

MINUTES OF 87th MEETING OF THE APPROVAL COMMITTEE FOR SEEPZ SEZ HELD UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER, SEEPZ SEZ ON 29th October, 2014 At 12.00 P.M.

MEMBERS PRESENT:-

1. Shri. K.S. More (H.G.), Jt. Director of Ind. Inspector, BMR Mumbai.
2. Shri. Dilip Khandelwal, Income Tax Officer 8(3) (1), Mumbai.
3. Shri. V.K. Menon, Superintendent Custom, Airport (CSIA).

Special Invitee:-

4. Shri K.K.Shrivastav, Specified Officer, SEEPZ-SEZ.

Agenda Item No. 01:- Confirmation of the Minutes of the 86th Meeting held on 26.09.2014.

The Minutes were confirmed.

Agenda Item No. 02:- Approval of list of services required for Authorized Operations - M/s. Cross Tab Marketing Services Pvt. Ltd.

M/s. Cross Tab Marketing Services Pvt. Ltd., located in SEEPZ-SEZ have submitted application for approval of additional list of Services required for Authorized Operations in terms of Service tax Notification No. 12/2013-ST dated 01.07.2013 issued by Ministry of Finance. The additional services required are as follows:-

1. Business Auxiliary Service
2. Business Support Service
3. Forward Contract Service
4. Leased Circuit Service
5. Management or Business Consultant's Service
6. Opinion Poll Service
7. Tour Operator's Service
8. Brand Promotion Service

Decision: The representative of the unit stated that he is not familiar with the matter. Therefore, the Committee deferred the proposal.

Agenda Item No. 03:- Approval of list of services required for Authorized Operations - M/s. Patdiam Jewellery Pvt. Ltd.

M/s. Patdiam Jewellery Pvt. Ltd., located in SEEPZ-SEZ have submitted application for approval of additional list of Services required for Authorized Operations in terms of Service tax Notification No. 12/2013-ST dated 01.07.2013

1. Business Support Service
2. Forward Contract Service
3. Internet Telecommunication Service
4. Life Insurance Service (only for employees of unit in SEEPZ)
5. Management or Business Consultant's Service
6. Photography Service

During the meeting the representative of the unit has stated that they have required General Insurance Service for Assets instead of Life Insurance Service.

Decision: The Committee approved the service Forward Contract Service, Internet Telecommunication Service, General Insurance Service (Assets), Management or Business Consultant's Service, Photography Service.

Agenda Item No. 04:- Approval of list of services required for Authorized Operations - M/s. Munic Jewellery

M/s. Munic Jewellery, located in SEEPZ-SEZ have submitted application for approval of additional list of Services required for Authorized Operations in terms of Service tax Notification No. 12/2013-ST dated 01.07.2013 issued by Ministry of Finance. The additional services required are as follows:-

1. Air Flight Service
2. Business Auxiliary Service
3. Communication Service
4. Insurance General Insurance Service
5. Insurance-Fire and General Insurance
6. Life Insurance Service (only for employees of unit in SEEPZ)
7. Labor Consultant's Service
8. Labor Contractor's Service
9. Management or Business Consultant Service
10. Management Consultant Service
11. NSDL Service
12. Photography Service

Decision: The Committee approved Communication Service, General Insurance Service (for assets), Labor Consultant's Service, Labor Contractor's Service, Management or Business Consultant Service, NSDL Service, Photography Service (for products).



Agenda Item No. 05:- Approval of list of services required for Authorized Operations – M/s. iGATE Global Solutions Ltd.

M/s. iGATE Global Solutions Ltd., located in SEEPZ-SEZ have submitted application for approval of additional list of Services required for Authorized Operations in terms of Service tax Notification No. 12/2013-ST dated 01.07.2013 issued by Ministry of Finance. The additional services required are as follows:-

1. Business Auxiliary Service

Decision: The Committee deferred the proposal of the unit as the representative did not attend the meeting.

Agenda Item No. 06:- Approval of list of services required for Authorized Operations – M/s. iGATE Global Solutions Ltd.

