

**नौएडा विशेष आर्थिक क्षेत्र**

(दिनांक 03/12/2019 को आयोजित अनुमोदन समिति की बैठक का कार्यवृत्त)

**Minutes of meeting of the Approval Committee of Noida SEZ held under the Chairmanship of Dr. L.B. Singhal, Development Commissioner (DC), Noida SEZ at 11:30 AM on 03/12/2019 in the Conference Hall of NSEZ.**

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

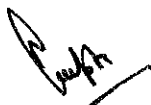
- 1) Shri S.S. Shukla, Jt. Development Commissioner, NSEZ.
- 2) Smt. Supriya Yadav, Dy. Commissioner, Customs, Noida Commissionerate.
- 3) Shri Shyopat Singh, Asstt. Commissioner, Customs, Noida Commissionerate.
- 4) Shri Chaman Lal, FTDO, O/o Addl. DGFT, CLA, New Delhi.
- 5) Smt. Annamma Thomas, Income Tax Officer, Income Tax Deptt., Noida.

2. Besides, during the meeting S/Shri (i) Md. Salik Parwaiz, Specified Officer, NSEZ, (ii) Nitin Gupta, Dy. Development Commissioner, NSEZ, (iii) Pramod Kumar, Asstt. Development Commissioner, NSEZ, (iv) Arun Singh Parihar, Assistant, NSEZ, (v) K.M. Srivastava, AEE, UPPCB, Noida and (vi) S.K. Bharti, JE, UPPCL, Noida 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 as well as interaction with the applicants / representatives of the units, the following decisions were taken:-

**(i) Ratification of Minutes of last meeting of the Approval Committee held on 04/11/2019.**

It was informed that no reference against the decisions of the Approval Committee held on 04/11/2019 was received and, therefore, Minutes of the meeting held on 04/11/2019 were ratified.



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

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| 1. | <p><b>बी. एस. फैशन - नौएडा विशेष आर्थिक क्षेत्र में नई इकाई लगाने हेतु प्रस्ताव।</b></p> <p>It was informed to the Approval Committee that the M/s. B.S Fashion has proposed to set up a new unit in NSEZ for "Manufacturing &amp; Export of Cotton Knits Dress (61044200), Cotton Woven Dress (62044220) and Polyester Woven Dress (62044390)" with projected exports of Rs. 1525 Lakhs and NFE earnings worth Rs.1495 Lakhs and proposed investment of Rs. 15.14 Lakhs and Rs. 77.92 Lakhs in imported and indigenous plant &amp; machinery/capital goods respectively, over a period of five years.</p> <p>1.2 It was also informed that applicant has proposed to mainly do job work for M/s. eShakti.com Pvt. Ltd. for stitching &amp; embroidery of ladies garments.</p> <p>1.3 Shri Bhim Singh Yadav, proprietor of the firm, appeared before the Approval Committee to explain the project. Shri Yadav informed that he has 20 years of experience in garments industry. He has a DTA unit at Plot No.40, Udyog Vihar, Phase-I, Gurgaon where approx. 70-80 employees are currently working. He informed that he has association with M/s. e-Shakti.com Pvt. Ltd. also which is working in NSEZ, Noida. He also mentioned that M/s. eShakti.com Pvt. Ltd. has awarded them contract for stitching &amp; embroidery of ladies garments. He also stated that M/s. e-Shakti.com is ready to supply them with about 200 orders of garments per day for stitching &amp; embroidery job-work.</p> <p>1.4 Shri Yadav informed that in the proposed NSEZ unit they will mainly do job work for M/s. eShakti.com Pvt. Ltd. for stitching &amp; embroidery of ladies garments. In addition they will do physical export of their manufactured garments. He further stated that this will be a fresh unit with new investment and they will employ approx. 100 employees in the proposed unit. It was informed to the Approval Committee that the applicant has submitted an undertaking to the effect that they will not claim any Income Tax Benefit under Section 10AA of Income Tax Act, 1961 in respect of its income from Job-</p> |
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work/subcontracting.

1.5 The Approval Committee observed that Rule 41(1) of SEZ Rules, 2006 provides as follows:

**"A Unit may sub-contract a part of its production or any production process, to a unit(s) in the Domestic Tariff Area or in a Special Economic Zone** or Export Oriented Unit or a unit in Electronic Hardware Technology Park unit or Software Technology Park unit or Bio-technology Park unit with prior permission of the Specified Officer to be given on an annual basis and subject to conditions mentioned therein".

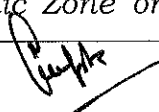
1.6 The Approval Committee further observed that Rule 41(1)(f) of SEZ Rules, 2006 provides as under:

*"In any financial year, the consolidated value of sub-contracted part of production of a unit and of the sub-contracted production process of a unit shall not exceed the total value of goods cleared by the unit either for exports or for sale in Domestic Tariff Area in the immediately preceding financial year:*

**Provided that a Unit, sub-contracting part of the production or production process to other Unit in the same Special Economic Zone shall not require the permission of the Specified Officer provided that both the supplying and receiving Units shall maintain proper account of the goods involved in the subcontracting."**

1.7 The Approval Committee further observed that a unit may render services within SEZ against payment in free foreign exchange counts towards NFE in terms of Rule 53(A)(h) of SEZ Rules, 2006 which states as under:

*"export of services by services units including services rendered within Special Economic Zone or services rendered in the Domestic*



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*Tariff Area and paid for in free foreign exchange or such services rendered in Indian Rupees which are otherwise considered as having been paid for in free foreign exchange by the Reserve Bank of India,"*

1.8 The Approval Committee also observed that as per Section 2(z) of SEZ Act 2005, "services" means such tradable services which,-

(i) are covered under the General Agreement on Trade in Services annexed as IB to the Agreement establishing the World Trade Organisation concluded at Marrakes on the 15<sup>th</sup> day of April, 1994;

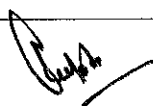
(ii) may be prescribed by the Central Government for the purposes of this Act; and

(iii) earn foreign exchange;

1.9 The Approval Committee observed that Job-work activity is a service activity hence, payment against job-work provided by a SEZ unit to other SEZ unit should be in Foreign Exchange in terms of Section 2(z) of SEZ Act, 2005 and Rule 53(A)(h) of SEZ Rules, 2006. On being enquired about payment to be received by the unit from M/s. eShakti.com Pvt. Ltd., Shri Yadav informed that he understands the provisions of SEZ Act and rules and M/s. eShakti.com Pvt. Ltd. has confirmed that the payment towards the Job-work would be made in Free foreign exchange.

1.10 It was informed to the Approval Committee that few shortcomings have been observed in the application which have been conveyed to the applicant for necessary rectification.

