

JAIPUR SPECIAL ECONOMIC ZONE

Minutes of the meeting of the Approval Committee (UAC) of Jaipur SEZ held under the Chairmanship of Dr. L.B. Singhal, Development Commissioner, NSEZ on 17/03/2017 at 1.00 PM, in Conference Hall, Service Centre Building, NSEZ, Noida.

The following members of UAC were present during the meeting:-

1. Shri S.S. Shukla , Joint Development Commissioner, NSEZ, Noida.
2. Shri R.P. Meena, Jt. DGFT, Udyog Bhawan, Jaipur
3. Shri P.R. Sharma, Dy. Director Industries, Jaipur.
4. Shri Dinesh Pahadia, Additional General Manager, RIICO Ltd. Jaipur
5. Representative of SEZ Developer (RIICO) / Units

2. Besides, during the meeting i) Shri R.K. Srivastava, DDC, Noida ii) Shri H.K. Meena, ADC, and iii) Shri J.C. Gupta, Specified Officer (Customs) 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 23.01.2017 was received from any of the members of the Approval Committee or Trade and therefore, Minutes of the meetings of Approval Committee held on 23.01.2017 were ratified.

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



(2) (i) Proposal of M/s Precious Jewels Corporation, for Renewal of LOA No. 2-85 SEZ-II (J) Proj.1552 dated 21.12.2005 for remaining period of five years & Approval of Revised projections.

It was informed to the Approval Committee that M/s. Precious Jewels Corporation had submitted a proposal for renewal of LOA dated 21.12.2005 for next five years beyond 13.12.2015. It was informed that the unit has started export production on 14.12.2010. Accordingly, first five year of operation of the Unit was completed 13.12.2015 and thereafter Approval Committee in its meeting held on 22.01.2016 had extended the validity period of LOA up to 21.01.2017. It was further informed that the Development Commissioner, Noida had extended the validity period of LOA for a further period of two months i.e. up to 21.03.2017, subject to the condition that further extension of LOA will be considered in next Approval Committee after monitoring the value addition / export performance of the unit. The Approval Committee was informed that unit has made an export of Rs. 1155.17 Lakhs during 2016-17(up to 28.02.2017) i.e. during the extended period of LOA.

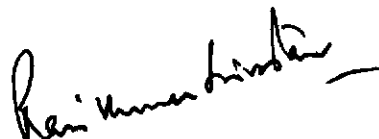
It was further informed that the unit had submitted revised projected foreign exchange balance sheet for remaining period of five years. Details are as under:

(Rs. In Lakhs)

Particulars (for Next five years)	Existing Projections	Revised Projections
Projected FOB value of exports	1000.00	8250.00
Foreign Exchange Outgo	600.00	5250.00
NFE over a period of 5 years	400.00	3000.00
Imported CG	10.00	--
Indigenous CG	6.10	--
Imported Raw Material Consumable / Components	825.00	5250.00
Indigenous Raw Materials Consumable / Components	660.00	500.00

Shri Sanjeev Kumar Gautam, representative appeared before the Approval Committee on behalf of the unit and explained the proposal.

After due deliberations, the Approval Committee approved the revised projections and also decided to renew the LOA for remaining period (i.e. upto 13.12.2020), subject to execution of revised Bond-Cum-Legal Undertaking by the unit.



(2) (ii) Proposal of M/s Precious Jewels Corporation, for Renewal of LOA No. 2-86 SEZ-II (J) Proj.1553 dated 21.12.2005 for remaining period of five years & Approval of Revised projections.

It was informed to the Approval Committee that M/s. Precious Jewels Corporation had submitted a proposal for renewal of LOA dated 21.12.2005 for next five years beyond 08.12.2015. It was informed that the unit has started export production on 09.12.2010. Accordingly, first five year of operation of the Unit was completed 08.12.2015 and thereafter Approval Committee in its meeting held on 22.01.2016 had extended the validity period of LOA up to 21.01.2017. It was further informed that the Development Commissioner, Noida had extended the validity period of LOA for a further period of two months i.e. up to 21.03.2017, subject to the condition that further extension of LOA will be considered in next Approval Committee after monitoring the value addition / export performance of the unit. The Approval Committee was informed that unit has made an export of Rs. 2204.78 Lakhs during 2016-17(up to 28.02.2017) i.e. during the extended period of LOA.

