

JAIPUR SPECIAL ECONOMIC ZONE

Minutes of meeting of the Approval Committee of Sitapura SEZ, Jaipur held under the Chairmanship of Dr. L.B. Singhal, Development Commissioner, NSEZ on 16/02/2018 at 12.30 PM, in RIICO Board Room, Udyog Bhawan, Jaipur.

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

1. Shri Virendra Singh, Jt. DGFT, Udyog Bhawan, Jaipur
2. Shri R.K. Gupta, Chief General Manager, RIICO Ltd. Jaipur
3. Shri P.R. Sharma, Jt. Director Industries, Jaipur.
4. Shri Sampat Rai Asstt. Commissioner, Central Excise GST, Jaipur-I
5. Representative of SEZ Developer (RIICO) / Units

2. Besides, during the meeting i) Shri Prakash Chand Upadhyay, ADC, Noida ii) Shri K.K. Meena, ADC, Jaipur iii) Shri J.C. Gupta, Specified Officer (Customs) iv) Shri H.K. Meena, JSEZ and iv) Shri R.K. Singh Rohhila, Sr. Regional Manager, RIICO were also present to assist the Approval Committee.

3. At the outset, DC, NSEZ welcomed the participants. After brief introduction, each items included in the agenda were taken up for deliberation one by one. After detailed deliberations amongst the members of Approval Committee as well as based on interaction with the applicants / representatives of the developers / 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 held on 23/11/2017 was received from any of the members of the Approval Committee or Trade and therefore Minutes of the meetings of Approval Committee held on 23/11/2017 were ratified.



(ii) **Item -wise decisions on proposals included in agenda are as under:**

(2) (i) **Proposal of M/s MMTC Limited, for setting up a SEZ unit at Plot No. SEZ-I,CFC, Building Basement inside, Sitapura, Jaipur (Rajasthan) on rental premises.**

It was informed to the Approval Committee that the applicant has proposed to set up a unit in JSEZ for Supply of Gold & Silver with projected exports of Rs. 45282.00 Lakhs and NFE earning worth Rs. 252.00 Lakhs over a period of five years.

Shri Vikram S Meena, Addl. GM, MMTC Ltd, Jaipur, appeared before the Approval Committee. Shri Meena informed that MMTC Limited is a government enterprise under Ministry of Commerce and is already having space in JSEZ of 1150 Sq. Feet. in Basement inside SEZ-I, CFC Building, Sitapura, Jaipur which has been demarcated as full fledged processing area for setting up a SEZ unit. He further informed that the proposed SEZ unit of MMTC Ltd. at JSEZ will operate under administrative control of MMTC Ltd. He also mentioned that they have obtained LOA in SEEPZ SEZ for trading of precious metals etc.

It was informed to the Approval Committee that as per DOC letter dated 19.07.2013, only following two activities with minimum value addition by SEZ units engaged in manufacture and export gold jewellery are allowed:-

Sl. No.	Item of Export	Minimum Value Addition
a.	Plain gold jewellery and articles and ornaments like Mangalsurta containing gold and black beads/ imitation stones, except in studded form of jewellery	3%
b.	All types of studded gold jewellery and articles thereof	5%

It was informed that as per Instructions dated 25/04/2013 & dated 31/12/2013 “ no SEZ unit is allowed to carry on trading of gold, silver, platinum, other precious metals, diamonds and other precious and semi-precious stones in SEZs.

It was further informed that Deptt. of Commerce vide its letter dated 18/06/2014 has clarified that “ restriction in trading activity for gold, silver, platinum, other precious metals, diamonds and other precious and semi-precious stones shall not apply to inter- unit transfer between Gems & Jewellery units within the same Special Economic Zone”

It was also informed to the Approval Committee that recently Deptt. of Commerce vide its letter dated 28/08/2017 & subsequent letter dated 19/09/2017 has prescribed that “**precious metals imported by SEZ Units on loan basis should be sourced only through Nominated Agencies**”.

The Approval Committee discussed the matter in detail. The Approval Committee observed that in view of the clarifications dated 18/06/2014 and 19/09/2017, approval can be granted for a trading unit for inter unit supply within the JSEZ.