M/s. iGATE Global Solutions Ltd., located in SEEPZ-SEZ have submitted application for approval of additional list of Services required for Authorized Operations in terms of Service tax Notification No. 12/2013-ST dated 01.07.2013 issued by Ministry of Finance. The additional services required are as follows:-

1. Business Auxiliary Service

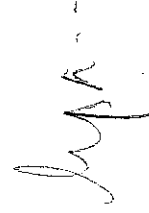
Decision: The Committee deferred the proposal of the unit as the representative did not attend the meeting.

Agenda Item No. 07:- Approval of list of services required for Authorized Operations – M/s. iGATE Global Solutions Ltd.

M/s. iGATE Global Solutions Ltd., located in SEEPZ-SEZ have submitted application for approval of additional list of Services required for Authorized Operations in terms of Service tax Notification No. 12/2013-ST dated 01.07.2013 issued by Ministry of Finance. The additional services required are as follows:-

1. Business Auxiliary Service

Decision: The Committee deferred the proposal of the unit as the representative did not attend the meeting.



Agenda Item No. 08:- Approval of list of services required for Authorized Operations - M/s. Tata Consultancy Service Ltd. (Unit-II)

M/s. Tata Consultancy Service Ltd. (Unit-II), located in SEEPZ-SEZ have submitted application for approval of additional list of Services required for Authorized Operations in terms of Service tax Notification No. 12/2013-ST dated 01.07.2013 issued by Ministry of Finance. The additional services required are as follows:-

1. Accommodation Service (Sr. No. 64 of default service).

Decision: The Committee approved the Accommodation Service (Sr. No. 64 of default service).

Agenda Item No. 09:- Approval of list of services required for Authorized Operations - M/s. Tata Consultancy Service Ltd.

M/s. Tata Consultancy Service Ltd., located in SEEPZ-SEZ have submitted application for approval of additional list of Services required for Authorized Operations in terms of Service tax Notification No. 12/2013-ST dated 01.07.2013 issued by Ministry of Finance. The additional services required are as follows:-

1. Accommodation Service (Sr. No. 64 of default service).

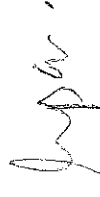
Decision: The Committee approved the Accommodation Service (Sr. No. 64 of default service).

Agenda Item No. 10:- Approval of list of services required for Authorized Operations - M/s. Tata Consultancy Service Ltd. (ODC)

M/s. Tata Consultancy Service Ltd. (ODC), located in SEEPZ-SEZ have submitted application for approval of additional list of Services required for Authorized Operations in terms of Service tax Notification No. 12/2013-ST dated 01.07.2013 issued by Ministry of Finance. The additional services required are as follows:-

1. Accommodation Service (Sr. No. 64 of default service).

Decision: The Committee approved the Accommodation Service (sr. no. 64 of default service).



Agenda Item No. 11:- Approval of list of services required for Authorized Operations – M/s. Fine Line Circuits Ltd.

M/s. Fine Line Circuits Ltd., located in SEEPZ-SEZ have submitted application for approval of additional list of Services required for Authorized Operations in terms of Service tax Notification No. 12/2013-ST dated 01.07.2013 issued by Ministry of Finance. The additional services required are as follows:-

1. Business Auxiliary Service
2. Event Management Service
3. Credit Card, Debit Card, Charge Card or Other Payment Card
4. Share Transfer Agent Service

Decision: The Committee approved Maintenance or Repair Service (Business Auxiliary Service).

Agenda Item No. 12:- Approval of list of services required for Authorized Operations – M/s. Fine Line Circuits Ltd. (HTMU)

M/s. Fine Line Circuits Ltd. (HTMU), located in SEEPZ-SEZ have submitted application for approval of additional list of Services required for Authorized Operations in terms of Service tax Notification No. 12/2013-ST dated 01.07.2013 issued by Ministry of Finance. The additional services required are as follows:-

1. Business Auxiliary Service
2. Event Management Service
3. Credit Card, Debit Card, Charge Card or Other Payment Card
4. Share Transfer Agent Service

Decision: The Committee approved Maintenance or Repair Service (Business Auxiliary Service).