It was further informed that the unit had submitted revised projected foreign exchange balance sheet for remaining period of five years. Details are as under:

(Rs. In Lakhs)

Particulars (for Next five years)	Existing Projections	Revised Projections
Projected FOB value of exports	1000.00	15000.00
Foreign Exchange Outgo	600.00	9500.00
NFE over a period of 5 years	400.00	5500.00
Imported CG	6.00	--
Indigenous CG	4.55	--
Imported Raw Material Consumable / Components	825.00	9500.00
Indigenous Raw Materials Consumable / Components	660.00	1000.00

Shri Sanjeev Kumar Gautam, representative appeared before the Approval Committee on behalf of the unit and explained the proposal.

After due deliberations, the Approval Committee approved the revised projections and also decided to renew the LOA for remaining period (i.e. upto 08.12.2020) , subject to execution of revised Bond-Cum-Legal Undertaking by the unit.

Ravi Kumar

(2) (iii) Proposal of M/s Firestar International Pvt. Ltd, for Renewal of LOA No. 2-203-SEZ-II (J) Proj. 98 dated 28.04.2011 for further five years & enhancement of annual production capacity / approval of revised projections.

It was informed to the Approval Committee that M/s Firestar International Pvt. Ltd., has submitted proposal for renewal of LOA dated 28.04.2011 for next five years beyond 17.04.2017 and enhancement of annual production capacity / approval of revised projections.

It was informed that the unit has started export production on 18.04.2012. Accordingly, first five years of operation of the unit shall be completed on 17.04.2017. It was observed by the Approval committee that the unit has achieved positive NFE during the last five years of operations period.

It was further informed that the unit had submitted revised projected foreign exchange balance sheet for next five years which are as under:-

(Rs. In Lakhs)

Particulars (for next five years)	Existing Projection	Revised Projection
Projected FOB Value of exports	55436.00	57500.00
Foreign Exchange Outgo	46637.00	40017.00
NFE over a period of 5 years	8799.00	17483.00
Imported CG	50.00	75.00
Indigenous CG	25.00	25.00
Imported Raw Material Consumable / Components	464412.10	<u>39568.65</u>
Indigenous Raw Materials Consumable / Components	5214.89	<u>13968.71</u>
Employment	150 nos.	150 nos.

It was further informed that the unit had submitted proposal for enhancement of the annual production capacity in respect of the Plain / Studded Gold, Silver, Platinum & Titanium Jewellery from existing 1800 pcs to 1,00,000 pcs in LOA as given below:-

Existing items & annual production capacity		Revised items & annual production capacity	
Item of manufacture	Annual capacity	Item of manufacture	Annual capacity
1. Plain / Studded Gold, Silver, Platinum & Titanium Jewellery	1800 Pcs	1. Plain / Studded Gold, Silver, Platinum & Titanium Jewellery	<u>1,00,000 Pcs</u>
2. Diamonds	6000 Cts.	2. Diamonds	6000 Cts.

Specified officer (Customs) informed that as per record the unit has manufactured and subsequently exported 26431 pieces of Jewellery resulted into excess manufacture / export of 24631 pieces of Jewellery during 2016-17 against the approved limit of 1800 Pieces as per LOA.

Ravi Kumar Dindora

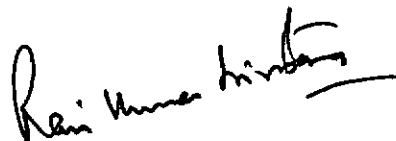
He also informed that the Unit doing the authorized operations in excess of the limit prescribe under Bond- Cum LUT.

Shri Vishwanath Hublikar, Asstt. General Manager, M/s Firestar International Pvt. Ltd appeared before the Approval Committee on behalf of the company. He explained the reasons for excess manufacture/ export of 24631 pieces of Jewellery during 2016-17 against the approved limit of 1800 Pieces as per LOA. He informed that in terms of value the Manufacture/export are within the approved limit. However, number of pieces have increased due to change in product type as now they have started manufacturing pieces starting from value \$ 150 + whereas the projection submitted the earlier was based on manufacturing solitaire / high end Jewellery price of which starts from \$ 8500 +. He also informed that the Unit is operating within the limit of Bond-Cum LUT submitted by the Unit and it is being monitored regularly. He also informed that they are carrying out activities as per LOA and at present they are doing only Plain / Studded Gold, Silver, Platinum & Titanium Jewellery. The Approval Committee directed Shri Vishwanath Hublikar, Asstt. General Manager, M/s Firestar International Pvt. Ltd to submit a detailed write-up in this regard. Shri Hublikar accordingly submitted detailed write-up stating as under:-