The Approval Committee was of the view that the condition for achievement of minimum value addition is applicable only for manufacturing of Plain & studded Gold Jewellery. However, the instant proposal is for trading of gold / silver. Hence, prima facie trading unit is not required to achieve minimum value addition. Trading unit shall be required to achieve positive NFE only. However, this aspect may be brought to the notice of DOC.



The Approval Committee, after due deliberations, in view of DOC letter dated 18/06/2014 and approval of M/s MMTC Limited, unit in SEEPZ-SEZ, Mumbai, approved the proposal of M/s. MMTC Limited, for setting up a trading unit in JSEZ for Supply of 300 Kgs Gold & 10 M.Tons Silver subject to the condition that unit shall achieve positive NFE earnings as prescribed in the Special Economic Zone, Rules, 2006. Further, Approval Committee observed that in terms of Section 2(z) of the SEZ Act, 2005, tradable "services" are to earn foreign exchange. As such sale of trading goods within the SEZ has to be done only in free foreign exchange. A reference regarding applicability of achievement of value addition in this case may also be sent to DOC as discussed in foregoing paragraph.

Further Approval Committee observed that most of the units are working in SEZ-II and MMTC Ltd would be working in SEZ-I and as per Deptt. of Commerce letter dated 18/06/2014 restriction in trading activity for gold, silver, platinum, other precious metals, diamonds and other precious and semi-precious stones shall not apply to inter- unit transfer between Gems & Jewellery units within the same Special Economic Zone. Approval Committee decided that a recommendation letter be sent to DOC for allowing the supply of Gold/ Silver from SEZ-I to SEZ-II , Sitapura SEZ Jaipur under escort of Customs.

(2)(ii) Proposal of M/s Indian Beads Manufacturing Co. for setting up a SEZ unit at Plot No. H1-85, SEZ-II, Sitapura, Jaipur (Rajasthan).

It was brought to the notice of Approval Committee that M/s Indian Beads Manufacturing Co., has submitted a proposal for setting up a unit over an area of 500 Sq. Mtrs., Plot No. H1-85, SEZ-II, Sitapura, Jaipur for manufacturing & export of following items:-

S.No.	Item (s) description	Annual Capacity
1.	Diamonds Cut & Polished	50.00 Kg.
2.	Precious and Semi-Precious Stones	5950.00 Kg.

It was informed that the applicant has mentioned projected exports of Rs. 10800.00 Lakhs and the NFE of Rs. 9072.00 Lakhs over a period of five years. It was further informed that the applicant has proposed investment of Rs. 15.22 Lakhs towards indigenous capital goods and Rs. 1728.00 Lakhs & Rs.6912.00 Lakhs towards imported & indigenous raw material respectively.

It was further informed that the applicant has submitted Allotment letter from RIICO (Developer) for an area of 500 Sq. Mtrs at plot No. H1-82, SEZ-II, Sitapura, Jaipur.

Shri Himmat Singh & Shri Vishwajeet Rajwat, Partners, appeared before the Approval Committee on behalf of the company and explained the proposal. They informed the Approval Committee that the DTA unit situated at Jaipur which is proprietorship firm of Shri Himmat Singh has made export to the tune of Rs. 2476.78 Lakhs during last three years.

After due deliberations, Approval Committee approved the proposal.



(S) (i) Proposal of M/s Accessory Plus for monitoring of performance and for extension of validity of LOA No. 2-180-SEZ-II (J) Proj. 666 dated 11.07.2008 for remaining period of five years.

It was informed to the Approval Committee that M/s. Accessory Plus has submitted a request for extension of validity of LOA dated 11.07.2008 for further period of five years. It was informed that the unit has started export production on 07.07.2011. Accordingly, first five years of operation of the unit was completed on 06.07.2016 and Approval Committee in its meeting held on 15.07.2016 & 19.05.2017 has extended the validity period of LOA up to 31.03.2017 & 30.11.2017. It was informed that the Development Commissioner, Noida had further extended the validity of LOA for a period of two months i.e. up to 31.01.2018, subject to condition that further extension of LOA shall be considered in the next Approval Committee after monitoring the performance of the unit.

