

भारत सरकार, वाणिज्य एवं उद्योग मंत्रालय, वाणिज्य विभाग
विकास आयुक्त का कार्यालय
नोएडा विशेष आर्थिक क्षेत्र
नोएडा दादरी रोड, फेस-II, नोएडा.201305, जिला - गौतमबुद्ध नगर
Government of India, Min. of Commerce & Industry, Deptt. of Commerce,
Office of the Development Commissioner
NOIDA SPECIAL ECONOMIC ZONE
Noida Dadri Road, Phase-II, NOIDA-201305, Distt. Gautam Budh Nagar (UP)

फा. सं.12/01/2017 -प्रोज/

दिनांक: 11/10/2017

सेवा में,

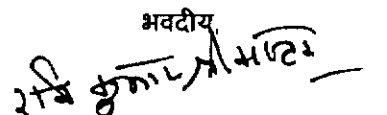
1. मुख्य कार्यपालक अधिकारी, न्यू ओखला औद्योगिक विकास प्राधिकरण, मुख्य प्रशासनिक भवन, सेक्टर - 6, नोएडा।
2. अतिरिक्त महानिदेशक विदेश व्यापार, वाणिज्य एवं उद्योग मंत्रालय, 'ए' विंग, इंद्रप्रस्थ भवन, आई पी एस्टेट, नई दिल्ली।
3. आयुक्त, आयकर, ए 2 डी, आयकर भवन, सेक्टर 24, नोएडा।
4. आयुक्त, सीमा शुल्क, नोएडा सीमा शुल्क आयुक्तालय, इनलैंड कंटेनर डिपो, तिलपता, दादरी, गौतम बुद्ध नगर, उत्तर प्रदेश - २०१३०६.
5. निदेशक, वाणिज्य विभाग, वाणिज्य एवं उद्योग मंत्रालय, भारत सरकार, उद्योग भवन, नई दिल्ली -110001।
6. उप सचिव (आई एफ-1), बैंकिंग प्रभाग, आर्थिक मामलों का विभाग, वित्त मंत्रालय, भारत सरकार, तृतीय तल, जीवन दीप बिल्डिंग संसद मार्ग, नई दिल्ली।
7. महाप्रबंधक, जिला उद्योग केंद्र, कलेक्ट्रेट के पास, सूरजपुर, गेट, नोएडा।

विषय: दिनांक 04/10/2017 को पूर्वाह्न 11:30 बजे आयोजित नोएडा विशेष आर्थिक क्षेत्र की यूनिट अनुमोदन समिति की बैठक का कार्यवृत्त - एतद संबंधी।

महोदय,

मुझे उपरोक्त विषय का सन्दर्भ लेने और डॉ. एल बी सिंघल, विकास आयुक्त, नोएडा विशेष आर्थिक क्षेत्र की अध्यक्षता में दिनांक 04/10/2017 को पूर्वाह्न 11:30 बजे सम्मेलन हॉल, प्रशासनिक भवन, नोएडा विशेष आर्थिक क्षेत्र, नोएडा में आयोजित नोएडा विशेष आर्थिक क्षेत्र की यूनिट अनुमोदन समिति की बैठक का कार्यवृत्त अद्योक्त करने का निर्देश हुआ है।

संलग्नक : उपरोक्त

भवदीय,

(आर.के. श्रीवास्तव)
उप विकास आयुक्त

प्रतिलिपि:

1. विशेष कार्याधिकारी - विकास आयुक्त के सूचनार्थ।
2. वैयक्तिक सहायक - संयुक्त विकास आयुक्त के सूचनार्थ।
3. निर्दिष्ट अधिकारी, नोएडा विशेष आर्थिक क्षेत्र - सूचनार्थ एवं आवश्यक कार्यवाही के लिए।
4. उप विकास आयुक्त, सम्पदा अनुभाग, नोएडा विशेष आर्थिक क्षेत्र, सूचनार्थ एवं आवश्यक कार्यवाही के लिए।

उप विकास आयुक्त

Noida Special Economic Zone

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Minutes of the 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 04/10/2017 in the Conference Hall of NSEZ.