- 1) The main projection was submitted based on manufacturing solitaire / high end Jewellery price of which starts from \$ 8500 +
- 2) The present operation is within the limit of projection approved- Value wise. Whereas number of pieces have increased due to charge in product type as now they have started manufacturing pieces starting from value \$ 150 +
- 3) They are manufacturing the approved products only and carrying out only the activities authorized operation.
- 4) The Bond has been submitted for requirement of four months and the limit of bonds is being monitored regularly.
- 5) Due to change in product type from solitaire / high end to all type of Jewellery they have requested for enhancement of annual production capacity from the present 1800 Pcs. to 100000 Pcs. of Plain / Studded Gold, Silver, Platinum & Titanium Jewellery.

After due deliberations, Approval Committee decided to renew the LOA for next five years (i.e. upto 16.04.2022) & also approve enhancement of annual production capacity **from 1800 pcs to 1,00,000/- pcs** of Plain / Studded Gold, Silver, Platinum & Titanium Jewellery. as well as revised projections subject to execution of revised Bond-Cum-Legal Undertaking by the unit. Approval Committee also decided to **delete** the item no.2 i.e. Diamonds (annual capacity 6000 Cts) in LOA as the unit has not been doing that activity and also Shri Vishwanath Hublikar, Asstt. General Manager, M/s Firestar International Pvt. Ltd has agreed for the same. Approval Committee also accepted the plea of the Unit that present operation in terms of value is within the approved limit and number of pieces have increased due to charge in product type as now they have started manufacturing pieces starting from value \$ 150 +, and therefore the Approval Committee regularized the same.

Approval Committee also directed the Specified Officer (Customs) and ADC, Jaipur to ensure that Bond-Cum-LUT is executed in accordance with Rule 22 of SEZ Rules, 2006 read with instruction No.72 dated 30.11.2010 and it should be monitored on regular basis.



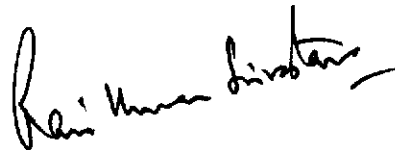
3 (i) Proposal of M/s GIE Jewells for enhancement of Annual Production Capacity

It was brought to the Notice of Approval Committee that M/s GIE Jewells, Plot No. F-33, SEZ-II, Sitapura, Jaipur had submitted proposal for enhancement of annual production capacity of Plain Silver Jewellery from existing 1500kg to 2500kg as given below:-

Existing list of items approved in LOA	Revised list of items for approval in LOA
1. Semi-Precious Stones (which include Garnet, Aquamarine, Iolite, Topaz, Citrine, Amethyst, Quartz, Tanzanite, Rhodolite, Tourmaline etc. 150000 CTS.	1. Semi Precious Stones (which include Garnet, Aquamarine, Iolite, Topaz, Citrine, Amethyst, Quartz, Tanzanite, Rhodolite, Tourmaline etc. 150000 CTS.
2. Emerald 3500 CTS.	2. Emerald 3500 CTS.
3. Ruby 2500 CTS.	3. Ruby 2500 CTS.
4. Sapphire 2200 CTS.	4. Sapphire 2200 CTS.
5. Gold Studded Jewellery, Plain Gold Jewellery (Studded with precious and semi-precious stones like Aquamarine, Garnet, Topaz, Amethyst, Rhodolite, Tourmaline, Emerald, Ruby, Sapphire etc. 125000Gms (125 Kg.)	5. Gold Studded Jewellery, Plain Gold Jewellery (Studded with precious and semi-precious stones like Aquamarine, Garnet, Topaz, Amethyst, Rhodolite, Tourmaline, Emerald, Ruby, Sapphire etc. 125000Gms (125 Kg.)
6. Plain Gold Jewellery 150000 Gms (150 Kg.)	6. Plain Gold Jewellery 150000 Gms (150 Kg.)
7. Silver Studded Jewellery 1000000 Gms (1000 Kg.)	7. Silver Studded Jewellery 1000000 Gms (1000 Kg.)
8. Plain Silver Jewellery 1500000 Gms (1500 Kg.)	8. Plain Silver Jewellery 2500000 Gms (2500 Kg.)