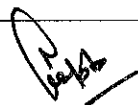
1.11 The Approval Committee, after due deliberations, approved the proposal of M/s. B.S. Fashion for carrying out "(i) Manufacturing & Export of Cotton Knits Dress (61044200), Cotton Woven Dress (62044220) and Polyester Woven Dress (62044390); and (ii) Job-work activity under Rule 41(1) on behalf of M/s. eShakti.com Pvt. Ltd." subject to the condition that all the payments



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|    | <p>against job-work activity shall be realized in Free Foreign Exchange in terms of Section 2(z) of SEZ Act, 2005 and Rule 53(A)(h) of SEZ Rules, 2006 quoted above and the same will be further subject to rectification of deficiencies observed in their application.</p>   |
| 2. | <p><b>आदित्य इंटरप्राइजेज - नौएडा विशेष आर्थिक क्षेत्र में नई इकाई लगाने हेतु प्रस्ताव।</b></p> <p>It was informed to the Approval Committee that the M/s. Aditya Enterprises has proposed to set up a new unit in NSEZ for "Manufacturing &amp; Export of Cotton Knits Dress (61044200), Cotton Woven Dress (62044220) and Polyester Woven Dress (62044390)" with projected exports of Rs. 762.50 Lakhs and NFE earnings worth Rs.740.72 Lakhs and proposed investment of Rs. 11.69 Lakhs and Rs. 33.80 Lakhs in imported and indigenous plant &amp; machinery/capital goods respectively, over a period of five years.</p> <p>2.2 It was also informed that applicant has proposed to mainly do job work for M/s. eShakti.com Pvt. Ltd. for stitching &amp; embroidery of ladies garments.</p> <p>2.3 Smt. Anshu Phalahari, proprietor of the firm and Shri Triloki Nath Phalahari, appeared before the Approval Committee to explain the project. They informed that Smt. Phalahari has 20 years of experience in garments industry. They also informed that they have a DTA unit in Faridabad, Haryana for manufacturing of all types of textile garments and clothing accessories. They further informed that they have association for 1.5 years with M/s. e-Shakti.com Pvt. Ltd. also which is working in NSEZ, Noida. They informed that M/s. e-Shakti.com Pvt. Ltd. (an existing unit in NSEZ) has awarded them contract for stitching &amp; embroidery of ladies garments.</p> <p>2.4 They further informed that in the proposed NSEZ unit initially they will mainly do job work for M/s. eShakti.com Pvt. Ltd. for stitching &amp; embroidery of ladies garments. In addition they will do physical export of their manufactured garments. They further informed that they will bring the old machineries/capital goods of their existing unit in the proposed SEZ unit.</p> |



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2.5 The Approval Committee informed the applicant that in terms of Instruction No. 11 dated 12/08/2009, *"the units can shift used/second capital goods valuing more than 20% in which case they will not be entitled to benefits under the Income-tax Act, 1961"*. It was informed to the Approval Committee that the applicant has submitted an undertaking to the effect that they will not claim any Income Tax Benefit under Section 10AA of Income Tax Act, 1961 in respect of its income from the said SEZ unit.

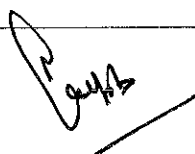
2.6 The Approval Committee observed that Rule 41(1) of SEZ Rules, 2006 provides as follows:

**"A Unit may sub-contract a part of its production or any production process, to a unit(s) in the Domestic Tariff Area or in a Special Economic Zone or Export Oriented Unit or a unit in Electronic Hardware Technology Park unit or Software Technology Park unit or Bio-technology Park unit with prior permission of the Specified Officer to be given on an annual basis and subject to conditions mentioned therein".**

2.7 The Approval Committee further observed that Rule 41(1)(f) of SEZ Rules, 2006 provides as under:

*"In any financial year, the consolidated value of sub-contracted part of production of a unit and of the sub-contracted production process of a unit shall not exceed the total value of goods cleared by the unit either for exports or for sale in Domestic Tariff Area in the immediately preceding financial year:*

**Provided that a Unit, sub-contracting part of the production or production process to other Unit in the same Special Economic Zone shall not require the permission of the Specified Officer provided that both the supplying and receiving Units shall maintain proper account of the goods involved in the subcontracting."**



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2.8 The Approval Committee further observed that a unit may render services within SEZ against payment in free foreign exchange in terms of Rule 53(A)(h) of SEZ Rules, 2006 which states as under:

*“export of services by services units including services rendered within Special Economic Zone or services rendered in the Domestic Tariff Area and paid for in free foreign exchange or such services rendered in Indian Rupees which are otherwise considered as having been paid for in free foreign exchange by the Reserve Bank of India,”*

2.9 The Approval Committee also observed that as per Section 2(z) of SEZ Act 2005, “services” means such tradable services which,-

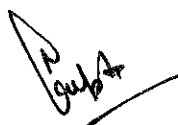
(i) are covered under the General Agreement on Trade in Services annexed as IB to the Agreement establishing the World Trade Organisation concluded at Marrakes on the 15<sup>th</sup> day of April, 1994;

(ii) may be prescribed by the Central Government for the purposes of this Act; and

(iii) earn foreign exchange;

2.10 The Approval Committee observed that Job-work activity is a service activity hence, payment against job-work provided by a SEZ unit to other SEZ unit should be in Foreign Exchange in terms of Section 2(z) of SEZ Act, 2005 and Rule 53(A)(h) of SEZ Rules, 2006. On being enquired about payment to be received by the unit from M/s. eShakti.com Pvt. Ltd., Smt. Phalahari informed that she understands the provisions of SEZ Act and rules and M/s. eShakti.com Pvt. Ltd. has confirmed that the payment towards the Job-work would be made in Free foreign exchange.

2.11 It was informed to the Approval Committee that few shortcomings have been observed in the application which have been conveyed to the applicant