It was further informed that the performance of the unit during last years is as under:-

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (up to 31.10.17)	Total
FOB Value of Export	85.53	0.00	0.00	0.22	5.57	18.48	109.80
Foreign Exchange out go	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NFE earnings for last five years (1)-(2)	85.53	0.00	0.00	0.22	5.57	18.48	109.80

It was further informed that the unit has submitted projected foreign exchange balance sheet for next five years, as under:

Year	2017-18	2018-19	2019-20	2020-21	2021-22	Total
FOB Value of Export	62.00	84.00	101.00	118.00	130.00	495.00
Foreign Exchange out go	2.00	4.00	4.00	6.00	6.00	22.00
NFE Exchange earnings for next five year (1)-(2)	60.00	80.00	97.00	112.00	124.00	473.00

Shri Naresh Kumar Jain, Business Manager, appeared before the Approval Committee on behalf of the unit and explained the proposal. He also informed the Approval Committee that at present they have export orders in hand and they expect to make Export of approx. Rs. 10.50 Lakhs up to 31.03.2018.

Approval Committee noted that unit has not made any export during 2013-14 & 2014-15. However, the unit has made an export of Rs. 5.57 Lakhs during 2016-17 & Rs. 18.48 Lakhs during 2017-18 (up to 31.01.2018). The Approval Committee after due deliberations, decided to extend the validity period of LOA for a period up to 06.07.2021, subject to execution of Bond-Cum-Legal Undertaking by the unit.

Naresh Kumar Jain

(3) (ii) Proposal of M/s Classic Gems Inc for monitoring of performance and for extension of validity LOA No. 2-177-SEZ-II (J) Proj.855 dated 03.09.2008 for remaining period of five years.

It was informed to the Approval Committee that M/s. Classic Gems Inc has submitted proposal for renewal of LOA dated 03.09.2008 for further period of five years. It was informed that the unit has started export production on 24.04.2012. Accordingly, first five years of operation of the unit was completed on 23.04.2017 and Approval Committee in its meeting held on 20.07.2017 has extended the validity period of LOA up to 19.01.2018. It was informed that the Development Commissioner, Noida had further extended the validity of LOA for a period of two months i.e. up to 19.03.2018, subject to condition that further extension of LOA shall be considered in the next Approval Committee after monitoring the performance of the unit.

It was further informed that the performance of the unit during last years is as under:-

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (up to 31.01.18)	Total
FOB Value of Export	1.32.	1.87	0.00	0.00	0.00	2.85	6.04
Foreign Exchange out go	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NFE earnings for last five years (1)- (2)	1.32.	1.87	0.00	0.00	0.00	2.85	6.04

It was further informed that the unit has submitted projected foreign exchange balance sheet for next five years, as under:

Year	2017-18	2018-19	2019-20	2020-21	2021-22	Total
FOB Value of Export	72.35	81.30	88.65	97.35	110.35	450.00
Foreign Exchange out go	10.00	15.00	18.50	22.50	24.00	90.00
NFE Exchange earnings for next five year (1)- (2)	62.35	66.30	70.15	74.85	86.35	360.00

However, no one from the unit appeared before the Approval Committee to explain the status of the unit.

Approval Committee noted that unit has not made any export during 2014-15 to 2016-17. However, the unit has made an export of Rs. 2.85 Lakhs during 2017-18 (up to 31.01.2018). After due deliberations, Approval Committee decided to extend the validity period of LOA for a further period up to 30.06.2018, with the direction to the unit that further extension of LOA will be considered only after satisfactory performance of the unit during the extended period failing which their LOA may not be renewed further.

Raj Kumar

(3) (iii) Proposal of M/s Allied Gems Corporation, for monitoring of performance and for extension of validity of LOA No. 1-9/2003-SEZ-I (J) Proj.2138 dated 30.10.2003 for further Next five years.

