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Minutes of the 1st (first) meeting of the Approval Committee for the multi-product Dahej – Special Economic Zone held on 19-08-2008, at 1600 hours at Ahmedabad under the Chairmanship of Shri Ravi S Saxena, IAS, Development Commissioner, Dahej Special Economic Zone, in the conference room of GIDC, third floor Fadia Chambers Ashram Road, Ahmedabad.

Approval Committee constituted by the Central Government vide Notification No. 993 (E), dated 25-04-2008 issued from file No. 1/1/2006-EPZ consists of the following Chairperson and Members, namely:-

01.	Development Commissioner, Dahej Special Economic Zone.	Chairperson, Ex-officio
02.	Director or Deputy Secretary to the Government of India, Ministry of Commerce and Industry, Department of Commerce	Member, Ex-officio
03.	Joint Director General of Foreign Trade, Rajkot.	Member, Ex-officio
04.	Commissioner of Central Excise, having territorial jurisdiction of the Special Economic Zone or his nominee not below the rank of Joint Commissioner.	Member, Ex-officio
05.	Commissioner of Income-Tax having territorial jurisdiction over the SEZ or his nominee not below the rank of Joint Commissioner.	Member, Ex-officio
06.	Director (Banking), Banking Division, Ministry of Finance, Government of India.	Member, Ex-officio
07.	District Collector of the Bharuch District or Additional District Collector or Deputy Collector as his nominee.	Member, Ex-officio
08.	General Manager, District Industries Centre, Bharuch.	Member, Ex-officio
09.	Representative of M/s. Dahej SEZ Ltd., (Developer).	Special Invitee

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The following were present:-

01.	Shri Ravi S. Saxena, Development Commissioner, Dahej Special Economic Zone.	Chairperson
02.	Shri B. K. Bansal, Commissioner of Central Excise & Customs, Vadodara-II.	Member.
03.	Shri S.C. Rajan, Additional Commissioner of Income Tax, Baroda-III.	Nominated by the Commissioner of Income Tax, Baroda-III.
04.	Shri S. N. Patil, Joint Development Commissioner, Dahej SEZ.	Nominee of Director, Department of Commerce.
05.	Shri N. V. Upadhyay, Resident Deputy Collector.	Nominee of the District Collector, Bharuch.
06.	Shri Rajesh I. Chavda, General Manager, District Industries Centre, Bharuch.	Member
07.	Shri N. C. Modi, Nodal Officer, M/s. Dahej SEZ Ltd., (Developer)	Representative of the Developer.

Absent:-

01.	Joint Director General of Foreign Trade, Rajkot.
02.	Director (Banking), Banking Division, Ministry of Finance, Government of India.

The Chairman Shri Ravi S. Saxena, Development Commissioner, Dahej – SEZ welcomed the members and thereafter started proceedings of the first Approval Committee meeting.

- A) The Development Commissioner, Dahej - SEZ, briefly explained the SEZ Policy of the Government of India, and the thrust on exports from the SEZs. The DC also informed the members regarding the functions and powers of the Approval Committee, and five conditions required for approval of units in SEZ under Rule-18 of the SEZ Rules, 2006.

- C) Action Taken Report of the Development Commissioner, Dahej – SEZ.

A Statement (copy enclosed) showing approvals (9 LOAs) granted by the Development Commissioner, Dahej – SEZ was placed before the Approval Committee. The Additional Commissioner of Income Tax, Vadodara-III, Joint Development Commissioner, Dahej – SEZ, Resident Deputy Collector, and General Manager, DIC, Bharuch stated that the same can be approved. However, the Commissioner of Central Excise & Customs, Vadodara-II, Shri B. K. Bansal stated that since the approvals (LOAs) have already been issued post-facto approval by the Approval Committee may not be relevant now; hence the issue should not be pursued further. However, copy each of the nine applications has been sent to the Commissioner of Central Excise, Vadodara-II for perusal.

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D) Fresh proposals for units in Dahej - SEZ:-

The Commissioner of Central Excise had sought copies of the new proposals to decide up on the cases. Thus the original file of M/s. JBF Industries Ltd., was given to Shri B. K. Bansal, Commissioner of Central Excise. During the discussions it was opined to go through certain files, and the file of M/s. Sigachi Cellulose Pvt. Ltd., was given to Shri S. C. Rajan, Additional Commissioner of Income Tax, for case study. The Commissioner of Central Excise also sought files and papers of other case. It was decided by the Committee to provide required papers to members. Having studied the relevant files and papers Commissioner of Central Excise Shri B. K. Bansal has conveyed his recommendation (Annexure-I & II) on various fresh proposals based on which decisions as follows are taken.