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

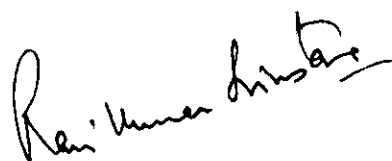
- 1) Shri S.S. Shukla, Jt. Development Commissioner, NSEZ.
- 2) Shri Gobinda Banerjee, FTDO, O/o Addl. DGFT, CLA, New Delhi.
- 3) Shri Rajesh Sharma, Asstt. Commissioner, Customs, Noida Commissionerate.
- 4) Shri Jagbir Singh, DIC, Noida (Rep. of Principal Secretary, Industry, Govt. of UP.).

2. Besides, during the meeting S/Shri (i) R. K. Srivastava, Dy. Development Commissioner, NSEZ, (ii) Md. Salik Parwaiz, Specified Officer, NSEZ, (iii) Prakash Chand Upadhyay, Asstt. Development Commissioner, NSEZ, (iv) Rajendra Mohan Kashyap, PA to JDC, NSEZ, (v) G.P. Singh, EE, UPPCL, Noida, (vi) Kapil Muni, JE, UPPCL, Noida and (vii) J. N. Tiwari, AEE, UPPCB, 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 06/09/2017:-

It was informed that no reference against the decisions of the Approval Committee held on 06/09/2017 was received and therefore, Minutes of the meeting held on 06/09/2017 were ratified.



Item wise decisions on proposals included in agenda:

1. Proposal in respect of M/s. Shanta Trading Services for Renewal of LOA and Monitoring of performance.

It was informed to the Approval Committee that M/s. Shanta Trading Services has been issued an LOA dated 26/02/2007 for Trading activities. The unit commenced its export production w.e.f. 01/10/2007 and LOA is valid till 30/11/2017.

The Approval Committee observed that unit has made exports worth Rs. 238.41 Lakhs and earned positive NFE worth Rs. 235.76 Lakhs during previous block of five years i.e. between 2012-13 to 2016-17. The Approval Committee further observed that unit has been selling goods to other units within NSEZ.

Shri J.L. Goel, proprietor and Shri Ajay Goel, authorized representative of the firm appeared before the Approval Committee. Shri Ajay Goel informed that they are operating from NSEZ by buying materials from domestic market and supplying these to SEZ units under Rule 30 (Sub Rule 15) of SEZ Rules, 2006. He further informed that they have not availed any export incentive and none of the procurement was made with drawback or DEPB claim. All the sales have been made to units in NSEZ in INR in terms of Rule 30(15) of SEZ Rules, 2006 which are counted as exports as per Rule 53(A)(m) of SEZ Rules, 2006.

The Approval Committee noted achievement of positive NFE by the unit during last block of five years. However, the Approval Committee observed that sale to units in NSEZ against Rupee, is not as per Rules. Shri Goel pleaded that there is difference between foreign exchange, free foreign exchange and foreign currency. He requested that supplies made by their unit in INR are in line with the Rule 53(A)(m) of SEZ Rules, 2006.

The Approval Committee informed to them that they have been issued LOA for trading activities and 'trading' is also a 'Service' as defined under Rule 76 of SEZ Rules, 2006. In terms of Section 2(z) of the SEZ Act, 2005, tradable "services" are to earn foreign exchange. As such sale of trading goods within the SEZ has to be done only in free foreign exchange. It was informed to them that there is no doubt that unit has achieved positive NFE in terms of Rule 53(A)(m) of SEZ Rules, 2006. However traded goods within SEZ in INR is not in line with the provisions as contained in Section 2 (z) of the SEZ Act and Rules

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made thereunder. Such non-compliance tantamount to violation of Section 2 (z) of the SEZ Act, for which appropriate proceedings are to be initiated against the unit. The Approval Committee reiterated that Trading is allowed for physical export to any other country, for supply to other units and Developers in the same or other SEZ or EOUs, against free foreign exchange.

It was also informed to Shri Goel 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. Shri Goel gave his consent to settle the case under section 11(4) of the Foreign Trade (Development & Regulation) Act. Shri Ajay Goel, however, requested for a minimum penalty.

In the light of facts & circumstances of the case, DC, NSEZ in discussion with the members of the Approval Committee, imposed a penalty of Rs. 50,000/- on the unit as per section 11(4) of the FT (D&R) Act, 1992 and settled the matter.

The Approval Committee, after due deliberations, decided to extend the validity of LOA of M/s. Shanta Trading Services, for remaining period of five years i.e. upto 30/09/2022, subject to the condition that unit shall make supplies to other SEZ units against foreign exchange only.