It was informed to the Approval Committee that M/s. Allied Gems Corporation has submitted proposal for renewal of LOA dated 30.10.2003 for next five years beyond 24.10.2017. It was informed that the unit has started export production on 25.10.2007. Accordingly, ten years of operation of the unit was completed on 24.10.2017. It was informed to the Approval Committee that the performance of the unit was reviewed by the Approval Committee in its meetings held on 12.09.2015, 17.06.2016 and 19.05.2017.

It was further informed that the performance of the unit during last years is as under:-

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (up to 24.10.17)	Total
FOB Value of Export	0.00	0.00	0.00	25.99	84.30	0.00	110.29
Foreign Exchange out go	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NFE earnings for last five years (1)-(2)	0.00	0.00	0.00	25.99	84.30	0.00	<u>110.29</u>

(Rs in Lacs)

It was further informed that the unit has submitted projected foreign exchange balance sheet for next five years, as under:

Year	2017-18	2018-19	2019-20	2020-21	2021-22	Total
FOB Value of Export	150.00	180.00	205.00	232.00	260.00	1027.00
Foreign Exchange out go	90.00	108.00	123.00	139.20	156.00	616.20
NFE Exchange earnings for next five year (1)-(2)	60.00	72.00	82.00	92.80	104.00	410.80

(Rs. in Lacs)

Shri Bhuwan Kumawat, Accounts Manager, appeared before the Approval Committee on behalf of the unit and explained the proposal. He informed the Approval Committee that at present they have export orders in hand and they expect to make Export of approx USD 60,000.00 (Approx.) up to 31.03.2018. Shri Kumawat also submitted a copy of the export order of approx USD 60,000.00 in the meeting.

Approval Committee noted that unit has not made any export during the period 2012-13 to 2014-15. However, the unit has made an export of Rs. 25.99 Lakhs only during 2015-16 & Rs. 84.30 Lakhs only during 2016-17. After due deliberations, Approval Committee decided to extend the validity period of LOA for further period upto 30/06/2018, with the direction to the unit that further extension of LOA will be considered only after satisfactory performance of the unit during the extended period failing which their LOA may not be renewed further.

Ravi Kumar Dandekar

(3) (iv) Proposal of M/s Gajraj International for monitoring of performance and for extension of validity of LOA No. 2-43-SEZ-II (J) Proj. 174 dated 27.07.2004 for further Next five years.

It was informed to the Approval Committee that M/s. Gajraj International has submitted a proposal for renewal of LOA dated 27.07.2004 for next five years beyond 19.07.2017. It was informed that the unit has started export production on 20.07.2007. Accordingly, ten years of operation of the unit was completed on 19.07.2017.

It was further informed that the performance of the unit during last years is as under:-

(Rs in Lacs)

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (up to 19.07.17)	Total
FOB Value of Export	0.00	0.00	5.09	32.50	0.00	0.00	37.59
Foreign Exchange out go	0.00	0.00	0.00	3.43	0.00	0.00	3.43
NFE earnings for last five years (1)-(2)	0.00	0.00	5.09	29.07	0.00	0.00	34.16

It was further informed that the unit has submitted projected foreign exchange balance sheet for next five years, as under:

(Rs. in Lacs)

Year	2017-18	2018-19	2019-20	2020-21	2021-22	Total
FOB Value of Export	50.00	60.00	70.00	80.00	90.00	350.00
Foreign Exchange out go	30.00	36.00	42.00	48.00	54.00	210.00
NFE Exchange earnings for next five year (1)-(2)	20.00	24.00	28.00	32.00	36.00	140.00

Shri Mal Singh, Partner, appeared before the Approval Committee on behalf of the unit and explained the proposal. He informed the Approval Committee that at present they have export orders in hand and they expect to make Export of approx. Rs. 5.00 Lakhs, up to 31.03.2018. Shri Singh also submitted a copy of the export order of USD 6,770.00 from Australia in the meeting.