However, no representative of the Unit appeared before the Approval Committee as the Unit vide letter dated 16.03.2017 had requested that they may be excused as it is not possible for them to travel out of Jaipur.

Therefore, the case was discussed in detail and after due deliberations, Approval Committee approved the proposal for enhancement of annual production capacity of Plain Silver Jewellery from existing 1500 Kg to 2500 Kg, in terms of Rule 19(2)(1) of SEZ Rules, 2006, subject to execution of revised Bond-Cum-Legal Undertaking by the unit.



3(ii) Proposal of M/s Bharti Gems for providing manufacturing services to overseas entity without permission, exceeding the prescribed limit of procurement through import and not submitting Additional Bond-Cum-LUT duly signed by the proprietor

It was informed to the Approval committee that M/s. Bharti Gems, was granted LOA No. 2-182-SEZ-II(J)Proj./651 dated 23.01.2009, for the manufacture of i) precious and semi-precious stones ii) Synthetic or reconstructed Precious & Semi Precious Stones, iii) Pearls Coral, Natural or Cultured, iv) Diamond (Cut & Polished), v) Silver (including silver plated with gold or platinum), vi) Gold (including gold plated with platinum), vii) Waste & scrap of precious metal or of metal clad with precious metals, viii) Gold, silver and platinum Jewellery (plain & studded) goldsmith and silversmith wares and other articles, ix) Articles of goldsmith and silversmith wares and parts thereof of precious metals or metal clad with precious metals, x) Articles of natural and cultured pearls. Precious & semi-precious stones (Natural, Synthetic or reconstructed) xi) Imitation Jewellery of base metal whether or not placed with precious metals. The unit has started export production on 18.04.2012. Accordingly, first five years of operation of the unit shall be completed on 17.04.2017. The performance and NFE of unit is positive during the period as per APRs / records.

The Export performance of the unit for last year's is as under:

(Rs in Lakhs)						
Year	2012-13	2013-14	2014-15	2015-16	2016-17 (upto 31.12.2016)	Total
FOB Value of Export	1.51	0.00	0.00	137.17	1375.01	1513.69
Foreign Exchange out go	0.00	0.00	0.00	134.02	1350.46	1484.48
NFE earnings for last five years (1)(2)	1.51	0.00	0.00	3.15	24.55	29.21

It was brought to the notice of the Approval Committee that the unit had executed original BLUT accepted on 13.4.2011 signed by Proprietor for an amount of Rs. 25.37 lakhs. Further the unit has furnished Additional Bond-Cum-LUT for an amount of Rs.224.73 Lakhs for procurement of goods in excess of quantity duly signed by Shri Amit Pal Singh, authorized person (GPA Holder). However, the unit has not submitted the Additional Bond-Cum-LUT signed by proprietor of the firm as required under the Rule despite repeated requests. The Specified Officer (Customs) informed that the unit has violated the provision of the SEZ Act,2005 and SEZ Rules,2006, hence the export/import activities was put on hold w.e.f. 13.01.2017, with a direction to the unit to submit the Additional Bond-Cum-LUT duly signed by the proprietor of the firm. But till date the unit has not submitted the same.

The Specified Officer (Customs), further informed that the customs officer visited the premises of the unit for stock verification. The key of one of the chest was not found available with the authorized representative hence the chest was sealed by the customs officer. The customs branch has made several requests to the unit to come with the key and get the stock verified but, till date the representative of the unit has not turned up. It was further informed by the Specified Officer (Customs) that the unit has manufactured and exported goods in excess of the annual production capacity as mentioned in the LOA under authorized operation in as much as the annual capacity of manufacturing Gold and Platinum Silver Jewellery is 200 Kg., whereas the unit has manufactured

Ravi Kumar

and exported 1056 Kg. Gold & Platinum Silver Jewellery during the current financial years (i.e. from 01.4.2016 to 28.2.2017) and probably the Unit is providing manufacturing services to Overseas entity without permission.