2. **Proposal in respect of M/s. Aar Ess Exim Pvt. Ltd. (Unit-I) for Renewal of LOA and Monitoring of performance.**

It was informed to the Approval Committee that M/s. Aar Ess Exim Pvt. Ltd. (Unit-I) has been issued an LOA dated 03/02/2004 for Manufacturing of Engg. Products. The unit commenced its export production w.e.f. 18/02/2004 and LOA is valid till 30/10/2017.

The Approval Committee observed that unit has made exports worth Rs. 3500.41 Lakhs and earned positive NFE worth Rs. 3500.41 Lakhs during previous block of five years i.e. between 2012-13 to 2015-16. The Approval Committee further observed that foreign exchange worth Rs. 149.91 Lakhs is pending for realization.

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Shri Rajendra Misra, Managing Director and Shri Gyanesh Sengar, authorized representative of company appeared before the Approval Committee. Shri Misra informed that the company has been working since 1995 and it has presence in Dubai, Africa, Mozambique, Kazakhstan and many other countries. He further stated that they have an order worth Rs.54 Crores from Bangladesh.

Shri Rajendra Misra informed that the pending foreign exchange pertains to the period 2008-09 and these are still unrealized as in one case the matter is pending for adjudication in Canton Court of Suriname and in second case the buyer is under voluntary liquidation. He further informed that the pending forex is very less i.e. only 3% of their export. The Approval Committee directed them to submit a write up indicating the details due to which business was interrupted alongwith business plan for future operations.

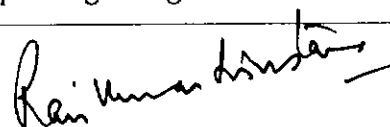
The Approval Committee, after due deliberations, decided to extend the validity of LOA of M/s. Aar Ess Exim Pvt. Ltd. for remaining period of five years i.e. upto 26/11/2021. The Approval Committee gave time of three months within which unit shall have to obtain and submit this office permission from RBI for extension of time for realization of the pending forex. In case, unit decides to write-off the pending remittance, they will be required to pay duty/taxes equivalent to duty/tax benefits availed by them. The Approval Committee also directed the representative of the unit to clear dues on account of lease rent for current quarter.

3. Proposal in respect of M/s. GKB Opticals Ltd. for Renewal of LOA and Monitoring of performance.

It was informed to the Approval Committee that M/s. GKB Opticals Ltd. has been issued an LOA dated 17/06/2011 for Manufacturing & Trading activities. The unit commenced its export production w.e.f. 28/06/2012 and LOA is valid till 27/10/2017.

The Approval Committee observed that unit has made exports worth Rs. 1452.67 Lakhs and earned positive NFE worth Rs. 702.14 Lakhs during previous block of five years i.e. between 2012-13 to 2015-16.

Shri K.M. Gupta, Director of the company appeared before the Approval Committee. Shri Gupta informed that they are exporting Sunglass lenses to Italy and other European



countries. He further informed that they have also done trading activities and sold traded goods to other SEZs/EOUs units. He further informed that all the DTA sales have been made against foreign exchange.

The Approval Committee observed that unit vide this office letter dated 29/08/2017 has been asked to submit some documents along with corrected projections for next five years. However, the reply of unit is still awaited. The Approval Committee directed the unit to submit the required documents at the earliest.

The Approval Committee, after due deliberations, decided to extend the validity of LOA of M/s. GKB Optical Ltd. for remaining period of five years i.e. upto 27/06/2022 subject to submission of requisite documents/ information as asked vide this office letter dated 29/08/2017.

4. **Proposal in respect of M/s. Pertech Exports Pvt. Ltd. for Renewal of LOA and Monitoring of performance.**

It was informed to the Approval Committee that M/s. Peretch Exports Pvt. Ltd. has been issued an LOA dated 10/05/2006 for Manufacturing of Electronic Consumer Goods: LCD TV Sets, Plasma TV Sets, Satellite Receiver (DTH), C.A.S.(Set Top Box for TV Sets) and RO Water Systems, CTV, CFL, DVD, VCD, Chasis of Color and B&W TV Sets. The unit commenced its export production w.e.f. 06/08/2007 and LOA is valid till 05/11/2017.