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|    | <p>for necessary rectification.</p> <p>2.12 The Approval Committee, after due deliberations, approved the proposal of M/s. Aditya Enterprises for carrying out “(i) Manufacturing &amp; Export of Cotton Knits Dress (61044200), Cotton Woven Dress (62044220) and Polyester Woven Dress (62044390); and (ii) Job-work activity under Rule 41(1) on behalf of M/s. eShakti.com Pvt. Ltd.” subject to condition that all the payments against job-work activity shall be realized in Free Foreign Exchange in terms of Section 2(z) of SEZ Act, 2005 and Rule 53(A)(h) of SEZ Rules, 2006 and the same will be further subject to rectification of deficiencies observed in their application.</p>  |
| 3. | <p><b>गुरुजी ब्लेसिंग्स इम्पेक्स एलएलपी - नौएडा विशेष आर्थिक क्षेत्र में नई इकाई लगाने हेतु प्रस्ताव।</b></p> <p>It was informed to the Approval Committee that the M/s. Guruji Blessings Impex LLP has proposed to set up a new unit in NSEZ for “Manufacturing &amp; Export of Cotton Knits Dress (61044200), Cotton Woven Dress (62044220) and Polyester Woven Dress (62044390)” with projected exports of Rs. 1525 Lakhs and NFE earnings worth Rs.1495 Lakhs and proposed investment of Rs. 15.14 Lakhs and Rs. 77.92 Lakhs in imported and indigenous plant &amp; machinery/capital goods respectively, over a period of five years.</p> <p>3.2 It was also informed that applicant has proposed to mainly do job work for M/s. eShakti.com Pvt. Ltd. for stitching &amp; embroidery of ladies garments.</p> <p>3.3 Smt. Vandana Sahgal, partner of the firm, appeared before the Approval Committee to explain the project. Smt. Sahgal informed that she has 25 years of experience in garment industry. They have two DTA units, one in Okhla, Delhi where approx. 25-30 employees are working and second in Gurgaon where approx. 125-150 employees are currently working wherein they are manufacturing as well as doing job-work for various Indian brands. She also mentioned that they have 4.5 years of association with M/s. e-Shakti.com Pvt.</p> |

*P. Sahgal*



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Ltd. also which is working in NSEZ, Noida.

3.4 She informed that M/s. e-Shakti.com Pvt. Ltd. (an existing unit in NSEZ) has awarded them contract for stitching & embroidery of ladies garments. She also stated that M/s. e-Shakti.com is ready to supply them with about 200 orders of garments per day for stitching & embroidery job-work.

3.5 Smt. Sahgal informed that in the proposed NSEZ unit they will mainly do job work for M/s. eShakti.com Pvt. Ltd. for stitching & embroidery of ladies garments as well as fresh export of their manufactured garments. She further stated that this will be a fresh unit with new investment and they will employ approx. 110-120 employees in the proposed unit. She further stated that to start with they will set up a 70 machines unit and within 6 months they will set up another 70 machines unit. It was informed to the Approval Committee that the applicant has submitted an undertaking to the effect that they will not claim any Income Tax Benefit under Section 10AA of Income Tax Act, 1961 in respect of its income from Job-work/subcontracting.

3.6 The Approval Committee observed that Rule 41(1) of SEZ Rules, 2006 provides as follows:

**"A Unit may sub-contract a part of its production or any production process, to a unit(s) in the Domestic Tariff Area or in a Special Economic Zone or Export Oriented Unit or a unit in Electronic Hardware Technology Park unit or Software Technology Park unit or Bio-technology Park unit with prior permission of the Specified Officer to be given on an annual basis and subject to conditions mentioned therein".**

3.7 The Approval Committee further observed that Rule 41(1)(f) of SEZ Rules, 2006 provides as under:

*"In any financial year, the consolidated value of sub-contracted part of production of a unit and of the sub-contracted production process of a unit shall not exceed the total value of goods cleared*

*Signature*

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*by the unit either for exports or for sale in Domestic Tariff Area in the immediately preceding financial year:*

**Provided that a Unit, sub-contracting part of the production or production process to other Unit in the same Special Economic Zone shall not require the permission of the Specified Officer provided that both the supplying and receiving Units shall maintain proper account of the goods involved in the subcontracting.**

3.8 The Approval Committee further observed that a unit may render services within SEZ against payment in free foreign exchange in terms of Rule 53(A)(h) of SEZ Rules, 2006 which states as under:

*“export of services by services units including services rendered within Special Economic Zone or services rendered in the Domestic Tariff Area and paid for in free foreign exchange or such services rendered in Indian Rupees which are otherwise considered as having been paid for in free foreign exchange by the Reserve Bank of India,”*

3.9 The Approval Committee also observed that as per Section 2(z) of SEZ Act 2005, “services” means such tradable services which,-

(i) are covered under the General Agreement on Trade in Services annexed as IB to the Agreement establishing the World Trade Organisation concluded at Marrakes on the 15<sup>th</sup> day of April, 1994;

(ii) may be prescribed by the Central Government for the purposes of this Act; and

(iii) earn foreign exchange;

3.10 The Approval Committee observed that Job-work activity is a service activity hence, payment against job-work provided by a SEZ unit to other SEZ



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unit should be in Foreign Exchange in terms of Section 2(z) of SEZ Act, 2005 and Rule 53(A)(h) of SEZ Rules, 2006. On being enquired about payment to be received by the unit from M/s. eShakti.com Pvt. Ltd., Smt. Sahgal informed that she understands the provisions of SEZ Act and rules and M/s. eShakti.com Pvt. Ltd. has confirmed that the payment towards the Job-work would be made in Free foreign exchange.

3.11 It was informed to the Approval Committee that few shortcomings have been observed in the application which have been conveyed to the applicant for necessary rectification.

3.11 The Approval Committee, after due deliberations, approved the proposal of M/s. Guruji Blessings Impex LLP for carrying out “(i) Manufacturing & Export of Cotton Knits Dress (61044200), Cotton Woven Dress (62044220) and Polyester Woven Dress (62044390); and (ii) Job-work activity under Rule 41(1) on behalf of M/s. eShakti.com Pvt. Ltd.” subject to condition that all the payments against job-work activity shall be realized in Free Foreign Exchange in terms of Section 2(z) of SEZ Act, 2005 and Rule 53(A)(h) of SEZ Rules, 2006 and the same shall be further subject to rectification of deficiencies observed in their application.

4. **साँवरे एफटीडब्लूजेड सर्विसेज - नौएडा विशेष आर्थिक क्षेत्र में नई इकाई लगाने हेतु प्रस्ताव**

It was informed to the Approval Committee that the M/s. Saanvre FTWZ Services has proposed to set up a new unit in NSEZ for “Warehousing and value added services such as packing, labelling etc. in terms of Rule 76 and Rule 18(5) of SEZ Rules, 2006” with projected exports of Rs. 1350 Lakhs and NFE earnings worth Rs.1350 Lakhs and proposed investment of Rs. 20 Lakhs in indigenous plant & machinery/capital goods, over a period of five years.

4.2 Shri Deepak Mittal, proprietor of the firm appeared before the Approval Committee to explain the project.

4.3 Shri Mittal informed that the proposed project is for setting up a multi-

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product Warehousing and Logistic Services unit in NSEZ to cater to the needs of International and domestic clients who are currently using neighboring countries for their business activities to cater to South Asian Countries.

4.4 Shri Mittal also informed that he already has 2 warehousing units, one in Adani Ports & SEZ, Mundra and another at Kandla SEZ, Gujarat. He further stated that the unit at Adani Ports & SEZ, Mundra has started working since last one year. However; unit at Kandla SEZ, Gujarat is yet to be operational.

