which was imported in their unit during the year 2015-16. He also informed that he will receive the Foreign Exchange pending for realization within one month time.

The Approval Committee, after due deliberations, decided that the unit needs to submit their APR duly certified by the Chartered Accountant after exporting the said Machine and proof of realization of pending Foreign Exchange so as to ascertain exact NFE status. The Approval Committee accordingly deferred the proposal for its next meeting.

**7. Proposal of M/s. Shaila Exports for monitoring of Performance and review of authorized operations.**

It was informed to the Approval Committee that M/s. Shaila Exports has been issued an LOA dated 09/12/2011 for Manufacturing & Export of Handicrafts made of Brass, Aluminum, Iron, Copper, Zinc and their respective alloy products including ingots items made of Glass, wood, Leather, Textiles and Home furnishings. The unit has commenced its export production w.e.f. 25/01/2012 and its LOA of is valid till 24/01/2022.

The Approval Committee monitored the performance of the unit on the basis of APRs up to 2015-16 and observed that unit has made exports worth Rs. 37409.86 Lakhs and earned positive NFE worth Rs. 34664.28 Lakhs cumulatively during previous block of five years. The Approval Committee accordingly noted achievement of positive NFE by the unit.

Shri Nitin Aima, Proprietor of the firm appeared before the Approval Committee. He informed that they are an active unit and exporting regularly mainly to Middle East. He also informed that all the raw materials are procured from domestic market and approx. 40-50 employees are currently working in the unit. They have made exports worth Rs. 37409.86 Lakhs and earned positive NFE worth Rs. 34664.28 Lakhs cumulatively during

previous block of five years (from 2011-12 to 2015-16). The LOA of unit was renewed on 21/04/2017 for the next five years block from 25/01/2017 to 24/01/2022.

It was informed to the Approval Committee that as per records the unit is exporting only Shawls and Rugs though the unit was approved for variety of authorized operations. Shri Aima informed that main activities which are being carried out in the unit are Tasselling, Embroidery, labelling etc in shawls & rugs. They are not carrying out other activities. Shri Aima further stated that he has no objection if other activities are discontinued.

The Approval Committee, after due deliberation, decided to delete the items which are not manufactured/exported by the unit from their LOA. **The revised Authorized Operations of the unit now stands as Manufacturing and Export of Handicrafts made of Textile including Shawls, Scarves, Rugs, Bed-covers and Cushion-covers and Home Furnishing.**

8. **Proposal of M/s. Shaila Exports for issuance of MEIS Scrip.**

It was informed to the Approval Committee that the unit has submitted an application for issuance of MEIS Scrip for reward value of Rs 64,60,878/- and Rs 36,68,435/- against export of Shawls and Rugs. In this case unit is procuring Rugs and Shawls from DTA in semi-finished form and processing further in the unit to give it final shape of handicraft product.

It was further informed that to grant MEIS, for handicrafts items, especially for Shawls/ Rugs, it is a condition that Shawls must be manufactured from man-made fibre as per heading 2601 (ITC HS- 61171040). Further, as per Public Notice 27/2015-20 dated 14.07.2015, "If any Doubt arises on the issue (whether or not a product is a handicraft item), the DC (Handicraft)/ Export Promotion Council for Handicrafts shall certify that the exported product is a handicraft product."

Shri Nitin Aima, Proprietor of the firm exhibited samples of Shawls and Rugs being manufactured in their unit and explained that the hand work and/or artistic work like Hand tasseling, embroidery using Resham threads/embellishments such as beads and moti, Roller/Stone pressing, label stitching, cleaning & quality inspection, labeling, tagging



and finally packing are being done on Shawls and Rugs.

It was informed that the matter was referred to DC (Handicrafts)/ EPCH to certify whether the products being manufactured and exported by the unit are handicraft products. DC(Handicrafts) have clarified as under:

“It is to inform that Shawls are art ware and Rugs made by hand are covered under handicraft items.”

Shri Varun Chaudhary and Shri Sudarshan Dutt from EPCH attended the meeting. The matter was again discussed with the representatives of EPCH and DC(Handicraft). They clarified again that tasseling, embroidery, embellishments are covered under handicraft. They also confirmed that the products samples shown by the proprietor are handicraft items.

Accordingly, Approval Committee agreed that these export items are covered under the Handicraft item. As regards MEIS, Approval Committee decided that since these are handicraft items, these products would be entitled for issue of MEIS scrip. The Approval Committee however instructed that the ITC HS Code & description of products in Shipping Bill should match with the ITC HS code & description given in the DGFT Public notice No. 27/2015-20 dated 14.07.2015.