The Approval Committee observed that unit has made exports worth Rs. 1.32 Lakhs and earned positive NFE worth Rs. 0.20 Lakhs during previous block of five years i.e. between 2012-13 to 2016-17. It was informed to the Approval Committee that LOA renewal letter for the block year upto 05/08/2017 was issued on 01/07/2016 after approval from the Approval Committee held on 06/04/2016 and deposition of penalty amount by the unit.

Shri P.V. Khullar, authorized representative of the company appeared before the Approval Committee. Shri Khullar informed that they have made exports worth Rs. 16,98,625/- of PCB Cards during 2017-18 to Singapore and Dubai.

The Approval Committee observed that PCB cards are not part of authorized operations of the unit. Shri Khullar informed that these PCB cards belong to the same tariff head of

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8925 and these are the parts of TV sets which are their authorized operations. Shri P.V. Khullar informed to the Committee that he was under the impression that PCBs being a part of their authorized operations viz. "Manufacturing of Electronic Consumer Goods" is also allowed to be exported. Accordingly, his unit has been doing export of PCBs also as part of authorized operations. The manufacturing of these PCBs is done in-house. He further stated that as the company has not been in operation for last few years, they could not start full-fledged operations.

It was informed to him that for exporting PCBs he will have to get the same specifically included in the authorized operations as "PCB as part of items namely Electronic Consumer Goods: LCD TV Sets, Plasma TV Sets, Satellite Receiver (DTH), C.A.S.(Set Top Box for TV Sets) and RO Water System, CTV, CFL, DVD, VCD, Chasis of Color and B&W TV Sets" in the LOA. Shri Khullar expressed urgency for inclusion of the same on the ground that he has got export orders for PCBs. He informed that they have confirmed order for parts of TV sets and also of LED Bulbs of approx. Rs.50,000/- per month.

The Approval Committee, after due deliberations, allowed inclusion of "PCB as part of items to be used in their authorized operations" as mentioned in the LOA subject to satisfaction of NSEZ Customs that manufacturing activity is done in-house. The Approval Committee also decided to extend the validity of LOA of M/s. Pertech Exports Pvt. Ltd. for two months i.e. upto 05/01/2018.

The Approval Committee further directed the unit to submit complete list of specific items, which they want to keep in their authorized operations along with ITC HS Code, manufacturing process flow chart of each of the item, list of raw materials/machinery required for manufacturing of each of the item.

5. Proposal in respect of M/s. M.R. Utility Products Pvt. Ltd. for inclusion of additional items in its authorized operations.

It was informed to the Approval Committee that the unit has been issued LOA dated 28/12/2005 for Manufacturing & Export of Tooth Brushes and other Oral/Dental care products. The unit has commenced its export production w.e.f. 21/05/2007 and LOA of the unit is valid till 20/05/2022.

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It was informed to the Approval Committee that the unit has submitted a proposal for inclusion of additional manufacturing products namely "(a) Plastic Handles, (b) Various Types of Plastic Holders, (c) Plastic Holder with brush for interdental brushes, (d) Dental/Mouth Guard made of plastic, (e) Snore Guard/Antisnoring Mouth Piece, (f) Oral Care products, (g) Tongue Cleaner, (h) Gum Stimulator, (i) All types of products - made of plastic for example Plastic trays, different types of handles (subject to condition that all these items will be solely for oral care), (j) Floss, (k) Flosser" as authorized operations in their LOA.

Shri Ramesh Wadhwa, director appeared before the Approval Committee. He informed that they mainly supply to another NSEZ unit namely M/s. Global Dent Aids Pvt. Ltd., which is also a major shareholder of their company. He further informed that their export turnover during 2016-17 was approx. Rs. 30 Crores.

Shri Wadhwa further informed that the proposed items are solely for oral care. The Approval Committee observed that unit has been allowed manufacturing & development of Moulds for automobile parts and bathroom products which are completely different from their other authorized operations.

The Approval Committee gave Shri Wadhwa an option to delete these products from their authorized operations, in case they are not doing the same. Shri Wadhwa gave his consent to delete manufacturing & development of Moulds for automobile parts and bathroom products from their authorized operations.

The Approval Committee, after due deliberations, agreed to the request of unit for inclusion of additional manufacturing products as mentioned above in their authorized operations in the LOA. The Approval Committee also decided to delete manufacturing & development of Moulds for automobile parts and bathroom products as agreed by Shri Wadhwa, director of the unit.