4.5 The Approval Committee observed that applicant has projected space requirement of 6000 Sq. mtrs. in its application. Space of this dimension is not currently available with this office. Therefore, the only option available for large space is that the applicant participates in MSTC's e-auction of Plots with building taken over by NSEZ under P.P. Act. The Approval Committee further observed that in the recent auction of building at Plot No. 129G/14, NSEZ having area of 800 sq.mtrs. conducted by MSTC, the successful bid was for Rs. 1.54 Crores. Thus with this rate the total space of 6000 sq. mtrs. with building should be around Rs. 10 Crores or so.

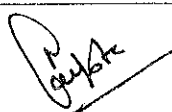
4.6 Shri Mittal informed that they shall be starting with acquiring the SDFs in a phased manner as per the demand of their clients and size of the business increase so that their business can take off.

4.7 It was informed to the Approval Committee that some deficiencies have been observed in the application which have been conveyed to the applicant for necessary rectification.

4.8 The Approval Committee also observed provisions as under:

(a) Rule 18(5) of SEZ Rules, 2006 states that:

*"The Units in Free Trade and Warehousing Zones or **Units in Free Trade and Warehousing Zone set up in other Special Economic Zone**, shall be allowed to hold the goods on account of*



*the foreign supplier for dispatches as per the owner's instructions and shall be allowed for trading with or without labelling, packing or re-packing without any processing:*

*Provided that refrigeration for the purpose of storage and assembly of Completely Knocked Down or Semi Knocked Down kits shall also be allowed by the Free Trade and Warehousing units undertaking the said activities:*

*Provided further that these Units may also re-sell or re-invoice or re-export the goods imported by them:*

*Provided also that all transactions by a Unit in Free Trade and Warehousing Zone shall only be in convertible foreign currency."*

(b) Rule 5(2)(c) of SEZ Rules, 2006 states as under:

*"Special Economic Zone for Free Trade and Warehousing shall have an area of forty hectares or more with a built up area of not less than one lakh square metres:*

*Provided that in a stand-alone Free Trade and Warehousing Zone at least fifty per cent of the area shall be earmarked for developing processing area:*

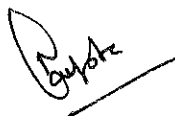
**Provided further that a Free Trade and Warehousing Zone may also be set up as part of a Special Economic Zone for multi-product:**

*Provided also that in a Special Economic Zone having area less than one thousand hectares, Free Trade and Warehousing Zone may be permitted with no minimum area requirement but subject to the condition that the maximum area of such Free Trade and Warehousing Zone shall not exceed twenty per cent of the processing area."*

*P. Gupta*

(c) DOC has issued an Instruction No. 49 wherein following guidelines are laid down in respect of FTWZ :

- i) *No approval for procurement of service "Rental" of immovable property for office outside the Special Economic Zone/FTWZ can be given.*
- ii) *Regarding Licencing requirement, it is clarified that in terms of Rule 27 of SEZ Rules, a unit in SEZ/FTWZ can import all types of goods except prohibited items. However, in terms of Rule 26 of SEZ Rules, if any permission is required for import under any other law, the same shall be allowed with the approval of BOA. In respect of prohibited items, Instruction No.47 dated 4th March, 2010 shall apply.*
- iii) *Regarding permissibility of diesel in the FTWZ, it is clarified that Rule 27 of SEZ Rules permits a developer to procure all types of goods including consumables for authorized operations. Hence diesel is permitted for authorized operations in the processing area including material handling equipment.*
- iv) *There are no limitation on Units set up in FTWZs located in Sector Specific SEZs to carry out Trading and Warehousing Activities in respect of any product.*
- v) *Trading and Warehousing units located within FTWZ can carry out DTA to FTWZ and FTWZ to DTA transactions.*
- vi) *Requests for allowing cutting, polishing, blending etc. as part of authorized operation of a FTWZ unit can be considered by the Approval Committee on a case to case basis based on the merits of the case.*



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4.9 The Approval Committee, after due deliberations, decided to defer the proposal for its next meeting with a direction to the applicant to submit more information as directed:

- (i) Additional documents/information as observed on project file.
- (ii) Justification for seeking approval for warehousing unit in NSEZ when they have already taken LOA for setting up of warehousing facility in Kandla SEZ and Adani Ports & SEZ, Mundra.
- (iii) In case he proposes to start work from SDF, he should submit revised application showing revised space requirement.

4.10 The Approval Committee directed to place the case in the Approval Committee with full facts along with report from respective DC in respect of existing two units. On receipt of complete information, case will be examined on all aspects including admissibility of project under Rule 18(5) of SEZ Rules, 2006.

5. वन टच सॉल्यूशंस (इंडिया) प्राइवेट लिमिटेड - LOA की वैधता के नवीनीकरण एवं इकाई के पूर्व प्रदर्शन की निगरानी हेतु प्रस्ताव ।

It was informed to the Approval Committee that M/s. One Touch Solutions (India) Pvt. Ltd. has been issued an LOA dated 29/04/2003 for IT Enabled Services including Call Center, BPO. The unit commenced its export activities w.e.f. 01/02/2004 and previous block of five years was valid till 31/01/2019.

5.2 It was informed that unit has requested for renewal of LOA for 4<sup>th</sup> block of five years. It was further informed that LOA of the unit was expired on 31/01/2019. It was informed that the unit has made exports worth Rs. 2778.25 Lakhs and earned positive NFE earnings worth Rs. 2778.25 Lakhs during previous block of five years.

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5.3 It was informed to the Approval Committee that as per Rule 19(6A)(1) of SEZ (Amendment) Rules, 2018 dated 19/09/2018 read with SEZ (2<sup>nd</sup> Amendment) Rules 2019 dated 07/03/2019 which inter alia states as under:

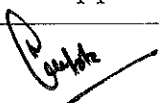
*"The Units which intend to renew the validity of Letter of Approval shall submit, before two months from the date of expiry of the Letter of Approval, the completed application in form F1 along with requisite documents. Provided that in case an application is submitted after the said period of two months, reasonableness of the delay shall be examined on the merits and circumstances of the case and the request for renewal of Letter of Approval shall be decided by the Development Commissioner."*

In the instant case, Unit has not submitted application before two months from date of expiry of LOA.

5.4 Shri Nortanmal Nahata and Shri Ajit Mishra introducing themselves as director and accountant respectively, appeared before Approval Committee on behalf of the company. It was informed to him that in terms of Rule 19(6A)(1) of SEZ (Amendment) Rules, 2018 dated 19/09/2018 read with SEZ (2<sup>nd</sup> Amendment) Rules 2019 dated 07/03/2019, the units are required to submit application of renewal of LOA before two months of expiry of its validity. However, in the instant case they have failed to apply for renewal of LOA with prescribed time and unit could file LOA renewal application in October after a delay of approx. 9 months.

