

JAIPUR SPECIAL ECONOMIC ZONE

Minutes of the meeting of the Approval Committee of Jaipur SEZ held under the Chairmanship of Dr. L.B. Singhal, Development Commissioner, Noida on 15.07.2016 at 11.30 AM in RIICO Board Room, Udyog Bhawan, Jaipur.

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

1. Shri Rajendra Jha, Jt. Commissioner, Income Tax Deptt. Jaipur
2. R.P. Meena, Jt. DGFT, Udyog Bhawan, Jaipur
3. Shri R.C. Saini, Asstt. Commissioner, Central Excise Jaipur-I.
4. Shri Dinesh Pahadia, Additional General Manager, RIICO Ltd. Jaipur
5. Representative of SEZ Developer (RIICO) / Units

2. Besides, during the meeting i) Shri Rakesh Kumar, DDC, ii) Shri H.K. Meena, ADC, iii) Shri J.C. Gupta, Specified Officer (Customs) and iii) Shri Rajendra Singh, Additional General Manager, RIICO 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 brought to the notice of the Approval Committee that a reference against the decisions of the Approval Committee taken on 17/06/2016 has been received from M/s. Arihant Sai Traders vide their letter dated 05/07/2016 against the terms & conditions of the LOA No. 2-3/2016-SEZ-II(J)/Proj./312 dated 23.06.2016 issued to them for setting up a unit in JSEZ. It was informed that M/s. Arihant Sai Traders has not accepted the terms and conditions of the said LOA and requested to cancel the LOA 23.06.2016. The Approval Committee, after due deliberations, accepted the request of the unit and decided to cancel the LOA dated 23.06.2016 issued to M/s. Arihant Sai Traders. Thereafter, Minutes of the meeting of Approval Committee held on 17/06/2016 were ratified.

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



3 (i). Proposal of M/s. Accessory Plus for renewal of LOA for next five years.

It was brought to the notice of the Approval Committee that M/s. Accessory Plus has submitted a proposal for renewal of LOA for next five years beyond 31.07.2016. It was informed that the unit had first five years of operation of the unit was completed on 06.07.2016 and further extension has been granted for a period up to 31.07.2016. It was further informed that as per APR's the unit has made total exports of Rs. 233.66 Lakhs during its first five years of operation and NFE of the unit has remained positive, as would be evident from the following table:-

(Rs in Lacs)

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (upto- June,16)	Total
FOB Value of Export	146.66	85.53	0.00	0.00	0.22	1.25	233.66
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)	146.66	85.53	0.00	0.00	0.22	1.25	233.66

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

(Rs. in Lacs)

Year	2016-17	2017-18	2018-19	2019-20	2020-21	Total
FOB Value of Export	38.00	62.00	84.00	101.00	118.00	403.00
Foreign Exchange outgo	2.00	2.00	4.00	4.00	6.00	18.00
NFE Exchange earnings for next five year (1)- (2)	36.00	60.00	80.00	97.00	112.00	385.00

Shri Naresh Kumar Jain, Business Manager, appeared before the Approval Committee on behalf of the unit and explained the proposal.

After due deliberations, Approval Committee decided to extend the validity period of LOA for a period upto 31.03.2017 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.



3(i). Proposal of M/s Ashok Jewels (Unit-II) for inclusion of new item of manufacture in LOA and enhancement in the value of Imported & Indigenous Capital Goods / Raw Material as well as change in Annual Production capacity.

It was brought to the notice of Approval Committee that M/s Ashok Jewels (Unit-II) had submitted proposal for inclusion of new item of manufacture in LOA and enhancement in the value of Imported & Indigenous Capital Goods / Raw Material as well as change in Annual Production capacity, as given below:-

Existing Authorized Operation		Revised Authorized Operation	
Item of manufacture	Annual capacity	Item of manufacture	Annual capacity
1. Gold and Silver Jewellery (Plain and Studded) Goldsmith and Silversmith wares and other articles	200 Kg.	1. Gold and Silver Jewellery (Plain and Studded) Goldsmith and Silversmith wares and other articles.	<u>300 Kg.</u>
2. Precious & Semi Precious Stones (Colour Gem Stones)	50 Kg.	2. Precious & Semi Precious Stones (Colour Gem Stones)	<u>100 Kg.</u>
3. Pearl, Coral, Natural of Cultured	05 Kg.	3. Pearl, Coral, Natural of Cultured	<u>10 Kg.</u>
4. Diamond (Cut & Polished)	100 Cts.	4. Diamond (Cut & Polished)	<u>7500 Cts.</u>
5. Imitation Jewellery of base metal whether or not placed with precious metal.	50 Kg.	5. Imitation Jewellery of base metal whether or not placed with precious metal	<u>100 Kg.</u>
		6. <u>Platinum Jewellery</u>	<u>05 Kg.</u>