Approval Committee noted that unit has not made any export during 2012-13 & 2013-14. However, the unit has made export of Rs. 5.09 Lakhs only during 2014-15 & Rs. 32.50 Lakhs only during 2015-16. After due deliberations, Approval Committee decided to extend the validity period of LOA for a further period up to 30/06/2018 with the direction to the unit that further extension of LOA will be considered only after satisfactory performance of the unit during the extended period failing which their LOA may not be renewed further.

Ravi Kumar

4 (i) Proposal of M/s. Valentine Silver International for addition / merger of one more plot & revised Projections in existing LOA-reg.

It was brought to the notice of the Approval Committee that M/s. Valentine Silver International (Plot No. G-34, SEZ-II,) had submitted proposal for merger of the adjacent Plot No. G-35, SEZ-II, in the exiting LOA No. 2-140-SEZ-II (J) Proj./ 717 issued on 12.10.2006. It was informed that the LOA of the unit is valid up to 30.04.2020. It was further informed that the applicant has submitted Allotment letter from RIICO (Developer) for Plot No. G-35, SEZ-II, Sitapura, Jaipur . It was further informed that the unit has submitted revised projections in respect of proposed expansion of area of the unit, as given below:-

S.No.	Particular	Existing Projection	Revised Projection
1	FOB Value of Exports	Rs. 11800.00 Lakhs	<u>Rs. 12215.00 Lakhs</u>
2	Foreign Exchange Outgo	Rs. 1865.00 Lakhs	<u>Rs. 2247.00 Lakhs</u>
3	NFE over a period of 5 year	Rs. 9935.00 Lakhs	<u>Rs. 9968.00 Lakhs</u>
4	Imported CG	Rs 80.00 Lakhs	<u>Rs. 90.00 Lakhs</u>
5	Indigenous CG	Rs. 170.00 Lakhs	<u>Rs. 180.00 Lakhs</u>
6	Imported RM	Rs. 1220.00 Lakhs	<u>Rs. 1230.00 Lakhs</u>
7	Indigenous RM	Rs. 200.00 Lakhs	<u>Rs. 220.00 Lakhs</u>
8	Total operation area	1500 Sq. mtrs.	<u>3035 Sq. mtrs.</u>

Shri Vijay Chordia & Shri Gaurav Jain, Partners, appeared before the Approval Committee on behalf of the unit and explained the proposal.

After due deliberations the Approval Committee approved the proposal, subject to execution of Bond-Cum-Legal Undertaking by the unit.



4(ii) Proposal of M/s Sachi Jewellery Co. for inclusion of additional items & enhancement of production capacity and enhancement in the value of imported capital goods / raw materials in LOA -reg.

It was brought to the notice of Approval Committee that M/s Sachi Jewellery Co. had submitted proposal for inclusion of Diamond (Cut & Polished) & Imitation Jewellery of base metal and enhancement of production capacity in items mentioned at S.No. 1 to 2 and enhancement in the value of imported capital goods / raw materials in their LOA dated 29.06.2015. It was further informed that the LOA of the unit is valid up to 29.08.2021 and list of items proposed to be included are as under:-

Existing Authorized Operation		Proposed additional Authorized Operation	
Item of manufacture	Annual capacity	Item of manufacture	Annual capacity
1. Silver Jewellery Studded With Diamond, Precious / Semi Precious Colours Stones	720 Kg.	1. Silver Jewellery (plain & studded) Silversmith	1000 Kg.
2. Gold Jewellery Studded With Diamond Precious/Semi-Precious Colour Stones	36 Kg.	2. Gold Jewellery (plain & studded) Goldsmith	50 Kg.
3. Gems Stones	1200 Kg.	Precious & Semi Precious Stones (Colour Gems Stones)	1200 Kg.
		4. Diamond (Cut & Polished)	02 Kg.
		5. Imitation Jewellery of base metal	200 Kg.

Imported and indigenous requirement of Capital goods /Raw materials	Capital Goods	Revised Value (Rs in Lakhs)	
		Imported	Rs. 35.00
		Indigenous	Rs.58.73
	Raw Materials, Components, consumables, packing materials, fuel etc. for 5 years	Imported	50.00
		Indigenous	4303.55

Shri Utkash Oswal, Partner, appeared before the Approval Committee on behalf of the unit and explained the proposal.