Agenda Item No. 13:- Approval of list of services required for Authorized Operations – M/s. Tiana Jewellery Exports Pvt. Ltd.

M/s. Tiana Jewellery Exports Pvt. Ltd., located in SEEPZ-SEZ have submitted application for approval of additional list of Services required for Authorized Operations in terms of Service tax Notification No. 12/2013-ST dated

[Signature]

01.07.2013 issued by Ministry of Finance. The additional services required are as follows:-

1. Credit Card, Debit Card, Charge Card or Other Payment Card
2. Forward Contract Service
3. Internet Telecommunication Service
4. Management Consultant Service
5. Registrar to an issue's Service

Decision: The Committee approved Forward Contract Service, Internet Telecommunication Service, and Management Consultant Service.

Agenda Item No. 14:- Application for broad banding of items - M/s. KGK Creations Pvt. Ltd.

The Committee noted that the applicant company has been granted Letter of Approval No. SEEPZ SEZ/IA(I)/NUS/APL/GJ-274/02-03/419 dated 13.08.2003 amended for manufacturing of Gold Studded and Plain Jewellery, Platinum Studded and Plain Jewellery, Silver Studded and Plain Jewellery and Combination of all above, Titanium Jewellery Studded with Diamonds, Colour Stone, Cubic Zirconia, American Diamonds and all Synthetic Stones. The unit has commenced the production w.e.f. 05.04.2007. The Validity of LOA is Valid up to 31.03.2017.

The proposal of the unit for broad banding of items viz., Brass Jewellery Studded with Diamonds, Colour Stone, Cubic Zirconia, American Diamonds and all other synthetic stones and Mother of Pearl Jewellery with annual capacity.

Decision: The Committee approved the broad banding of items viz. Brass Jewellery Studded with Diamonds, Colour Stone, Cubic Zirconia, American Diamonds and all other synthetic stones and Mother of Pearls Jewellery subject to the following conditions :-

1. Compliance of Customs Procedures and regulations under CITES or Wild Life Act Provisions etc.
2. Value limit of the non precious items should not exceed 5% of the previous years of FOB value of exports.
3. No DTA procurement of Mother of Pearls till they get the approval of BOA, in terms of provisions of Instruction No. 47.
4. The unit should submit the details in revised Form 'F'.

[Signature]

Agenda Item No. 15:- Application for broad banding of items - M/s. KGK Jewellery Pvt. Ltd.

The Committee noted that the applicant company has been granted Letter of Approval No. SEEPZ-SEZ/NUS/APL/GJ/75/93/166 dated 01.04.1993 as amended for manufacturing of Studded Gold Jewellery, Plain/Gold Jewellery, Platinum Studded/Plain Jewellery. The unit has commenced the production w.e.f. 16.08.1994. The Validity of LOA is Valid up to 31.03.2019.

The proposal of the unit for broad banding of items viz., Brass Jewellery Studded with Diamonds, Colour Stone, Cubic Zirconia, American Diamonds and all other synthetic stones, Mother of Pearl Jewellery and Steel Jewellery Studded with Diamon, Colour Stone, Cubic Zirconia, American Diamonds and all other synthetic stones with annual capacity.

Decision: The Committee approved the broad banding of items viz., Brass Jewellery Studded with Diamonds, Colour Stone, Cubic Zirconia, American Diamonds and all other synthetic stones, Steel Jewellery Studded with Diamond, Colour Stone, Cubic Zirconia, American Diamonds and all other synthetic stones, and Mother of Pearls Jewellery Subject to the following conditions:-

1. Compliance of Customs Procedures and regulations under CITES or Wild Life Act Provisions etc.
2. Value limit of the non precious items should not exceed 5% of the previous years of FOB value of exports.
3. No DTA procurement of Mother of Pearls till they get the approval of BOA, in terms of provisions of Instruction No. 47.
4. The unit should submit the details in revised Form 'F'.