5.5 Shri Nahata informed that the person responsible for submitting LOA was their accountant and he suffered serious illness and left the company without any prior intimation and due to the same they were unable to submit the LOA on time.

5.6 The Approval Committee observed that in the past also the unit had not applied timely for LOA Renewal giving same plea for non-submission of LOA renewal application timely and Approval Committee held on 07/05/2015 had





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imposed a penalty of Rs. 1 Lakh on the unit for working without valid LOA and non-submission of LOA renewal application and then the LOA of unit was renewed for next five years w.e.f. 01.02.2014..

5.7 Shri Nahata informed that he recently joined the company as a director and he is not aware of the earlier facts related to company. He apologized for the delay in filing the application and requested to renew their LOA. He further stated that they have not done any activity since the LOA has expired.

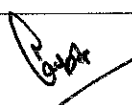
5.8 The Approval Committee observed that unit has not intimated about change in directors to this office. As per records available in this office, only Smt. Madhu Surana and Shri Bharat Surana are directors in the company.

5.9 The Approval Committee observed that the representatives have failed to furnish valid and specific reasons for delay in filing application for LOA renewal. Further, the representatives are also not aware about the earlier facts related to unit.

5.10 In light of above, the Approval Committee, after due deliberations, decided to defer the proposal for its next meeting with a direction that original promoters/directors of the company i.e. Mr. Bharat Surana and Mrs. Madhu Surana should attend the meeting. The Approval Committee also directed the unit to submit current list of directors along with details of previous & current shareholding pattern of the company along with reasons for non-intimation of such changes.

6. **रिलायंस प्रेसिटोन ज्वेलर्स प्राइवेट लिमिटेड - LOA की वैधता के नवीनीकरण एवं इकाई के पूर्व प्रदर्शन की निगरानी हेतु प्रस्ताव।**

It was informed that M/s. Reliance Precitone Jewellers Pvt. Ltd. has been issued an LOA dated 19/04/1991 for Manufacturing & Export of Glass Beads, Costume Jewellery and Handicraft items falling under ITC HS 6101, 6102, 6103, 6104, 6105, 6106, 6107 & 6109 and Garments using any one of the above items. The unit commenced its export production w.e.f. 01/12/1993



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and its LOA was valid till 31/03/2019.

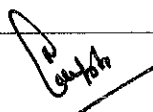
6.2 It was further informed that unit has applied for renewal of its LOA validity for sixth block of five years. It was further informed that the unit has made exports worth Rs. 42.66 Lakhs and earned positive NFE earnings worth Rs. 42.66 Lakhs during previous block of five years.

6.3 It was further informed that the Approval Committee in its meeting held on 05/04/2017 had renewed LOA of the unit for remaining period of previous five years block i.e. upto 31/03/2019 after monitoring the performance of unit. The Approval Committee in its meeting held on 05/09/2018 had also approved revision in authorized operations of unit to include manufacturing of Garments.

6.4 Shri Raj Kumar Gupta and Shri Akash Gupta, directors of the company appeared before the Approval Committee. Shri R. K. Gupta informed that they have been continuously increasing their export activities and have made exports worth approx. Rs. 36.37 Lakhs during 2018-19 which is on higher side as compared to their performance during previous years. He further informed that they have orders in pipelines and requested for renewal of LOA for next block of five years.

6.5 The Approval Committee monitored the performance of the unit during previous block of five years and took note of positive NFE achievement by the unit. The Approval Committee further observed that although unit has made exports of Rs. 36.37 Lakhs during 2018-19, the same is still very low and needs to be further augmented. The representatives assured the Committee to increase the export performance of the unit.

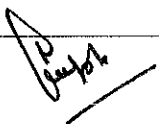
6.6 The Approval Committee, after due deliberations and keeping in view the assurance given by the directors of company for increased export performance, decided to renew the validity of LOA for a period of two years i.e. upto 31/03/2021 and directed the unit to increase its export performance in the extended validity period.



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| 7. | <p><b>भयानी प्लास्टिक इंडिया प्राइवेट लिमिटेड - LOA की वैधता के नवीनीकरण हेतु प्रस्ताव॥</b></p> <p>No one from the unit appeared for the meeting. It was informed that unit has shown its inability to attend the meeting due to heavy rain in Chennai. The Approval Committee defer the proposal for its next meeting.</p>  |
| 8. | <p><b>अमिगा इन्फार्मेटिक्स प्राइवेट लिमिटेड- LOA में अधिकृत परिचालनों में संशोधन एवं कार्य-सेक्टर में बदलाव हेतु प्रस्ताव ।</b></p> <p>It was informed to the Approval Committee that M/s. Amiga Informatics Pvt. Ltd. has been issued an LOA dated 20/02/2018 for IT Enabled Services and BPO. The unit is yet to commence its export activities. LOA of the unit was valid till 19/02/2019.</p> <p>8.2 It was further informed that unit has applied for revision in its authorized operations and change in sector of business from 'IT Enabled Services &amp; BPO' to "Manufacturing &amp; Export of readymade garments".</p> <p>8.3 Shri Vipin Singh, director of the company appeared before the Approval Committee. Shri Singh informed that they have an existing unit for IT services in DTA which is generally operating during night hours as their customers are based in USA. They have not been able to relocate the staff from DTA unit to NSEZ for the reason of recession in the industry and slow pace of further contracts.</p> <p>8.4 Shri Singh further informed that they have purchased building at Plot No. 115, NSEZ through bank auction. They later realised that the building is not as per IT industry standards. Hence, they looked out to best utilize the premises and contacted various buyers for other items. They came across eShakti.com Pvt. Ltd. who visited their premises and found it suitable for manufacturing garments. He further stated that M/s. Amiga Informatics Pvt. Ltd. agreed to the investment proposed for setting up infrastructure for garments manufacturing as per the requirement of eShakti.</p> |



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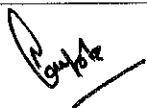
8.5 It was informed to the Approval Committee that as per Memorandum & Article of Association of the company, the main objects of the company are related to Information Technology services only.

8.6 It was further informed that LOA of the unit has already expired on 19/02/2019. Unit had earlier applied for extension in the validity of LOA on 16/05/2019. Unit vide this office letter dated 30/05/2019 was asked to submit online application for LOA extension along with reasons for delayed submission and reply of this office letter dated 12/07/2018. However, unit has till date not submitted the required information/documents as asked vide this office letter dated 30/05/2019. In the absence of same, validity of LOA could not be considered for extension and as on date LOA of the unit stands expired w.e.f. 19/02/2019.

8.7 Shri Vipin Singh informed that the process for amending the main objects of MOA is underway and they will submit the same as soon as they get the MOA. Shri Singh further informed that they have been in contact with NSDL representative for filing of online application.