It was further informed that the unit had submitted revised export / NFE projection as well as requirement of imported & indigenous raw materials / consumable / components, as under:-

Rs. (in Lacs)

Particulars (for five years)	Existing Projection	Revised Projection
Projected FOB value of exports	15223.46	17659.21
Foreign Exchange Outgo	9414.30	10920.58
NFE over a period of 5 years	5809.16	6738.63
Imported CG	200.00	350.00
Indigenous CG	52.00	100.00
Imported Raw Material	2000.00	3200.00
Indigenous Raw Materials/ Consumable / Components	500.00	1850.00
Employment proposed	Existing (projected) 425 nos.	Revised (Projected) 740 nos.

Shri Deepak Jain, Manager appeared before the Approval Committee on behalf of the unit and explained the proposal.

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

3(ii) M/s .Vaibhav Global Limited- Proposal for inclusion of additional item in LOA.

It was brought to the notice of Approval Committee that M/s Vaibhav Global Limited had submitted proposal for inclusion of additional item in LOA dated 18.12.2014, as details given below :-

Existing Authorized Operation		Revised Authorized Operation	
Item of manufacture	Annual capacity	Item of manufacture	Annual capacity
1. Gold Jewellery (Studded)	404 Kg. (84,000 Pcs)	1. Gold Jewellery (Studded)	404 Kg. (84,000 Pcs)
2. Silver Jewellery (Studded)	6067 Kg. (1,260,000 Pcs)	2. Silver Jewellery (Studded)	6067 Kg. (1,260,000 Pcs)
3. Platinum Jewellery (Studded)	101 Kg. (21,000 Pcs)	3. Platinum Jewellery (Studded)	101 Kg. (21,000 Pcs)
4. Base Metal Jewellery (Studded)	3540 Kg. (735,000 Pcs)	4. Base Metal Jewellery (Studded)	3540 Kg. (735,000 Pcs)
5. Used / Old /Broken Jewellery(Gold/ silver/Platinum /Base Metal)	240 Kg.	5. Used / Old /Broken Jewellery((Gold/ silver/Platinum /Base Metal)	240 Kg.
		6. Horns / Bones /Mother of Pearl / Sea Shells/Fossil.	100 Kg

Shri Girdhari Lal Sharma, GM appeared before the Approval Committee on behalf of the unit and explained the proposal.

After due deliberations, Approval Committee approved the additional item of manufacture as mentioned at S.No.6 above, subject to execution of revised Bond-Cum-Legal Undertaking by the unit. The Approval Committee further decided that the unit shall not be allowed to import prohibited items and shall obtain International Trade in Endangered Species (CITES) Certificate prior to clearance of import & will comply with all regulations.

4. Cancellation of LOA No.2-79/SEZ-II(J) Proj-11 dated 05.01.2006 for undertaking unauthorized operations, in terms of section 16 of SEZ Act 2005, monitoring of performance & consequent action(s) under Rule 54 of SEZ Rules, 2006.

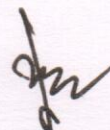
It was brought to the notice of the Approval Committee that M/s. RGN Global Enterprises, has been granted LOA No.2-79-SEZ-II(J)/Proj./11 dated 05.1.2006 for setting up of unit at Plot No. F-95, SEZ-II, Sitapura, Jaipur, undertaking authorized operations viz; (1) manufacture and export of Article of Jewellery and parts thereof, of silver, whether or not plated or clad with other precious metal: (a) Jewellery with filigree of precious metal clad with precious metal, Silver Jewellery with gems. Other Articles of Silver Jewellery (including unstudded Silver Jewellery, Part of Silver Jewellery. metals, whether or not plated or clad with precious metal: (a) of gold, unstudded. (b) of gold, set with pearls. (c) of gold, set diamonds. (d) of gold, set with other precious and semi-precious stones.(e) of platinum, unstudded, (f) Parts, (g) Others (including studded Platinum Jewellery).(h) Of base metal clad with precious metal, Article of Jewellery of silver beads and /or parts strung along with precious and / or pearls and / or MOP and / or wooden beads etc., with or without other precious metal, .Article of Jewellery of gold beads and/or semi-precious stone beads and / or pearls and / or MOP and / or wooden beads etc., with or without other precious metal(s). It was informed that the LOA of the unit was amended on 21.05.2014 by additional item of manufacture i.e. Articles of imitation Jewellery made from base metal, aluminum and misc. alloys.

