Frequently Asked Questions (FAQs)

Annual Performance Report (APR) for SEZ Units

Q1. What is the Annual Performance Report (APR)?

The Annual Performance Report (APR) is a statutory report required to be submitted by every SEZ Unit to the Development Commissioner under Rule 22 of the SEZ Rules, 2006, providing details regarding exports, imports, Net Foreign Exchange (NFE) earnings, investment, employment, DTA sales, foreign exchange realization and other operational parameters for the relevant financial year.

Q2. Is submission of APR mandatory?

Yes. Every SEZ Unit is required to submit the APR in terms of Rule 22 of the SEZ Rules, 2006 and Condition No. 7 of Bond-cum-LUT (Form-H).

Q3. What is the due date for submission of APR?

The APR is required to be submitted within 180 days of closure of financial year.

Units are advised not to wait until the last date and should submit the APR well in advance.

Q4. What action may be taken for delayed submission of APR?

In case of wrong submission of such information or failure to submit such information within the stipulated time, the permission granted to unit for carrying out the authorized operations may be withdrawn and/or the permission for further imports and sales in the Domestic Tariff Area may be stopped.

Delayed submission may lead to issuance of deficiency letters, adverse remarks during performance monitoring, imposition of penalty and may affect consideration of proposals such as:

- Renewal of LOA/LOP
- Broad-banding
- Enhancement of authorized operations
- Exit from SEZ
- Other approvals requiring performance assessment

Q5. Is certification by a Chartered Accountant (CA) or Cost Accountant (CMA) mandatory?

Yes. The APR must be duly certified by a Chartered Accountant or Cost Accountant, wherever required under the prescribed format.

Q6. Is UDIN mandatory on APR certification?

Yes. Wherever APR is certified by a Chartered Accountant, the Unique Document Identification Number (UDIN) should be clearly mentioned.

Q7. Is signature of the Authorized Signatory mandatory?

Yes. The APR should bear:

- Signature of Authorized Signatory;
- Name and designation;
- Unit stamp/seal;
- Date of submission.

Unsigned APRs are treated as incomplete.

Export Performance & NFE Related Queries

Q8. How should exports be reported in APR?

Export figures should be reported strictly as per:

- Shipping Bills/Bill of Exports;
- Foreign exchange realization records;
- SEZ Online transactions;
- Books of accounts.

Q9. Why does the office seek reconciliation between NSDL/SEZ Online data and APR figures?

The export, import and procurement figures reflected in SEZ Online are cross-verified with the figures reported in APR.

Any variation must be supported through a reconciliation statement along with documentary evidence.

Q10. What should be done if there are differences between APR figures and SEZ Online data?

The Unit should submit:

- Detailed reconciliation statement;

- Reasons for variation;
- Supporting invoices/shipping bills/procurement documents;
- Auditor certification, wherever necessary.

Q11. How should Net Foreign Exchange (NFE) be calculated?

NFE should be calculated in accordance with Rule 53 of the SEZ Rules, 2006 and other applicable provisions.

The calculation should be accurate and supported by documentary evidence.

Q12. Why is the cumulative NFE sometimes required to be corrected?

Many units incorrectly calculate cumulative NFE without considering the applicable block period.

The cumulative NFE should correspond to the approved block period of the unit.

Q13. How should NFE at the end of the previous year be reported?

NFE at the end of previous year should be reported as cumulative NFE Earnings of the unit for said block till previous year.

Q14. What should be done if there is NIL export turnover during the year?

The unit should provide a detailed explanation indicating:

- Reasons for non-export;
- Operational status of the unit;
- Future business plan;
- Steps taken to revive exports.

Five-Year Block Related Queries

Q15. What is the significance of the five-year block in APR?

Performance of the unit is monitored with reference to the applicable five-year block period.

Accordingly, cumulative exports, imports and NFE must correspond to the approved block period.

Q16. Why is correction of performance review year often sought?

Units frequently mention incorrect review periods.

The review year should strictly correspond to the block period approved by the Development Commissioner.

Q17. Can APR be required to be submitted in split periods?

Yes.

Where there is:

- Block period starting in the mid of financial year;
- Debonding/partial year operation;

the office may require submission of APR in separate periods for proper assessment.