6. **Proposal in respect of M/s. Bejewelled India Pvt. Ltd. for enhancement in projections.**

It was informed to the Approval Committee that M/s. Bejewelled India Pvt. Ltd. has been issued an LOA dated 16/06/2008 for Manufacturing of Handcrafted/Machine made Gold/

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Platinum/ Silver Jewellery (Plain & Studded with Diamonds, Pearls, Precious, Semi-Precious & Synthetic Stones, Bead Necklaces). The unit has commenced its export production w.e.f. 15/06/2011 and LOA of the unit is valid till 14/06/2021.

It was further informed to the Approval Committee that unit has submitted a proposal for enhancement in export to Rs. 11486.68 Lakhs and import projections to Rs. 5304.70 Lakhs. They have also sought permission to import raw materials (color gem stones & diamonds) for their authorized operations. As per available records, the existing export projections of unit are Rs. 4505.00 Lakhs with indigenous procurement of Rs. 3760.44 Lakhs and there is no forex outgo proposed earlier.

Shri Samir Saxena, authorized representative of the company appeared before the Approval Committee. He informed that earlier during the time of renewal of LOA they did not require importing the raw materials. However, now they have received some big orders which is to be delivered at the earliest and for this order they have to purchase the raw material (color gem stones & diamonds) & it has to be imported as the same are difficult to find in India.

The Approval Committee, after due deliberations, took note of enhancement in export and import projections subject to the condition that unit shall achieve value addition not less than prescribed in the value addition norms.

7. **Proposal of M/s. Golden Peacock Overseas Ltd. for inclusion of additional authorized operations in LOA.**

It was informed to the Approval Committee that M/s. Golden Peacock Overseas Ltd. was issued an LOA dated 16/10/1989 for manufacturing activities. The unit commenced its export production w.e.f. 01/07/1992 and LOA is valid till 31/03/2022.

It was informed that the Approval Committee in its meeting held on 05/07/2017 had approved the proposal of M/s. Golden Peacock Overseas Ltd. for inclusion of "1. Other Articles of Brass and MS (7419), 2. Brass Parts (7415), 3. Brass Building Hardware (8302), 4. Suspension Kit (9405)" subject to the condition that list of parts would be specified by the unit.

It was further informed that unit has mentioned "Call Bell" under Brass Builder

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Hardware, which needed clarification as the same seems to be electronic equipment and belong to different sector than the unit is currently working on. The LOA excluding Call Bell has already been issued to the unit.

Shri Vikas Rungta and Shri Gulshan Kumar, authorized representatives of the company appeared before the Approval Committee. Shri Rungta informed that they have orders for both electrical and non-electrical call bells. He further informed that these call bells are made up of Brass and alloys.

The Approval Committee, after due deliberations, approved the proposal of unit for inclusion of Call bell both electrical and non-electrical, in its authorized operations.

8. **Proposal of M/s. Jai Hanuman Exports for ratification of approval granted for extension of time for compliance with exit formalities.**

It was informed to the Approval Committee that M/s. Jai Hanuman Exports was issued an LOA dated 04/02/2003 for Manufacturing of toothbrushes, Trading of toothpaste, Trading of oral/denture care products i.e. Denture adhesive tube/cream, mouthwash, teeth whitening gel etc. LOA of the unit has already been expired on 10/12/2013. Unit has been allotted SDF No. H-3(A) & H-3(B), NSEZ.

It was informed that the Approval Committee in its earlier meetings had allowed extension of LOA of M/s. Jai Hanuman Exports upto 05/09/2017 for the purpose of only clearing the machines/goods lying in the premises and to complete exit formalities.

It was further informed that M/s. Jai Hanuman Exports vide its letter dated 14/09/2017 has stated that the exit compliance is taking a little longer time. The unit has further stated that they have already filed the BOE with the Customs; however, now they are required to submit revised BOE after some changes, which is stuck up due to the expiry of LOA on 05/09/2017. The unit has requested to extend their LOA for further four months to dispose off the capital goods & other goods in the DTA.

It was also informed to the Approval Committee that as the unit had already filed BOE, the unit was granted extension of time upto 05/10/2017 to dispose off goods subject to ratification by the Approval Committee.

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Shri Neeraj Kumar, authorized representative of the unit appeared before the Approval Committee. He informed that the exit compliances are taking a little longer time and they need some more time to complete the exit formalities.