It was further informed that on specific information that some activities other than authorised operation as above, are going on in the factory premises, the said unit was inspected on 07.06.2016 by a team of the SEZ officers on directions of the Development Commissioner, Noida SEZ. During the inspection, it was found that the firm is carrying out the activities of 'garment manufacturing' on the first floor of the factory premises, which was unauthorised operations in terms of the LOA granted to the said Unit. It was informed that the following goods related to garment manufacturing activities were found in the premises:-

Sl. No.	Description	Quantity	Value(in Rs.)
1.	Sewing Machines and accessories	07 nos.	1,72,686/-
2.	Readymade Garments	202 pcs.	1,01,000/-
3.	Fabrics (Dress material)	152 kgs.	1,72,727/-
		Total	4,46,413/-

It was brought to the notice of the Approval Committee that the goods related to the manufacturing of the garments for a value of Rs.4,46,413/- were detained by the officers for violation of the SEZ Rules, 2006 and placed in a room and sealed by the Customs Seal No.99. It was informed that the custody of the said room where detained goods has been kept was handed over to Shri Rajeev Nighojkar, Managing Partner in the Unit.

It was further informed that a letter dated 05/07/2016 had been issued to that promoter/representative of the unit with advise to appear before the Approval Committee in its



meeting scheduled to be held at 11:30 AM on 15th July 2016 for Personal Hearing, with the condition that if unit fails to do so, it will be presumed that they have nothing to say in their defence and the matter will be decided on merits, on the basis of information and evidence on records available in this office without making any further reference to them.

Further, the Approval Committee observed that the export performance of the unit during last years from the date of commencement of production, are as under:-

(Rs. in Lacs)

F.Y.	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 upto 30.6.2016
FOB Value of Export	0.00	0.66	0.44	0.00	0.00	399.85	432.33	131.59
Foreign Exchange of out go	0.00	0.00	0.00	0.00	0.00	129.10	112.54	45.73
NFEE for last five years (1-2)	0.00	0.66	0.44	0.00	0.00	270.75	319.79	85.86

The Approval committee reviewed the performance of the unit in terms of Rules 54 of SEZ Rules, 2006, and noted that unit has achieved positive NFE during the said period.

Shri Rajeev Nighojkar, Managing Partner, appeared before the Approval Committee on behalf of the unit. He informed that they have never sold or cleared single piece of garments as the activities stated recently. He further informed that no duty benefit have been availed by them on 'garment manufacturing'. He stated that no violation in respect of existing approved authorized operation have been made by them. He further added that the unit has made export approx. Rs.10 crores in respect of approved authorized operation and against which the unit has made negligible manufacture of readymade garments for Rs.4,46,413/-, which is less than 0.5% of total export made by the unit. He also informed that approx. 45 people are working in their unit, which is carrying out authorized activities. He voluntarily accepted the violations and assured that such type of violations will not recur in future. Shri Rajeev Nighojkar, Managing Partner has also handed over a written submission on the matter. The contents of the said letter are given below:-

"As you are aware, we have been exporting jewellery from our SEZ factory for few years now. The exports are going on smoothly and turnover is gradually increasing, despite market slowdown. Export worth crores of Rupees has taken place from our factory.

In view of the serious slowdown expected in near further, we had conducted a market survey to find ways to sustain growth and find new, innovative ways to market our products. Our survey showed that we need to work on coordinating the Jewellery with the clothing that a lady would put on. We also found that a new trend was in the offing whereby jewellery would be embedded in the clothing and will be a part of it.

With this in view, we started a new project on paper to design Jewellery coordinating with outfits. A French designer was hired to work on designs. While this was being worked on paper, need arose of making some samples of some outfits that would match planned Jewellery. We bought some machines and tried work this out on small scale as a start-up. The mistake we made was that of not keeping the SEZ authorities informed of our plans and taking required permissions. We had planned to make a small experimental set up initially in the factory, which would later shift outside SEZ to DTA. Unfortunately, the staff in the factory did not ensure that necessary entries are made at the gate, as they thought that the material will soon go back to DTA. We have already accepted this mistake and assured compliance in future.