8.8 The Approval Committee, after due deliberations, decided to defer the proposal for its next meeting with a direction to the unit to submit following:

- (i) Letter of agreement from M/s.eShakti.com Pvt. Ltd.
- (ii) Detailed project report on proposed activity duly mentioning revised projections for a block of five years, correct ITC HS Codes and manufacturing process flow chart.
- (iii) List of imported and indigenous plant & machinery/capital goods and raw materials (mentioning their ITC HS Code) required for the proposed project.
- (iv) Projected employment in the block of five years.
- (v) Revised Memorandum and Article of Association clearly showing



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proposed activity in its main object.

(vi) Documents related to extension in the validity of LOA as asked vide this office letter dated 30/05/2019.

8.9 The Approval Committee further directed that representative of M/s. e.Shakti.com Pvt. Ltd. may also be called to appear in the next meeting.

9. बी.ई. गोल्ड प्राइवेट लिमिटेड - LOA में अधिकृत परिचालनों में संशोधन हेतु प्रस्ताव।

It was informed to the Approval Committee that M/s. BE Gold Pvt. Ltd. has been issued an LOA dated 05/01/2009 for Manufacturing of Handcrafted/Machine made Gold Jewellery Plain/Studded with Diamonds, Pearls Precious, Semi Precious, Synthetic Stone and Bead Necklace. The unit commenced its export production w.e.f. 15/04/2009 and its LOA is valid till 14/04/2024.

9.2 It was further informed that unit has submitted a proposal for Inclusion of Parts and components of Plain or Studded Gold Jewellery in its authorized operations.

9.3 Shri Kishan Kumar Mohata, authorized representative of the company appeared before the Approval Committee. He informed that now a days in competitive market, they want to export some new design to their buyer every time and in this regard, they need some specialized parts and components of plain or studded Gold Jewellery like designing para, new dyes, Push, wire, leaf, lock etc. to make unique design range for supply in overseas market.

9.4 The Approval Committee observed that DOC has issued an Instruction No. 100 dated 25/10/2019 wherein following decisions have been taken regarding issuance of LOA to a Gems & Jewellery unit:

(i) *Single LOA for the items under Chapter 71 of ITC HS may be issued for eligible Plain and/or studded jewellery based on application received by the unit.*

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(ii) Besides, all the extant instructions regulating activities like manufacturing of gold coins, blanks, medallions, other articles of gold etc. and trading activity for gold, silver, platinum, other precious metals, diamonds and other precious and semi-precious stones, inter-unit transfer between G&J units within the same SEZ will continue to be applicable.

(iii) The units will be required to indicate projected values of indigenous/ imported capital goods in their application form. Within the approved value of plant & machinery/ capital goods, G&J units can import/ indigenously procure any machinery required for their authorized operations.

(iv) Permission for manufacture & export of plain /studded jewellery containing gold of 8 carats to 22 carats only be applicable as per DOC instruction No.88 dated 16.08.2017.

(v) DGFT Notification No. 43/2015-20 dated 05.11.2018 shall be applicable in respect of findings (containing gold of 3 carats and above upto a maximum limit of 22 carats), like posts, push backs, locks which help in collating the jewellery pieces together.

2. DCs/UACs are requested to keep in mind the above mentioned points and requirement of units while considering any proposal from Gems & Jewellery units under their jurisdiction."

9.5 The Approval Committee further observed that the proposed products are to be used as in the jewellery manufacturing by the unit. Hence, separate permission may not be required for the same.

9.6 Shri Mohata stated that they have requested for inclusion of above mentioned items in their LOA to avoid any future problem or barricade to grow their business. He further stated that they can import or can take these parts and components from their authorized job worker as well as new Job worker. He further informed that these products will be exported as parts of jewellery.



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|     | <p>9.7 The Approval Committee, after due deliberations and on specific request of unit's representative, approved the proposal of M/s. BE Gold Pvt. Ltd. for inclusion of Parts and components of Plain or Studded Gold Jewellery for use in jewellery manufacturing as per already approved authorized operations.</p>   |
| 10. | <p><b>दिव्या क्रिएशंस - इकाई के साझेदारी एवं शेयर होल्डिंग में बदलाव से संबंधित प्रस्ताव।</b></p> <p>It was informed to the Approval Committee that the unit has submitted unregistered partnership deed indicating that registration of partnership firm is not compulsory under Part VII of Indian Partnership Act, 1932. Further, no one from the unit appeared for the meeting. However, the unit vide its letter dated 02/12/2019 has requested for deferment of the proposal. Accordingly, the Approval Committee deferred the proposal for its next meeting and directed to seek registered partnership deed from the unit.</p>  |
| 11. | <p><b>गारमेक्स इंडिया - LOA की वैधता को बढ़ाने के लिए प्रस्ताव।</b></p> <p>It was informed to the Approval Committee that M/s. Garmex India has been issued an LOA dated 19/09/2016 for manufacturing &amp; Export of readymade garments. The unit is yet to commence its export production. LOA of the unit was valid till 18/09/2019.</p> <p>11.2 It was further informed that unit has applied for 4<sup>th</sup> year extension in the validity of its LOA beyond 18/09/2019. It was further informed that the unit had not executed Bond-cum-LUT till date.</p> <p>11.3 Shri J.D. Giri, authorized representative of the company appeared before the Approval Committee. He informed that the building at Plot No. 142, NSEZ was very old and needed renovation which have been done. He further informed that they have procured and installed machineries in the unit and it will take approx. 3-4 months to start export production. He also informed that they are planning to hire approx. 200 employees in the unit.</p> <p>11.4 Shri Giri further stated that due to oversight they did not execute the</p> |

Bond-cum-LUT. He also stated that they are going to submit the Bond-cum-LUT at the earliest. He further stated that their online registration formality is under process which will get completed soon and requested to extend their LOA validity manually. Shri Giri informed that they have approved capital expenditure budget for Rs. 7.85 Crores for investment in the NSEZ unit.

11.5 The Approval Committee observed that instant proposal is for 4<sup>th</sup> year extension in the validity of LOA. Relevant Rule 19(4) of SEZ Rules, 2006 states as under:

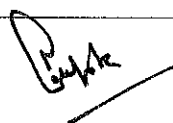
*"The Letter of Approval shall be valid for one year within which period the Unit shall commence production or service or trading or Free Trade and Warehousing activity and the Unit shall intimate date of commencement of production or activity to Development Commissioner:*

*Provided that upon a request by the entrepreneur, further extension may be granted by the Development Commissioner for valid reasons to be recorded in writing for a further period not exceeding two years:*

*Provided further that the Development Commissioner may grant further extension of one year subject to the condition that two-thirds of activities including construction, relating to the setting up of the Unit is complete and a chartered engineer's certificate to this effect is submitted by the entrepreneur."*

11.6 The Approval Committee further observed that unit has submitted CE certificate regarding 2/3<sup>rd</sup> completion of activities in terms of proviso 2 of Rule 19(4) of SEZ Rules, 2006.