The Approval Committee observed that unit has already been granted time for more than a year for the purpose of clearing the machines/ goods lying in the premises and to complete exit formalities. However, unit has failed to do the same within the permitted time period. Further, lease rent of one quarter in respect of SDF No. H-3(A) & (B), NSEZ is outstanding against the unit.

The Approval Committee asked Shri Neeraj Kumar to specify the time period by which they can complete the exit compliances. Shri Neeraj Kumar requested that clearance shall be made by 14th of January 2018.

The Approval Committee, after due deliberations, ratified the permission granted for extension of time upto 05/10/2017 by this office. The Approval Committee also decided to grant final extension of time upto 14/01/2018 to the unit for the purpose of clearing the machines/goods lying in the premises and to complete exit formalities, subject to the condition that unit shall deposit entire lease rent till the period they are allowed access in the premises.

9. **Proposal in respect of M/s. Rohit International for Review of LOA and Monitoring of performance.**

It was informed to the Approval Committee that M/s. Rohit International was issued an LOA dated 26/07/2004 for manufacturing & exports of Plain & Studded gold jewellery. Unit commenced its export production w.e.f. 12/07/2006 and LOA of the unit was valid till 06/09/2017. Unit has been lying non-functional since 2010-11. Unit has been allotted Plot No. 129G/30, NSEZ.

It was informed that the Approval Committee that the unit vide this office letter dated 20/09/2017 has been advised to submit their option w.r.t. instant project either for renewal of LOA along with credible business plan, if they desire to continue in Noida SEZ OR for exit from SEZ scheme.

It was further informed that unit vide its email dated 03/10/2017 has informed that they

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do not have any business plan to carry on any manufacturing activity in their unit. It has also been mentioned in the email that they want to transfer/sell their building and office block constructed by them on Plot No. 129G/30, NSEZ.

No one from the unit appeared before the Approval Committee. The Approval Committee observed that LOA of the unit has already expired on 06/09/2017.

Attention of the members was invited to Rule 11(5) of SEZ Rules, 2006, which says that notwithstanding any other conditions in the Lease Deed, the lease rights would cease to exist in case of the expiry or cancellation of LOA and in this case, LOA of M/s. Rohit International had expired on 06/09/2017. Also, the unit has not submitted any request for extension of validity of its LOA instead it has shown its inability to continue activity in NSEZ.

The Approval Committee, after due deliberations, decided not to extend the validity of LOA further. The Approval Committee further observed that LOA of the unit stands expired w.e.f. expiry of its validity on 06/09/2017 and consequently lease right of Plot No. 129G/30, NSEZ being co-terminus with validity of LOA also stands expired on 06/09/2017 in terms of provisions of Rule 11(5) of SEZ Rules, 2006. In the circumstances, the Approval Committee directed the Estate Management section to take necessary action against the unit as appropriate under provisions of P.P. Act including taking over possession of space allotted to it.

10. **Following cases for monitoring of performance/APRs under Rule 54 of SEZ Rules, 2006 were also placed before the Approval Committee. The unit wise decision of the Approval Committee are indicated below:-**

- i) **M/s. Tech Mahindra Ltd. (Unit-II)** - The Approval Committee monitored the performance of the unit on the basis of APRs up to 2016-17 and noted achievement of positive NFE by the unit.
- ii) **M/s. Tech Mahindra Ltd. (Unit-III)** - The Approval Committee monitored the performance of the unit on the basis of APRs up to 2016-17 and noted achievement of positive NFE by the unit.

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11. **Proposal of M/s. Jurassic Refiners & Jewels Pvt. Ltd. for setting up a new Unit in NSEZ.**

It was informed to the Approval Committee that the applicant has proposed to set up a new unit in NSEZ to undertake Manufacturing & export of Plain Gold Jewellery and Gold Coins with projected exports of Rs. 303750.00 Lakhs and NFE earnings worth Rs.45562.50 Lakhs over a period of five years.

Shri Umesh Garg and Shri Ashish Gupta directors appeared before the Approval Committee to explain the project. Shri Garg informed that they had started working in jewellery business with trading of gold bullions and came into manufacturing business three years back. He informed that they have a manufacturing unit in DTA at Lawrence Road, Delhi which is engaged into manufacturing of Handmade/machine-made jewellery and export to the countries like Dubai, Hong-Kong, Singapore etc.