Shri Amit Pal Singh, Authorized representative of the unit, appeared before the Approval Committee on behalf of the unit. He informed that unit brings Gold/Silver free of cost from Overseas supplier and after making Jewellery exports the same to the same Overseas entity. He further, informed that unit was not supplied with any Capital Good by Overseas entity. Instead, they had procured 7-8 machines from indigenous market. He agreed for stock verification and stated that somebody will be deputed for the purpose. He also agreed regarding getting the additional Bond-Cum-LUT signed by Proprietor. He could not explain as to whether activity undertaken by the unit falls under Rule 18(6) of SEZ Rules, 2006. Regarding excess manufacture and export, he agreed that he could have sought approval of capacity enhancement earlier

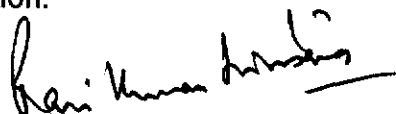
After due deliberations, Approval Committee directed Shri Amit Pal Singh to get the stock verification done in consultation with Specified Officer (Customs) and also to submit the Additional Bond-Cum-LUT duly signed by the proprietor of the firm, failing which the Authorized operation as per the existing valid Bond-Cum-LUT will only be permitted. Approval Committee also directed Specified Officer (Customs) to get the stock verification exercise done in accordance with Customs Rules and Regulations. Approval Committee further directed the Specified Officer (Customs) and ADC, Jaipur to ensure that Bond-Cum-LUT is executed in accordance with Rule 22 of SEZ Rules, 2006 read with instruction No.72 dated 30.11.2010 and it should be monitored on regular basis. Approval Committee further decided that the issue of providing manufacturing services to overseas entity without permission may be forwarded to Department of Commerce with similar such other cases which have come to notice in Noida SEZ Jewellery units for clarification as to whether the operation is covered under Rule 18(6) of SEZ Rules, 2006 particularly in view of fact that the capital goods for setting up such facility are not being provided by the overseas entity either free of cost or on loan/lease basis. If this is covered under Rule 18(6) of SEZ Rules, 2006 then how the past activities of such units are to be treated.

4(i) Proposla of M/s Rajputana Beads Manufacturing Co., LOA No.1-1/2003-SEZ-I(J)Proj./1996 Dated 15.10.2003-Request for Exit / Final de-bonding from SEZ Scheme.

It was observed that the unit of M/s. Rajputana Beads Manufacturing Co., had been granted LOA No. 1-1/2003-SEZ-I(J)Proj./1996 dated 15.10.2003, for the Manufacture of Semi-Precious Stones Beads, Semi-Precious Cut Stones, Gold Silver or Metal Plain/ studded Jewellery, Precious and Sami precious Metals , metals clad with Precious Metal and Articles thereof etc..The unit has started export production on 01.02.2006 and LOA is valid upto 30.01.2021. It was informed that on the request of the Unit, the Development Commissioner, Noida has granted in-Principal approval permission for Exit from SEZ Scheme vide letter dated 04.11.2016. The proposal is placed before Approval Committee for review/ monitoring the value addition/export performance in terms of Rule 54 of SEZ Rules, 2006 before granting final exit permission.

However, no representative of the Unit appeared the Approval Committee as the Unit vide letter dated 16.03.2017 has requested that they may please the excused owing ill health.

Therefore, the case was discussed in detail and it was observed by the Approval Committee that the unit has achieved positive NFE during the last five years operation period and also has achieved the prescribed value addition.



After due deliberations, Approval Committee approved the proposal for final exit / De-bonding from SEZ Scheme in terms of Rule 74 of SEZ Rules, 2006.

(5) MONITORING OF CASE UNDER RULE 19(6) of SEZ Rules, 2006

The performances of the following units were reviewed by the Approval Committee in terms of Rule 54 of SEZ Rules, 2006:-

(Rs. in Lakhs)

S. No.	Name of Unit	LOA date/ Date of Production	1 st Five year completed	Extension granted upto	Export For 1 st five years	Import For 1 st five years	Pending realization (BRC)	Empl o-yment
(i)	M/s Shri Arihant Mangal Expo- Impo	10.06.2004/04.04.2007	03.04.2017	03.04.2022	16059.35	9199.79	NIL	150
(ii)	M/s Peace International	17.07.2004/02.05.2007	01.05.2017	01.05.2022	5778.98	4451.95	NIL	26

It was observed that the above units had achieved positive NFE and the Development Commissioner had granted extension for further period of five years, in terms of Rule 19(6) of SEZ Rules, 2006.

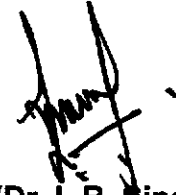
After due deliberation, the Approval Committee took note of the performance of the above units.

Meeting ended with a vote of thanks to the chair.



(S.S. Shukla)

Joint Development Commissioner



(Dr. L.B. Singhal)

Development Commissioner