We are entrepreneurs contributing to the wealth of the nation and providing employment to people we are not criminals. We have absolutely no intention to evade taxes of customs duties, or to cause revenue loss to the government. Not a single piece of garment was exported or sold in the process what we did, was only for initial conveniences and better coordination.

Sir, we wish to earnestly request Honorable Development Commissioner and the Approval Committee to appreciate that our intentions were genuine and we were sincerely working towards export promotion. Today, the government is trying to promote incubation centers and startups. Our efforts were geared towards the same direction. While the path we adopted could be mistaken, our goals were genuine and worthy of encouragement.

During the last more than a month we have suffered misery and uncertainty. We have gone from pillar to post requesting help in the matter. We are now afraid that the material that is lying sealed would possible have already been damaged by rodents and pests. We have set up an operation outside SEZ and are waiting for de sealing of the material. Meanwhile, we are continuing to incur expenses and pay salaries. We have suffered and the project has suffered too. This has been an ordeal beyond description Lakhs of Rupees have already been spent just to keep the project alive. We have already suffered more than sufficient penalty in the process.

Sir, we sincerely request to take a lenient view of the matter and release the goods. We have accepted our mistake and are eagerly and intently awaiting your favorable decision in the matter"

In view of above submissions, the Approval Committee observed that the unit has not availed duty benefits on manufacturing of readymade garments and has made negligible manufacture of readymade garments for Rs.4,46,413/-, which is less than 0.5% of total export of Rs.964.87 lakhs made by the unit in respect of approved authorized operation. Approval Committee also observed that the unit has not made any mis-declaration during their operation of



authorized activity till now. However the unit has carried out activity of Garment manufacturing in Gem & Jewellery SEZ, which is an unauthorized activity.

Approval Committee considered the case in detail after taking into consideration entire facts of the case including written and oral submissions made by Shri Rajeev Nighojkar, Managing Partner of the firm. After detailed deliberations among all the members of the Approval Committee, Committee observed that there was no misdeclaration/unauthorised activity in respect of the authorised operations of the SEZ unit i.e. manufacturing of gems & jewellery items, but the unit had carried out unauthorised activity of garment manufacturing. Taking into account ~~of~~ these facts and the fact that the unit was providing employment to around 45 people, Approval Committee decided that unit may be given a chance to carry on its authorized operations and not ~~the~~ cancel LOA. However, Approval Committee decided that a penalty may be imposed on the unit in terms of Rule 54 of the SEZ Rules, 2006 under FTDR Act.

It was informed to the representative of the unit that as per section 11(4) of the Foreign Trade (Development & Regulation) Act, there is a penalty provision to settle the cases where a person admits any contravention. Shri Rajeev Nighojkar consented to settle the case as per section 11(4) of the FT(D&R) Act, 1992 for unauthorized activity undertaken by the unit.

In view of the fact that the Managing Partner of the firm agreed to settle the case by way of imposition of penalty under Section 11(4) of the FTDR Act, as he had admitted the contravention, the Approval Committee recommended that a penalty amount of Rs.10 lakhs may be imposed. Accordingly, DC, NSEZ, on the recommendation of the Approval Committee decided to impose the penalty of Rs. 10,00,000/- (Rupees ten lakhs only) on the unit, in terms of section 11(4) of FT(D&R) Act, 1992. The Approval Committee warned the unit that such lapse should not occur in future.

Shri Rajeev Nighojkar, Managing Partner of the firm agreed for depositing a penalty amount of Rs.10 lakhs but requested that he may be permitted to deposit the penalty amount in installments and may be given sometime for depositing the same. The Approval Committee discussed this issue and decided to give a time of 45 days from the date of Approval Committee meeting for depositing the penalty. However, he would have the option of depositing the penalty amount in one installment or more than one installment, as per his convenience, within the stipulated time of 45 days. Shri Rajeev Nighojkar, Managing Partner agreed for the same. The Approval Committee also directed the representative of the unit to submit an undertaking that no such type of activity shall be undertaken in future.



5(i). M/s Akar Associates-Review of Exports Performance-reg.

It was brought to the notice of the Approval Committee that the promoters of the unit were called vide letter dated 23.11.2015, 22.4.2016, 07.06.2016 & 08.07.2016 for personal hearing before the Approval Committee to review of the performance of the unit.