Capital Goods Related Queries

Q18. How should capital goods be reported?

The APR should contain complete details of Imported capital goods;

Q19. What is amortization of imported capital goods?

For NFE calculation, imported capital goods are amortized at 10% per annum over a period of ten years as per Rule 53 of the SEZ Rules, 2006.

Q20. Why are capital goods figures frequently queried?

Common mistakes include:

- Wrong cumulative value;
- Double counting of assets;
- Incorrect amortization calculations.

Raw Material Related Queries

Q21. Why should opening stock match previous year's closing stock?

The opening balance of imported/indigenous raw material must correspond with the closing balance reported in the previous year's APR.

Any discrepancy should be explained with supporting records.

DTA Sales Related Queries

Q22. How should DTA sales be reported?

The Unit should clearly indicate:

- Value of DTA sales;
- Nature of sales viz. finished goods, services, scrap/waste etc.;
- Whether sales were made in INR or foreign currency;
- Applicable approvals, wherever required.

Q23. How should supplies under Rule 53A be reported?

The Unit should clearly indicate the specific category under Rule 53A under which the supplies have been considered while calculating NFE.

Foreign Exchange Realisation Related Queries

Q24. Are Bank Realisation Certificates (BRCs) required?

Yes.

The Unit should maintain and furnish BRCs/e-BRCs for exports wherever required.

Q25. What if export proceeds have not been realised?

The Unit should furnish:

- RBI-authorized extension;
- Bank extension certificate;
- Documentary evidence explaining pending realization.

Q26. Why are invoices pending for more than nine months questioned?

Foreign exchange realization is an important performance parameter. Therefore, long outstanding export receivables require proper justification and supporting approvals.

In case of non realization of export proceeds, the NFE Earnings are re-calculated to remove the non-realized exports from the same. Further, units are also required to deposit the duty on the raw material/capital goods used for the said exports. Besides, penal action may also be initiated.

Value Addition Related Queries

Q27. Is product-wise value addition required?

Yes.

Value addition should be reported product-wise as applicable, such as:

- Plain Gold/Silver/ Platinum Jewellery
- Studded Gold/Silver/ Platinum Jewellery

in accordance with applicable provisions of HBP.

Employment & Investment Related Queries

Q28. Is reporting of employment mandatory?

Yes.

APR should contain:

- Male employees;
- Female employees;
- Total employment;
- Contractual employment, if applicable.

Q29. Is reporting of capital structure mandatory?

Yes.

The Unit should provide:

- Paid-up capital;
- Equity contribution;
- Foreign equity participation, if any;
- Other capital structure details.

General Queries

Q30. What should be mentioned under External Commercial Borrowings (ECB) and Pending Foreign Exchange if not applicable?

The Unit should clearly mention "NIL".

The fields should not be left blank.

Q31. Is country-wise export information required?

Yes.

Country-wise export details help in performance assessment and market analysis and should be furnished wherever prescribed.

Q32. What are the most common mistakes observed while filing APR?

The most common deficiencies are:

1. Delayed submission of APR.
2. APR not signed by Authorized Signatory.
3. Missing CA/CMA certification.
4. Non-mention of UDIN.
5. Incorrect NFE calculation.
6. Wrong five-year block calculation.
7. Mismatch with SEZ Online data.
8. Incorrect capital goods amortization.
9. Non-reporting of DTA sales.
10. Missing employment details.
11. Missing capital structure details.
12. Blank fields instead of NIL.
13. Stock mismatch from previous year.
14. Non-submission of BRCs/e-BRCs.
15. Non-disclosure of pending foreign exchange realization.
16. Product-wise value addition not provided.
17. Country-wise exports not furnished.
18. Incorrect cumulative export figures.
19. Incorrect cumulative import figures.
20. Non-submission of supporting documents.

Q33. What documents should be kept ready while filing APR?

Units are advised to keep the following documents readily available:

- Audited Financial Statements;
- APR of previous year;
- Import and procurement records;
- Shipping Bills/Bill of Exports;
- BRCs/e-BRCs;
- Foreign exchange realization details;
- Fixed asset register;
- Stock register;
- SEZ Online transaction reports;
- GST returns, where applicable;
- CA/CMA certification records.

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