Agenda Item No. 16:- Application for broad banding of items - M/s. Supergems Jewellery Mfg. Pvt. Ltd.

The Committee noted that the applicant company has been granted Letter of Approval No. SEEPZ-SEZ/IA-I/NUS/APL/GJ-28/04-05/8819 dated 01.11.2004 as amended for manufacturing of Precious & Semi-Precious Studded Gold/Platinum Jewellery and Plain Gold Jewellery, Gold/Silver mounting. The unit has commenced the production w.e.f. 13.04.2005. The Validity of LOA is Valid up to 31.03.2015.

The proposal of the unit for broad banding of items viz., Gold & Silver/Bronze Alloy/Platinum/Steel/Copper/Nitinol and Silver & Nitinol Combination Jewellery, Plain/Studded with Diamonds, CZ, Precious & Semi-Precious Stone and Plain/Studded Steel Jewellery with annual capacity.

Decision: The Committee approved the broad banding of items viz. Gold & Silver/Bronze Alloy/Platinum/Steel/Copper/Nitinol and Silver & Nitinol Combination Jewellery, Plain/Studded with Diamonds, CZ, Precious & Semi-Precious Stone and Plain/Studded Steel Jewellery with annual capacity subject to condition that Value limit of the non precious items should not exceed 5% of the previous years of FOB value of exports.

Agenda Item No. 17:- M/s. JE Exports- Non-Functioning of Unit and violations.

M/s. JE Exports situated at G-007, Block -I, SEEPZ++, is presently locked and no authorized operation (manufacturing of Jewellery) is being carried out in the unit's premises. Further, Net Foreign Exchange Earrings of the unit is continuously negative for last 4years.

• **In terms of Rule 54 of SEZ Rules, 2006.**

1. *Performance of the unit shall be monitored by the Approval Committee as per the guidelines given in Annexure Appended to these rules.*
2. *In case the Approval Committee come to the conclusion the a unit has not achieved positive NFE earnings or failed to abide by any of the terms and conditions of the Letter of Approval or Bond Cum-LUT, without prejudice to the action that may be taken under any other law for the time being in force, the said unit shall be liable for penal action under the provision of the Foreign Trade (Development and Regulation) Act, 1992.*
3. In view of the above, the investigation report in the case is as follows:-

M/s. JE Exports had initially got approval to set up SEZ unit vide LOA NO. SEEPZ-SEZ/IA-I/NUS/APL/GJ/325/03-04/629 dated 23.01.2004 for manufacture and export of Studded Gold Jewellery and Production of the unit were commenced on 18.10.2004.

Further, vide this office letter dated 23.06.2010 the unit had granted

15 in terms of Rule 19(6) of SEZ Rules, 2006. The unit had projected turnover of US \$ 1,31,30,430/- and NFE of US \$ 83,48,910/- in the new block.

Further, during discreet enquires, the premises of the unit were found locked, enquires with security staff revealed that the keys of the unit were with the staff of another unit M/s. Star Brilliant Ltd., NSDL report revealed that there was no export from the unit in last 6 months. Hence, with the approval of Development Commissioner it was decided to verify if the unit was properly utilizing the raw materials imported or procured from DTA availing the benefits and also the performance of the units.

Further, the premises of the unit were visited on 07.05.2014 and the same was found locked. On enquiry, a person named Mr. Hitesh Parmar of M/s. Star Brilliant Pvt. Ltd., came forward with the keys and on opening it was found that the interiors of the unit were in a dilapidated condition. None of the machine was in working condition and it seemed that manufacturing inside the unit had stopped long back.

The unit submitted a list of capital goods imported and during verification a CAD machine imported in 2004-05 for a value of Rs. 32,20,563/- was not found in the premises. On enquiry, it was learnt that the same had been sold to another unit name M/s. Interjewel Designs for a value of Rs. 10,00,000/-.