After due deliberations, Approval Committee approved the above proposal subject to fulfillment of prescribed value addition norms and execution of Bond-Cum-Legal Undertaking by the unit.

Ravi Kumar Dindia

5(i). Goods removed on sub-contracting under Rule 41(1) & 42(1) of SEZ Rules, 2006 and brought back in the unit without intimation/verification by the Customs Officers in SEZ –reg

It was informed to the Approval Committee that M/s. Derewala Jewellery Mfg. Co, Ltd. Plot No. F-24,G1-25-26, SEZ-I, total area 4620 sqm. has been granted LOA No. 1-42-SEZ-I (J) Proj./423 dated 01.06.2006 for Manufacture of Silver Jewellery Plain & Studded with Precious & Semi Precious Stones Diamonds, Gold Jewellery Plain & Studded With Precious & Semi Precious Stones Diamonds, Cut & Polished of Precious, Semi Precious Stones & Diamonds, Stone Jewellery of Precious & Semi Precious, Plain & Studded Jewellery of Copper, Brass, Bronze, Tin, German Silver, Zinc, Aluminium and other base metal. The unit has started export production on 01.07.2008. LOA is valid up to 29.06.2018.

The Export performance of the unit during last years is as under:

(Rs in Lacs)

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (upto 31.01.18)	Total
FOB Value of Export	1563.54	868.66	1221.20	1362.21	1619.90	1698.39	8333.90
Foreign Exchange out go	133.82	97.56	518.30	559.37	337.34	226.41	1872.80
NFE earnings for last five years (1)- (2)	1429.72	771.10	702.90	802.84	1282.56	1471.98	6461.10

The Proposal was placed before Approval Committee in its meeting held on 22.09.2017 & 23.11.2017. Approval Committee in its meeting held on 23.11.2017 decided to defer the proposal and directed Specified Officer (Customs) to submit the above proposal with full facts / documents in the Approval Committee Meeting.

It was informed that the Specified Officer (Customs),JSEZ has informed that M/s Derewala Jewellery Mfg. Co. Ltd, has removed goods for sub- contracting and brought them back in the unit without intimation/ verification by the Customs officers Investigation in the matter was carried out by this office and after verifying the facts of the case and submission made by the unit, it was found that the goods namely Silver Bar were removed out of the SEZ for Job work in DTA on 30.04.2016. The Job works was completed and the unit authorized representative filed Challan for the processed goods for return of the same on 03.05.2016 against the sub-contracting invoice no J/03/16-17 dated 02/05/2016 and goods were dispatched from the sub-contractor premises on 05.05.2016 and received in the unit on 05.05.2016 without verification of the same by the Authorized Officer at the Gate as required in Rule 42 (i) (g) of the SEZ Rules, 2006. The summary of the above is as under:-

Item sent for Job work in DTA	Date of Removal	Date of Receipt	Delay, if any
Silver Bar 33008 Grams	30.04.2016	05.05.2016	NIL

M/s. Derewala Jewellery Mfg. Co Ltd removed goods for sub- contracting and brought back in the unit without intimation/ verification by the Customs officers thereby violating Rule 41(1) and 42(1) of SEZ Rules,2006 and this fact has been admitted by the unit. However, the unit has submitted that it happened inadvertently, due to the negligence of the newly appointed person of the unit who was not well conversant with the procedure.

It is also informed by Specified Officer, (Customs) that the unit in the past also had removed the goods for exhibition, export promotion and display under SEZ Rule 50 and 51. However, the same were not brought back within stipulated time period of 120 days. In eight such instances, Unit has paid duty along with interest as per the provision

Ravi Kumar Dinkar

of SEZ Rule 51 (5), as per directions of the Specified Officer (Customs) in compliance of the procedure laid down in the SEZ Rules. Details are as under:-