11.7 The Approval Committee, after due deliberations, decided to extend the validity of LOA for a period upto June' 2020. The Approval Committee also directed Custom Department, NSEZ to look in the matter of procurement of machineries/capital goods by the unit without execution of Bond-cum-LUT.





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### 12. केजीएन एम्ब्रायडरी - नौएडा विशेष आर्थिक क्षेत्र में नई इकाई लगाने हेतु प्रस्ताव।

It was informed to the Approval Committee that the M/s. KGN Embroidery has proposed to set up a new unit in NSEZ for "Manufacturing & Export of Cotton Knits Dress (61044200), Cotton Woven Dress (62044220) and Polyester Woven Dress (62044390)" with projected exports of Rs. 1525 Lakhs and NFE earnings worth Rs.1495 Lakhs and proposed investment of Rs. 15.14 Lakhs and Rs. 77.92 Lakhs in imported and indigenous plant & machinery/capital goods respectively, over a period of five years.

12.2 It was also informed that applicant has proposed to mainly do job work for M/s. eShakti.com Pvt. Ltd. for stitching & embroidery of ladies garments.

12.3 Mohd. Touquir Hussain, proprietor of the firm, appeared before the Approval Committee to explain the project. He informed that he started working in the garment sector in 1988. He started his own garments manufacturing business in 1998 in Sitapuri, Delhi wherein they are doing job-work for various exporters and currently approx. 100 employees are working in the said unit. He informed that he has association with M/s. e-Shakti.com Pvt. Ltd. also which is working in NSEZ, Noida. He informed that M/s. e-Shakti.com Pvt. Ltd. (an existing unit in NSEZ) has awarded them contract for stitching & embroidery of ladies garments.

12.4 Shri Hussain informed that in the proposed NSEZ unit they will mainly do job work for M/s. eShakti.com Pvt. Ltd. for stitching & embroidery of ladies garments. In addition they will do physical export of their manufactured garments. He further informed that apart from fresh investment they will also bring the old machineries/capital goods of their existing unit in the proposed SEZ unit.

12.5 The Approval Committee informed the applicant that in terms of Instruction No. 11 dated 12/08/2009, "the units can shift used/second capital goods valuing more than 20% in which case they will not be entitled to benefits under the Income-tax Act, 1961". It was informed to the Approval Committee

*A. Gupta*

that the applicant has submitted an undertaking to the effect that they will not claim any Income Tax Benefit under Section 10AA of Income Tax Act, 1961 in respect of its income from the said SEZ unit.

12.6 The Approval Committee observed that Rule 41(1) of SEZ Rules, 2006 provides as follows:

**"A Unit may sub-contract a part of its production or any production process, to a unit(s) in the Domestic Tariff Area or in a Special Economic Zone or Export Oriented Unit or a unit in Electronic Hardware Technology Park unit or Software Technology Park unit or Bio-technology Park unit with prior permission of the Specified Officer to be given on an annual basis and subject to conditions mentioned therein".**

12.7 The Approval Committee further observed that Rule 41(1)(f) of SEZ Rules, 2006 provides as under:

*"In any financial year, the consolidated value of sub-contracted part of production of a unit and of the sub-contracted production process of a unit shall not exceed the total value of goods cleared by the unit either for exports or for sale in Domestic Tariff Area in the immediately preceding financial year:*

**Provided that a Unit, sub-contracting part of the production or production process to other Unit in the same Special Economic Zone shall not require the permission of the Specified Officer provided that both the supplying and receiving Units shall maintain proper account of the goods involved in the subcontracting."**

12.8 The Approval Committee further observed that a unit may render services within SEZ against payment in free foreign exchange in terms of Rule 53(A)(h) of SEZ Rules, 2006 which states as under:

*"export of services by services units including services rendered*

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*within Special Economic Zone or services rendered in the Domestic Tariff Area and paid for in free foreign exchange or such services rendered in Indian Rupees which are otherwise considered as having been paid for in free foreign exchange by the Reserve Bank of India,"*

12.9 The Approval Committee also observed that as per Section 2(z) of SEZ Act 2005, "services" means such tradable services which,-

(i) are covered under the General Agreement on Trade in Services annexed as IB to the Agreement establishing the World Trade Organisation concluded at Marrakes on the 15<sup>th</sup> day of April, 1994;

(ii) may be prescribed by the Central Government for the purposes of this Act; and

(iii) earn foreign exchange;

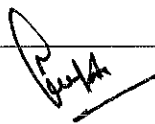
12.10 The Approval Committee observed that Job-work activity is a service activity hence, payment against job-work provided by a SEZ unit to other SEZ unit should be in Foreign Exchange in terms of Section 2(z) of SEZ Act, 2005 and Rule 53(A)(h) of SEZ Rules, 2006. On being enquired about payment to be received by the unit from M/s. eShakti.com Pvt. Ltd., Shri Hussain informed that he understands the provisions of SEZ Act and rules and M/s. eShakti.com Pvt. Ltd. has confirmed that the payment towards the Job-work would be made in Free foreign exchange.

12.10 It was informed to the Approval Committee that few shortcomings have been observed in the application which have been conveyed to the applicant for necessary rectification.

12.11 The Approval Committee, after due deliberations, approved the proposal of M/s. KGN Embroidery for carrying out "(i) Manufacturing & Export of Cotton Knits Dress (61044200), Cotton Woven Dress (62044220) and Polyester Woven Dress (62044390); and (ii) Job-work activity under Rule 41(1)

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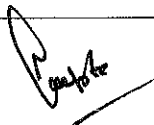
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|     | <p>on behalf of M/s. eShakti.com Pvt. Ltd.” subject to condition that all the payments against job-work activity shall be realized in Free Foreign Exchange in terms of Section 2(z) of SEZ Act, 2005 and Rule 53(A)(h) of SEZ Rules, 2006 and the same shall be further subject to rectification of deficiencies observed in their application.</p>  |
| 13. | <p><b>एएलएमएस फ्रोजेन फूड्स प्राइवेट लिमिटेड - नौएडा विशेष आर्थिक क्षेत्र में नई इकाई लगाने हेतु प्रस्ताव॥</b></p> <p>It was informed to the Approval Committee that the M/s. ALMS Frozen Foods Pvt. Ltd. has proposed to set up a new unit in NSEZ for “Manufacturing &amp; Export of Poultry Feed (ITC HS 2309)” with projected exports of Rs. 17092 Lakhs and NFE earnings worth Rs.11020 Lakhs and proposed investment of Rs. 20 Lakhs and Rs. 100 Lakhs in imported and indigenous plant &amp; machinery/capital goods respectively, over a period of five years.</p> <p>13.2 Shri Salman Qureshi and Shri Irshad Qureshi, directors appeared before the Approval Committee to explain the project. Shri Salman Qureshi informed that they already have a DTA unit in Hapur, Uttar Pradesh where they are doing trading of the same products after procuring it from DTA. He further informed that the turnover of the company is approx. Rs. 150 Crores.</p> <p>13.3 Shri Qureshi further informed that now they are planning to manufacture Poultry Feed products and export the same to international markets like Middle East, Bangladesh etc. He also informed that they will import the raw materials from Bulgaria, Ukraine and other countries as well as also procure it from DTA.</p> <p>13.4 The Approval Committee observed that in the project report along with other raw materials applicant has also sought permission for procuring materials such as “Meat Bone Meal, Mutton Tallow, Blood Meal etc.”. The Approval Committee expressed its reservation on granting approval for procuring these products.</p>  |