The Committee asked the representatives from EPCH, do they agree that the samples shown are covered under Handicrafts. The representatives clarified that the Embroidery, embellishment, tasseling on Shawls and Rugs are covered under Handicrafts.

Shri Aima produced Shipping Bill whereas the description of Shawl [ITC (HS) -57023140] was made of man-made fiber man-made Shawls and in respect of Rugs [ITC (HS) - 61171040], description given is Handmade rugs made of man-made fiber.

Shri Aima informed that the raw material are procured from DTA and produced copy of a Shipping Bill where it was shown the description of the products being exported as “Handmade Rugs [ITC (HS) code 61171040] and Shawls [ITC (HS) code: 57023140].

Shri Nitin Aima clarified that his entire raw material i.e Shawls & Rugs are procured from DTA and no import is being made. He also categorically stated that his suppliers also do

not import and all items are manufactured in India. He stated that the Balance sheet of suppliers also shows no import. He also informed that their supplier is registered with the Handicrafts Board of Jammu & Kashmir. Approval Committee directed him to submit an undertaking also in this regard.

It was observed that the unit has procured raw material from DTA only except for import of 627 Pcs of "Wool Scarf" as sample from China. Shri Aima clarified that these scarves were imported from china and exported to buyer after job work done on them. He further informed that no MEIS were claimed on the imported scarves.

Approval Committee also noted that the unit was physically inspected by the Specified Officer, Moradabad SEZ and it was reported by him that machines installed and the activities carried out are covered under Handicrafts.

The Approval Committee, after due deliberations, decided that since the products being exported by the unit are Handicrafts items, these would be entitled for MEIS benefit subject to the condition that ITC(HS) Code & description of products in Shipping Bill match with the ITC HS code & description given in Public Notice of DGFT.

**9. Proposal in respect of M/s. A & S International for Monitoring of performance and renewal of LOA.**

It was informed that M/s. A & S International has been issued an LOA dated 09/12/2010 for manufacturing and export of handicrafts i.e. Decorative Gramophones, telephones, Wooden Clock, Table Clock (Brass) & wooden Gift items and other handicrafts made of Reproductions of Antique items. The unit commenced its export production w.e.f. 05/12/2011 and LOA of the unit was valid till 04/12/2016.

Shri Anirudh Yadav, Proprietor of the firm appeared before the Approval Committee. He informed that they are an active unit and exporting regularly. They have made exports worth Rs. 281.23 Lakhs during last Five years block (from 2011-12 to 2016-17). He further informed that NFE earned during the said period is to the tune of Rs 281.23 Lakhs. It was observed that unit has not made any import during the said period.

The Approval Committee, after due deliberation, noted that unit has achieved positive

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NFE and the LOA of unit is valid till 04.12.2021.

10. **Proposal for approval of Building plans of the unit by Approval Committee**

It was informed to the Approval Committee that Building plans of following units have been received after technical inspection by the UPSIDC.

S. No.	Name of the Unit	Recommendations of UPSIDC
1.	M/s Phoenix India Inc.	Yes
2.	M/s Pooja Overseas	No
3.	M/s Marina India	Yes
4.	M/s Tanmay International	Yes
5.	M/s Banke Bihari International	Yes
6.	M/s Rishi International (India)	Yes
7.	M/s Akub Craft Concept Pvt. Ltd.	Yes
8.	M/s Naaz Exports	Yes
9.	M/s C. L. Gupta Overseas LLP	Yes
10.	M/s Metals Vision	Yes
11.	M/s Amrut Handicrafts	Yes

It was informed to the Approval Committee that Technical Branch of the UPSIDC Ltd has examined the Building plans of all above mentioned units and found in order as per relevant building byelaws except Building Plan of M/s Pooja Overseas (S. No. 2 in the above list).

The Approval Committee accordingly approved the Building plans in respect of all the above said units except M/s Pooja Overseas because UPSIDC had not recommended the same. It was decided that the unit may be advised to submit their revised Building plan as

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per guidelines of bylaws of UPSIDC to UPSIDC for its reconsideration and proposal be put up in next meeting of Approval Committee along with recommendations of UPSIDC.

Meeting ended with thanks to the Chair.



(S. S. Shukla)

**Jt. Development Commissioner**



(Dr. L. B. Singhal)

**Development Commissioner**