01. M/s. Techno Color Corporation, Mumbai:-

Shri Rajen Trambaklal Shah, Partner of the company appeared before the Committee for personal interview, and explained about the proposed project proposal. The proposal is to set up a unit for manufacture and export of S.O.Dyes, and Speciality Organic Chemicals. They do not intend to import any capital goods for the project. FOB value of export is projected to be Rs. 35.00 crores for a period of 05 (five) years and NFE of Rs. 6.80 crores. The promoter of the company stated in the interview before the Committee that his initial export turnover shall be about Rs. 5.00 crores, with profit margin/surplus of about 7% over an investment of Rs. 4.00 crores with the interest rate of around 14%. Thus the proposed project was found to be not viable on current rate. The Approval Committee therefore decided to reject the proposal with an advice to the applicant to apply afresh after re-working the project proposal.

(Action: JDC, Dahej-SEZ)

02. M/s. P & J Cretechem Pvt. Ltd., Hyderabad:-

No authorized representative of the applicant company appeared before the Approval Committee, thus the case was deferred.

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03. **M/s. Sigachi Cellulose Pvt. Ltd., Hyderabad:-**

Shri Amieth Raj Sinha, Director of the company appeared before the Committee for personal interview, and explained about the proposed project proposal. The proposal is to set up a unit for manufacture and export of Micro Crystalline Cellulose, with an investment of Rs. 515.00 lakhs. There shall be no import of capital goods/technology, and no ECB/FDI for the project; only import of raw material i.e. wood pulp (of Pine-tree). They have SSI unit in DTA with no US FDA approval, and their proposed SEZ unit shall go for US FDA approval, for value addition of their product in international market. FOB value of export is projected to be Rs. 73.72 crores for a period of 05 (five) years, with NFE of Rs. 18.43 crores. The applicant has submit audited balance sheet for the year 2007-08, and also Income Tax returns for last three years of other Directors. The Committee observed that the proposed project does not envisage any Domestic Tariff Area (DTA) sales. Thus, the proposal was approved by the Committee subject to standard terms and conditions.

(Action: JDC, Dahej-SEZ)

04. & **M/s. Bajaj Eco-Chem Products Pvt. Ltd., Mumbai**
05. **M/s. Bajaj Hindustan Ltd., Mumbai:-**

Shri Rajesh Doshi, Head, Chemicals Business, of M/s. Bajaj Eco-Chem Products Pvt. Ltd., and Shri S. Asokan, Vice President of M/s. Bajaj Hindustan Ltd., made a detailed presentation before the Approval Committee. The proposed proposals were for manufacture and export of downstream/value added chemicals viz. Ethylene Oxide; Ethanolamine & MDEA Monoethanolamine; Diethanolamine Triethanolamine; MDEA; Prop ionic Acid; Glycol (MEG){under chapter-29 of ITC (HS)}, from Ethylene to be manufactured in SEZ by M/s. Bajaj Hindustan Ltd., for which the main raw material is Ethanol to be imported/procured from DTA. There shall be outgo of foreign exchange on account of Technology License fee. Both the proposed project shall be using common utility facilities in the SEZ. The main market for value added chemicals shall be China, Europe, and Rest of Asia. It was noted that these proposals are from the Bajaj group of established and listed companies. The Committee observed that the proposed project does not envisage any Domestic Tariff Area (DTA) sales. Thus, the proposal was approved by the Committee subject to standard terms and conditions.

(Action: JDC, Dahej-SEZ)

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06. **M/s. JBF Industries Ltd., Silvassa:-**

Shri N. K. Shah, Director (Comm.) of the company appeared before the Committee for personal interview, explained about the proposed project proposal and made a detailed presentation. The proposal is for manufacture and export of Mono Ethylene Glycol, Poly Ethylene, Tri Ethylene Glycol and Di-Ethylene Glycol (by product). The applicant stated that they have undertaken market evaluation of their products, most of the export shall be for their captive consumption in international market (JBF – RAK). The project shall take about 30 months time for commissioning. Commissioner of Central Excise & Customs, Vadodara-II has intimated vide letters No F.No IV/16-01/T/SEZ/08, dated 02-09-2008 that there is case of evasion of Service Tax amounting to Rs 58.63 lakhs booked by DGCEI, Mumbai pending adjudication against M/s JBF Industries Ltd., Silvassa and there are few central excise cases pending at various stages against the applicant involving duty amount of Rs. 3.00 crores, the Central Excise Department has also filed prosecution against the applicant company and Shri Bhagirath Arya, Chairman of the unit. In view of suppression and misstatement of facts by the applicant, the proposal made is rejected by the Committee in terms of Rule-18 of the SEZ Rules, 2006.

E-01. Change in name of the implementing agency – Request of M/s. Meghmani Organics Ltd., Dahej – SEZ:-

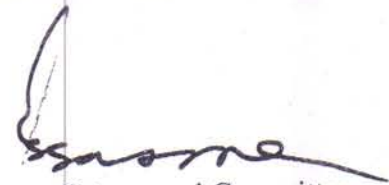
The proposal was approved by the Committee

(Action: JDC, Dahej-SEZ)

General issues:-

- The Chairman, requested the Resident Deputy Collector, nominee of District Collector to visit Dahej – SEZ a give a factual report to the Approval Committee regarding the status of fencing of the notified SEZ.

(Action: District Collector, Bharuch)



Chairman of Approval Committee,
& Development Commissioner,
Dahej Special Economic Zone.

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