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

After due deliberations, Approval Committee decided that the unit may be given another opportunity for personal Hearing (PH) in next meeting of the Approval Committee.

5(ii). M/s J.M. Exports-Review of Export Performance-reg.

It was brought to the notice of the Approval Committee that the promoters of the unit were called vide letter dated 19.10.2015, 07.06.2016 & 08.07.2016 for personal hearing before the Approval Committee to review of the performance of the unit.

Shri Punam Chand Jain, Manager of M/s J.M. Exports appeared before the Approval Committee. He explained his business plan & targets.

The Performance of the unit was reviewed in terms of Rules 54 of SEZ Rules, 2006 and the Approval Committee noted that the unit had not made any export during the last four years.

After due deliberations, the Approval Committee directed the representative of the unit to re-start their export activity. The Approval Committee further decided that the export performance of the unit shall be reviewed in the month of April,2017 and if the unit performance is not satisfactory during the said stipulated period than the Approval Committee may take further action, as deemed fit, including cancellation of LOA.

5(iii). M/s Manglam Gems & Jewellery-Review of Exports Performance-reg.

It was brought to the notice of the Approval Committee that the promoters of the unit were called vide letter dated 19.10.2015, 7.06.2016 & 08.07.2016 for personal hearing before the Approval Committee to review of the performance of the unit.

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

After due deliberations, the Approval Committee decided that the unit may be given another opportunity for personal Hearing (PH) in next meeting of the Approval Committee.



5(iv). M/s. Mehra AKM Exports- Review of Exports Performance-reg.

It was brought to the notice of the Approval Committee that the promoters of the unit were called vide letter dated 15.01.2016 & 08.07.2016 for personal hearing before the Approval Committee to review of the performance of the unit.

Shri Bhupandar, Accounts Manager of M/s Mehra AKM Export appeared before the Approval Committee. He explained his business plan & targets.

The performance of the unit was reviewed in terms of Rules 54 of SEZ Rules, 2006 and the Approval Committee noted that the unit had not made any export during the last three years.

After due deliberations, the Approval Committee directed the representative of the unit to improve their export performance. The Approval Committee further decided that the export performance of the unit shall be reviewed in the month of November, 2016 and if the unit performance is not satisfactory during the said stipulated period than the Approval Committee may take further action, as deemed fit, including cancellation of LOA.

5(v). M/s. Stone Beads International-Review of Exports Performance-reg.

It was brought to the notice of the Approval Committee that the promoters of the unit vide this office letter dated 15.01.2016 & 08.07.2016 had been called for personal hearing before the Approval Committee for review of the performance of the unit.

Shri Satish Agarwal, Proprietor of M/s Stone Beads International appeared before the Approval Committee. He explained his business plan & targets.

The performance of the unit was reviewed in terms of Rules 54 of SEZ Rules, 2006 and the Approval Committee noted that the unit had not made any export during the last three years.

After due deliberations, the Approval Committee directed the representative of the unit to improve their export performance. The Approval Committee further decided that the export performance of the unit shall be reviewed after a period i.e. for the month of Nov,2016 and if the unit performance is not satisfactory during the said stipulated period than the Approval Committee may take further action, as deemed fit , including cancellation of LOA.



SUPPLEMENTARY AGENDA:-


1. Proposal of M/s Tarkesh Art Jewelles, for inclusion addition plot in their existing LOA.

It was brought to the notice of the Approval Committee that M/s. Tarkesh Art Jewelles holding LOA No. 2-7/2015-SEZ-II(J)/Proj./1448 dated 30.03.2015, which is presently working at Plot No. H-63, SEZ-II on rental basis, had submitted a proposal for inclusion of additional Plot No. H-57, SEZ-II. It was informed that the unit had started their production w.e.f. 20.07.2015 & export performance of the unit is Rs.5116.60 Lakhs upto 30.6.2016.

Shri Navartan Johari, Proprietor appeared before the Approval Committee on behalf of the unit and explained the justification / requirement of additional premises. He informed that they will transfer production activity from the existing rental premises after completion of the building at Plot No. H-57, SEZ-II, Sitapura, Jaipur.

After due deliberations, Approval Committee approved the above proposal, subject to the condition that the unit shall executed revised Bond-cum-Legal Undertaking.

The meeting ended with a vote of thanks to the chair.



20/7/16

(Dr. L.B. Singhal)
Development Commissioner