The Approval Committee observed that the applicant has proposed to manufacture and export gold coins also which is not allowed in SEZ. Shri Garg informed that they have been awarded various awards and the company has also established itself as Two Star Export House. It was informed that copy of such awards or Export house certificate has not been given by the applicant.

The Approval Committee further observed that the Profit declared by the Company is unusually low as for the F.Y. 2015-2016, the applicant has declared a turnover of Rs. 11,48,17,77,304/-. However, tax profit during the year is only Rs. 89,12,166/- which is merely 0.077%. The Approval Committee also observed that the applicant has given projections of value addition in respect of plain gold jewellery for five years showing value addition of 17.65% which is unusually extremely high for Plain god jewellery. The Approval Committee asked the representative of the applicant to explain as to how the company will achieve the said value addition.

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

- (i) Revised application (Form-F) for setting up a new unit with revised projections after removal of "Gold Coins" from the proposed authorized operations as export of "Gold Coins" from SEZ is not allowed in terms of DOC Instruction No. D/12/4/2013-SEZ dated 25/04/2013.

Re: Umesh Garg

- (ii) Copy of Two Star Export House certificate and other awards.
- (iii) A detailed write-up on business plan in NSEZ including evidence corroborating the basis for inputs for calculation of Value addition projection of 17.65%.
- (iv) Complete details including ITRs for last three years of all shareholders along with balance sheets of M/s. Delhi Sanchar Sewa pvt. Ltd. and M/s. Ahinsa Financial Services Pvt. Ltd.
- (v) Audited Financial Statements for the financial year 2016-2017 along with the Transfer Pricing Report for the Financial Year 2016-17, if applicable to the Company.
- (vi) The Company has mentioned that it is performing Job work process for it's related parties Lotus Bullion Private Limited and Salasar Synthetics. Going by that contention, the Turnover and Purchases of the Company must include merely the charges for the process of carrying out Job Work instead of the complete amount of the products on which job work has been performed. Apart, from the above, the company is requested to clarify whether the Principle Manufacturers giving Job Work contracts to the Company are duly registered under Central Excise.
- (vii) Details of all the Sales made to the customers of the Company for the Financial Year 2015-2016 & 2016-2017 including the sales made to "M/s Lotus Bullion Pvt. Ltd." and "M/s Salasar Synthetics".

The Approval Committee also decided that these observations may be forwarded to the concerned Income Tax authorities for obtaining their comments.

12. Proposal of M/s. Steri Chem LLP for setting up a new Unit in NSEZ.

It was informed to the Approval Committee that the applicant has proposed to set up a new unit in NSEZ to undertake Manufacturing & export of *Povidone Iodine* with projected exports of Rs. 8220.57 Lakhs and NFE earnings worth Rs. 1547.98 Lakhs over a period of five years.

Smt. Balween Kaur, partner, appeared before the Approval Committee to explain the project. Smt. Kaur informed that the other partners of the firm are NRIs and have vast

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experience in the field of manufacturing spatiality chemicals and pharma ingredients. She further informed that initially they will employ approx. 5-6 employees and will export the product to Turkey, Vietnam, Brazil and other European countries. She has further stated that they will start the manufacturing and export business in NSEZ within 2-3 months.

Smt. Kaur further informed that they do not require Industrial License for manufacturing of the proposed item. However, they will arrange the industrial license if required, after getting letter of permission.

The Approval Committee, after due deliberations, approved the proposal of M/s. Steri Chem LLP for Manufacturing & export of "Povidone Iodine".

13. **Proposal in respect of M/s. AOV International LLP for inclusion of additional authorized operations in LOA.**

It was informed to the Approval Committee that M/s. AOV International LLP has been issued LOA dated 12/01/2016 for Manufacturing & Export of Hand Pump, their Spares and Pipes. Unit commenced its export production w.e.f. 18/11/2016 and LOA is valid till 17/11/2021.

It was informed to the Approval Committee that the firm has submitted a proposal for inclusion of Hot Dip Galvanised Structure in its authorized operations.

Shri A.K. Singhal, authorized representative of the unit appeared before the Approval Committee. He informed that currently they have to send their Hand Pumps for job work outside NSEZ and cost of transport and delay in shipment cost to them. He further stated that after start of galvanizing process in NSEZ, it will save cost and their product will be more competitive in export market.

It was informed to the Approval Committee that the unit needs to obtain NOC from Pollution Control Board before start of the galvanizing process. Shri Singhal informed that they have already submitted application to UPPCB for obtaining the NOC.