The APR of the unit for the relevant year i.e. 2011-12 was verified but, it was observed that the same was not been reflected in the column meant for inter-unit transfer of capital goods. However, no discrepancy was also found in the stock of raw material.

• **The unit was asked to submit the APRs of the current block for scrutiny.**

Scrutiny of APR for the year 2010-11 revealed that the unit had made IUT purchase of raw materials for Jewellery of Rs. 2,92,179/- and exported Jewellery of only 2 consignments of Rs. 5,49,417/-. The unit had declared NFE for the year 2010-11 as -1.55 Lakhs (Negative).

Scrutiny of APR for the year 2011-12 revealed that the unit has purchased 5000gms of gold from a unit named Kiara Jewellery Pvt. Ltd., and sold the same to

another unit (Shrenuj & co.) within 2/3 days for a profit. The unit had made only one export of gold jewellery studded with diamonds valued at Rs. 4,26,050/- (\$ 9617.38). the NFE for the year was also **Negative**. **The sale of capital goods as mentioned above has not been shown in the APR for the year and therefore, the same is incorrect.**

Scrutiny of APR for the year 2012-13 along with the related document revealed that in that year the unit had made IUT purchase of gold for Rs. 5,79,561/- and did not export anything. Thus, the unit in the year 2012-13 has declared NFE of Rs. -9.92 Lakhs. Thus, the unit had not carried out any authorized operation (manufacturing of jewellery) in the year and the NFE shown is **Negative**.

The unit has not filed APR for the year 2013-14 till date and as per their declaration, the unit has not made only a single export in the year 2013-14 of Rs. 3,98,124/- . Considering proportionate amortized value, NFE for the year will be also **Negative**.

The performance of unit vis-a-viz their projection is as per the following table:-

Year	Value of goods exported in US \$	Value of goods exported in INR (Rs. In Lakhs)	NFE (Rs. In Lakhs)
2010-11	12251.37	5.49	-1.55
2011-12	9617.38	4.26	-1.55
2012-13	0.00	0.00	-9.92
2013-14	7128.45	3.98	-0.14(assumed)
Total in 4 years	28997.20	13.73	-13.16
Projection in 5 years	1,31,30,430/-		US \$ 83,48,910/-

From the forgoing, it may be observed that the performance of the unit is very disappointing and it has not achieved export of even 1% of the projection, Further, NFE of the unit has been NEGATIVE for all 4 years of this block (2010-15).

“In terms of Rule 22 (3) of SEZ Rules, 2006, each unit is required to submit Annual Performance Report to the Development Commissioner and as per Rule 54 (1) of the SEZ Rules, the performance of the unit shall be monitored by the Approval Committee as per the guidelines given in Annexure appended to the Rules. Further, as per the Annexure-I of the SEZ Rules, “Annual monitoring in the cases of old units which have completed more than five years will be undertaken for only such numbers of years which fall in the subsequent blocks of five years. “As such, Cumulative Net Foreign Earnings of earlier block cannot be carried forward for calculation of Cumulative NFE of subsequent block”.

Shrenuj

However, the unit has been wrongly carrying forward the cumulative NFE of the earlier block in the APR to the current block to show positive Cumulative NFE.

Moreover, as per the Criteria for Annual Monitoring of Performance of units. "If a unit continues to be NFE Negative by the end of 3rd Year, a Show Cause Notice shall be issued.

Further, the unit is presently locked and no authorized operation (manufacture of jewellery) is being carried out in the unit's premises. As per the records, last export was made in June-2013. But, online records reflect that there were many IUT thereafter. As the unit is closed it is suspected that the unit is engaged in some manipulations.

In view of the above, M/s: JE Exports has committed the following violations:-

1. Not Carried out authorized operation as approved.
2. Not fulfilled the obligation of export turn over and Net Foreign Exchange Earnings as promised.
3. Submitted APR giving incorrect information.
4. Has not achieved Positive NFE as required.

Decision:- The representative of the unit was not present, hence the Committee deferred the case.

The meeting ended with the vote of thanks to the Chair.



**Chairperson-Cum-
Development Commissioner.**