Sr. No.	No. and date of challan of outward movement.	Date on which one hundred and twenty days completed	Whether goods received in the Zone or not	T.R. 6 Challan No. and date	Amount of Duty (Rs.) deposited	Interest deposited (Rs.)
1.	0003/16-17 dt. 08.01.2016	07.05.2016	No	Nil dt. 29.06.2016	2148	190
2.	0008/16-17 dt. 09.02.2016	08.06.2016	No	Nil dt. 27.06.2016	7256	619
3.	00029/16-17 dt. 28.07.2016	27.11.2016	No	35 dt. 09.01.2017	6049	499
4.	00033/16-17 dt. 02.08.2016	01.12.2016	No	36 dt. 09.01.2017	2773	222
5.	00034/16-17 dt. 03.08.2016	02.12.2016	No	37 dt. 09.01.2017	3907	310
6.	00035/16-17 dt. 03.08.2016	02.12.2016	No	38 dt. 09.01.2017	1732	137
7.	00042/16-17 dt. 11.08.2016	10.12.2016	No	39 dt. 09.01.2017	2630	197
8.	00051/16-17 dt. 27.08.2016	26.12.2016	No	40 dt. 09.01.2017	1231	83

Shri Pramod Derewala, Director, appeared before the Approval Committee and apologized for the same. He further informed that he will ensure that this mistake is not repeated in future and requested that this may be pardoned.

After due deliberations, keeping in mind very small quantity & small duty involved & payment of duty & interest, Approval Committee accepted the request of the unit. However, Approval Committee directed that a warning be issued to the unit to ensure that such mistake is not repeated in future. Development Commissioner also directed the Specified Officer that a circular regarding prescribed time limit for sub contracting as amended may be issued to all the units for strict compliance.

5(ii) Proposal of M/s Venus Arts Pvt. Ltd, for Show Cause Notice issued to M/s Venus Arts Pvt. Ltd under the Foreign Trade (D & R) Act, 1992 in terms of Rule 54 of SEZ Rules, 2006-reg.

It was informed to the Approval Committee that M/s. Venus Arts Pvt. Ltd, Plot No. GI-145-146, SEZ-II, Sitapura, Jaipur has been granted LOA No.2-96/SEZ-II(J)/Proj./91 dated 20.1.2006 for manufacturing of Silver beads / findings / Jewellery, Precious & Semi Precious Stone & Beads Synthetic or reconstruction Precious Metal or of metal clad with precious metal, of precious metals, Imitation Jewellery of base metal whether or not plated with precious metal and white base metal Jewellery parts etc. The unit has started their production on 28/05/2007. Accordingly, five years of operation was completed on 27.05.2012 and further extension of LOA for next five years was granted vide this office letter dated 01/5/2012. The validity period of LOA has expired on 27/5/2017.

The export performance of the unit during last years is as under:-

Re: Venus Arts Pvt. Ltd

(Rs.In Lacs)

F.Y.	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (27.5.17)	Total
Export	1147.33	1489.61	1444.83	2418.41	2078.31	204.88	0.00	0.00	0.00	0.00	8783.37
Import	0.11	0.98	29.09	28.94	157.62	0.73	0.00	0.00	0.00	0.00	216.74
NFE	1147.22	1488.63	1415.74	389.47	1920.69	204.15	0.00	0.00	0.00	0.00	8565.90

The unit had executed Bond-Cum-Legal Undertaking (BLUT) on 19.05.2012 binding themselves jointly and severally unto the President of India action through the Development Commissioner of Noida SEZ and the Specified Officer, JSEZ, inter alia, with the obligation to abide by the terms and conditions of LOA and all the provisions of Special Economic Zones Act, 2005 and the rules and orders made there under.

During the first five years of operation w.e.f. 28.05.2007 to 27.05.2012, the unit has failed to realize a sum Rs. 91.95 Lakhs against their export.

As per the terms & conditions of LOA and condition no. 8 of Bond legal undertaking executed by the unit read with the provisions of the SEZ Act, 2005 and Rules made thereunder, a unit is required to achieve positive Net Foreign Exchange Earning and fulfil other conditions stipulated in the Letter of Approval and in case of failure to achieve the said positive Net foreign Exchange Earning, except when the fulfillment of such conditions is prevented or delayed because of any law & order, proclamation or regulation or ordinance of the Government, the unit is liable to be penalized under the provision of the Foreign Trade (Development and Regulation) Act, 1992.