The Approval Committee, after due deliberations, approved the proposal of unit for inclusion of Hot Dip Galvanised Structure in its authorized operations subject to the condition that unit shall obtain NOC from UPPCB before start of the Galvanizing process in NSEZ.

Ravi Kumar Dubey

14. **Proposal in respect of M/s. Royal Refinery Pvt. Ltd. for inclusion of additional items in its authorized operations.**

It was informed to the Approval Committee that M/s. Royal Refinery Pvt. Ltd. Pvt. Ltd. has been issued LOA dated 21/03/2016 for Manufacturing & Export of Plain Gold Jewellery. Unit has yet to commence its export production and LOA is valid till 01/02/2018.

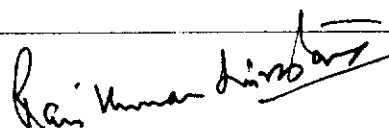
It was informed to the Approval Committee that the unit has submitted a proposal for inclusion of "Manufacturing & Export of Plain & Studded Handcrafted/ Machine made Silver Jewellery" in its authorized operations.

Shri Jayesh Parmar, Director appeared before the Approval Committee. He informed that the interior of the unit is completed; Jewellery manufacturing machines worth Rs. 8-10 Lakhs are installed along with electricity supply. He further stated that they will commence manufacturing activities shortly.

The Approval Committee observed that during F.Y. 2014-2015, the Company has accepted Long Term Borrowings from "Undisclosed Parties" amounting to Rs.26,03,75,000/-, as "Loan from Other Parties". However, details of such parties have not been given in the Balance sheet. Further, the Company has stated a Negative Cash Inflow position of Rs. 2,92,96,838/- which has completely eroded the Cash and Cash Equivalent Resources of the Company.

The Approval Committee also observed that "M/s. Royal Global Resources Private Limited" (42% shareholder in M/s. Royal Refinery Pvt. Ltd. Pvt. Ltd.) is not carrying on any business operations during the past 3 years. Further, the company has filed Loss during the FY 2015-16 and Net Worth of the Company has reduced from Rs.9.01 Lakhs as on 31st March, 2015 to Rs. 8.56 lakhs as on 31st March, 2016. It was also observed in the Financial Statements that the company has accepted Long Term Unsecured Borrowings from Undisclosed Parties which are not the Related Parties. It appeared that the Sole purpose of accepting Long Term Loans from Undisclosed Parties was for making huge Investment in Royal Refinery Private Limited and another listed company.


The Approval Committee, after due deliberations, deferred the proposal with a direction to the unit to submit following information:



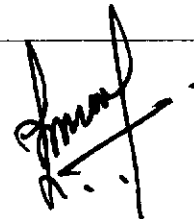
- (i) Audited Financial Statements for the FY 2016-17 in respect of M/s. Royal Refinery Pvt. Ltd. and M/s. Royal Global Resources Private Limited.
- (ii) Transfer Pricing Report for the FY 2016-17 in respect of both companies, if applicable to the Company.
- (iii) Board of Directors Report for the last three Financial Years in respect of both companies.
- (iv) In respect of M/s. Royal Refinery Pvt. Ltd. Pvt. Ltd., it has been observed that the unit has obtained Long Term Unsecured Loans of Rs. 26,03,75,000.00/- from Lenders. The Company is requested to disclose the identity of such lenders. (Unsecured Loans).
- (v) Details of payments on account of Interest Charges and Finance Charges and whether the same have been paid to the Undisclosed Lenders as discussed above in respect of M/s. Royal Refinery Pvt. Ltd. Pvt. Ltd.
- (vi) In respect of M/s. Royal Global Resources Private Limited, it has been observed that the Company has obtained Long Term Unsecured Loans of Rs.9,10,94,030.00/- from Lenders. The Company is requested to disclose the identity of such lenders. (Unsecured Loans).
- (vii) M/s. Royal Global Resources Private Limited has provided income in the statement of Profit & Loss for the FY 2015-16 as Rs. 5,16,280.00/-. The company is requested to submit details of such "Other Income".
- (viii) Details of major shareholders of the company.

The Approval Committee further decided that no sub-contracting will be allowed outside the zone to the unit.

Meeting ended with thanks to the Chair.


(S. S. Shukla)

Jt. Development Commissioner



(Dr. L. B. Singhal)

Development Commissioner