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|     | <p>13.5 Shri Qureshi informed that the abovesaid raw materials are used as poultry feed supplement which are mixed with main raw materials like Corn Gluten Meal, Sunflower Seeds, Maze, Soya etc. He further stated that these materials comprise only a part approx. 1-2% of the manufactured products. He further stated that the poultry feed can also be manufactured without mixing of these products and they will ensure to comply with the decision of Approval Committee if these materials are not permitted as raw material.</p> <p>13.6 It was informed to the Approval Committee that few shortcomings have been observed in the application which needs rectification.</p> <p>13.7 The Approval Committee, after due deliberations, decided to defer the proposal for its next meeting with a direction to the applicant to submit revised application along with following:</p> <ul style="list-style-type: none"><li>(i) Rectify the shortcoming observed in the application.</li><li>(ii) Undertaking for not using the raw materials like Meat Bone Meal, Mutton Tallow, Blood Meal etc.</li><li>(iii) List of revised raw materials and ingredients.</li><li>(iv) Manufacturing process flow chart showing each and every step of manufacturing process.</li><li>(v) Copy of balance sheet of existing unit along with copy of Sales Tax/GST returns filed by the DTA unit.</li></ul> |
| 14. | <p>प्रोटीम कंप्यूटर कॉर्पोरेशन - इकाई के नाम एवं संविधान में बदलाव की सूचना एवं प्रदर्शन की निगरानी हेतु प्रस्ताव।</p> <p>No one from the unit appeared for the meeting. The Approval Committee deferred the proposal for its next meeting.</p>   |



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15. ओरिएंटल एजेंसीज - SEZ से निकासी के पूर्व SEZ नियमावली के नियम 54 के अंतर्गत इकाई के प्रदर्शन की निगरानी हेतु प्रस्ताव।

It was informed to the Approval Committee that M/s. Oriental Agencies has been issued an LOA dated 22/07/2003 for "Manufacturing & trading of Self Adhesive Labels, manufacturing of Self Adhesive paper in various sizes by the processing of cutting". The unit commenced its export activities w.e.f. 14/10/2003 and LOA was valid till 12/10/2018.

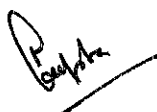
15.2 It was informed that the unit has made exports worth Rs. 337.85 Lakhs and earned positive NFE earnings worth Rs. 293.07 Lakhs during previous block of five years.

15.3 It was further informed that Approval Committee in its meeting held on 04/10/2018 had approved proposal of M/s. Oriental Agencies for exit and transfer of assets and liabilities including building at Plot No. 142A/14, NSEZ to M/s. Orient International under provisions of Rule 74A of SEZ Rules, 2006.

15.4 NOC from Customs was issued on 18/09/2019. Besides unit has also submitted requested documents in compliance with exit formalities conveyed to it vide letter dated 18/10/2018.

15.5 It was further informed that in terms of Rule 74 of SEZ Rules, 2006, "if the unit has not achieved positive Net Foreign Exchange, the exit shall be subject to penalty that may be imposed under the Foreign Trade (Development and Regulation) Act, 1992". It may further be mentioned that in terms of Rule 54 of SEZ Rules, 2006, it is for Approval Committee to arrive at conclusion that unit has achieved positive NFE and has abided by the terms & conditions of Letter of Approval or Bond Cum LUT.

15.6 Shri Rakesh Mahajan and Shri Dinesh Mahajan, partners in the firm appeared before the Approval Committee. Shri Mahajan informed that except import of trading goods worth Rs. 1.25 Lakhs during 2013-14, all the trading



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goods have been procured from DTA.

15.7 Shri Mahajan informed that they have imported goods worth Rs. 1.25 Lakhs for trading purpose in FY 2013-14 against their export order. Later on their export order got cancelled due to some delay. Against their imported goods which was kept with them in their stock, they got some product order from one unit inside NSEZ premises in 2014-15 and they sold the same to that unit by creating local NSEZ invoice against payment in INR.

15.8 It was informed to the representatives that trading is part of services as per Rule 76 of SEZ Rules, 2006. As per Section 2(z)(iii) of SEZ Act 2005, "Services means such tradable services which earn foreign exchange". Accordingly, in terms of Section 2(z)(iii) of the SEZ Act, 2005, sale of trading goods has to be only against payment in free foreign exchange. Hence, the above sales are not as per SEZ Act/Rules and value of Rs. 1.25 Lakhs had to be against free foreign exchange but the unit has received payments in INR which is a violation of SEZ Act and Rules made thereunder.

15.9 Shri Dinesh Mahajan informed that he was unaware that sales within SEZ have to be against Free Foreign Exchange and regretted for the same. The Approval Committee informed him 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 FT(D&R) Act, 1992 for violation of SEZ Act and Rules by imposing penalty to regularize authorized operation. The partners gave their consent to settle the case under section 11(4) of the Foreign Trade (Development & Regulation) Act. Shri Dinesh Mahajan, however, requested to take a lenient view as they had sold the trading goods against INR due to unawareness of relevant provisions.

15.10 In light of facts & circumstances of the case, the Chairman, in consultation with the members of the Approval Committee, imposed a penalty of Rs.10,000/- as per section 11(4) of the FT (D&R) Act, 1992 for selling



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trading goods to other SEZ unit against payment in INR.

15.11 The Approval Committee monitored the performance of the unit under Rule 54 of SEZ Rules, 2006 on the basis of APRs and noted the achievement of positive NFE by the unit. The Approval Committee further observed that no foreign exchange is pending for realization as on date. The Approval Committee further directed to examine rest of the formalities related to issuance of final exit on file.

Meeting ended with a vote of thanks to the Chair.



(S. S. Shukla)  
Jt. Development Commissioner



(Dr. L. B. Singhal)  
Development Commissioner