The case of the unit was therefore placed before the Approval Committee held on 22.01.2016 in terms of Rule 2006 and the Approval Committee decided to issue a show cause notice to the unit for non-realization of pending Export proceeds.

Accordingly Show Cause Notice was issued to M/s Venus Arts Pvt. Ltd, for non-realization of pending Export proceeds as decided by Approval Committee in its meeting dated 22.01.2016.

Personal hearing in the matter took place on 24.05.2017 & 21.06.2017 in which Shri Jagdish Soni, Director, appeared before the Development Commissioner and informed that the unit is positive net foreign exchange earner by Rs. 7328.16 Lakhs and submitted APRs from 2007-08 to 2016-17. He had also stated that as on 31st March, 2016 unrealized amount was Rs. 84,26,917.00 and after that Rs. 5,24,000.00 has been received in the year 2016-17. Hence unrealized amount is Rs. 79.03 Lakhs only. He had further stated that in balance sheet, they have written off entire amount i.e. Rs. 84,26,917.00 and had submitted a copy of balance sheet as at 31st March,2017.

Further, M/s Venus Arts Pvt. Ltd had submitted a letter dated 11.07.2017 from Allahabad Bank, MI Road, Jaipur regarding write off of unrealized amount of Rs. 79.03 Lakhs in which bank has written off the amount on the basis of CA certificate and self write off of export bill by the unit in their books.

Accordingly, opinion of CA firm was sought. CA firm had indicated that RBI Circular dated 12.03.2013 provides for self write off of by an exporter up to 5% of total export proceeds realized during the previous year. In the present case the amount has been written off in 2016-17 whereas the of total export proceeds during the previous calendar year appears to be 'NIL' as per balance sheet as at 31st March,2017. Therefore, the unit cannot write off the unrealized export proceeds.

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Accordingly, Allahabad Bank and unit vide this office letter dated 18.08.2017 was asked to clarify on the issue. Allahabad Bank, MI Road, Jaipur vide their letter dated 28.12.2017 (Annexure-E) had stated that they have written off the amount on the basis of CA certificate and self declaration of write off submitted by the unit. Thereafter they have taken up the matter with RBI and RBI has clarified that the said write-off is not as per RBI Master Circular no. 16/15-16, Para C.23 dated 01.01.2016. Therefore Allahabad Bank MI Road, Jaipur had requested that their letter dated 11.07.2017 regarding write off of unrealized amount of Rs. 79.03 Lakhs may be considered as null and void as it was inadvertently issued. The Proposal is therefore placed before the Approval Committee for adjudication of Show Cause Notice dated 02.02.2017 issued for non-realization of pending Export proceeds.

Shri V.P. Soni, Manager, appeared before the Approval Committee on behalf of the unit and explained the proposal.

Approval Committee noted that the unit has achieved positive NFE, but it has failed to realize foreign exchange amount of Rs. 79.03 Lakh for which appropriate proceedings are to be initiated against the unit. It was also informed to Shri Soni that as per section 11(4) of the Foreign Trade (Development & Regulation) Act, there is a provision to settle the cases where a person admits any contravention. The Approval Committee gave him the option to settle the matter as per section 11(4) of the Foreign Trade (Development & Regulation) Act for violation of SEZ Act and Rules by imposing penalty to regularize authorized operation. Shri Soni accepted the same. However, Shri Soni requested for a minimum penalty.

After due deliberations, Approval Committee decided to impose a penalty of Rs. 79030.00 (Rupees Seventy Nine Thousand Thirty only) on the unit for unrealized amount of Rs. 79.03 Lakhs and Approval Committee further directed the Specified Officer (Customs) to calculate duty on Raw Material etc. and recover the same from the unit. Besides, Approval Committee advised the representative of the unit to apply for extension of LOA. However, request of Renewal of LOA shall be considered only after deposit of penalty amount and duty etc. by the unit.

Shri V.P. Soni