

Minutes of 18th (eighteenth) meeting of the Approval Committee for the Sector specific SEZ for Apparel sector (Surat Apparel Park-SEZ) developed by M/s. Gujarat Industrial Development Corporation (GIDC) held on 11-06-2018 at 15:00 hours under the Chairmanship of Shri Upendra Vasishth, ndc Zonal Development Commissioner, Kandla Special Economic Zone, in the board/conference room of Hotel Taj Gateway, Surat.

List of participants is annexed as Annexure-I

Approved minutes of the previous meeting were confirmed by the Approval Committee.

A) Other cases:-

18-A-01) Monitoring of Performance of SEZ units in GIDC-SAP-SEZ, in respect performance up to the monitoring years 2016-17, and 2017-18.

The Development Commissioner/Approval Committee had granted approvals for 45 (forty-five) entrepreneurs/units in GIDC-SAP-SEZ. Schin, Surat, out of which 13 (Thirteen) units went into operations. In terms of provisions of Rule 22 of the Special Economic Zones Rules, 2006, these operational SEZ units are required to submit their respective Annual Performance Reports (APR) in prescribed format i.e. Form-I duly certified by the Independent Chartered Accountant to the Development Commissioner of SEZ and the same needs to be placed before the Approval Committee for consideration.

The Approval Committee has reviewed the following CA certified APRs, which were also internally scrutinized by an independent CA appointed for the said purpose by the office of Development Commissioner in respect of 12 (twelve) SEZ units as on 31-03-2017, and 31-03-2018 i.e. up to monitoring of fiscal years 2016-17, and 2017-18 and the net result and direction is as under.

Sr. No.	Name of the SEZ unit	Date of commencement of operation	Months of operation - as on	Cumulative NFE earned (Rs. In lakhs)
SEZ units completed 05 (five) years of operations:-				
01-a)	Banswara Syntex Limited	01-04-2008	60 – (Ist Block) 31-03-2013	3817.82
01-b)	Banswara Syntex Limited	01-04-2008	48 – (IInd Block) 31-03-2017	12440.59
02-a)	Benchmark Clothing Pvt. Ltd.	01-04-2007	60 – 31-03-2012	552.09
02-b)	Benchmark Clothing Pvt. Ltd.	01-04-2007	60 – (IInd Block) 31-03-2017	(-) 55.37
03-a)	Ganga Exports	22-10-2009	60 – (Ist Block) 21-10-2014	78.72



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03-b)	Ganga Exports	22-10-2009	29 – (IInd Block) 31-03-2017	(-) 14.33
04-a)	Ginza Industries Limited	01-04-2008	60 – (Ist Block) 31-03-2013	2128.65
04-b)	Ginza Industries Limited	01-04-2008	48 – (IInd Block) 31-03-2017	6103.37
05-a)	Hi Klass Fashions	25-09-2007	60 – (Ist Block) 24-09-2012	(-) 00.16
05-b)	Hi Klass Fashions	25-09-2007	54 – (IInd Block) 31-03-2017	60.06
06-a)	Sarthak Creation Pvt. Ltd.,	30-07-2009	60 – (Ist Block) 29-07-2014	2175.95
06-b)	Sarthak Creation Pvt. Ltd.,	30-07-2009	32 – (IInd Block) 31-03-2017	(-) 950.40
7)	Shahlon Silk Industries Pvt. Ltd.,	12-06-2012	58 – (Ist Block) 31-03-2017	45.72
8-a)	Venus Garments	19-04-2006	60 – (Ist Block) 18-04-2011	64.50
8-b)	Venus Garments	19-04-2006	60 – (IInd Block) 31-03-2016	(-) 48.14
08-c)	Venus Garments	19-04-2006	11 – (IIIrd Block) 31-03-2017	(-) 00.32
09-a)	J. R. Fashions Pvt. Ltd.,	13-12-2008	60 – (Ist Block) 12-12-2013	(-) 2.07
09-b)	J. R. Fashions Pvt. Ltd.,	13-12-2008	52 – (IInd Block) 31-03-2018	(-) 11.72

On completion of review process of these APRs, the Approval Committee decided the following line of actions to complete the monitoring review of SEZ in terms of applicable SEZ Rules, 2006:-

(A) In case of M/s. J. R. Fashions Pvt. Ltd., the Approval Committee was briefed regarding overstating NFE to the tune of Rs.27.72 lacs as raw material imported in the year 2013-14 was not taken into account while determining Foreign Exchange Outgo for the fiscal year 2013-14 and thereby NFEE was mis-declared and overstated. Raw material at CIF value of Rs.27.72 lacs were imported vide SEZ BOE No.232 dated 03/06/2013. However, in the APR filed for the fiscal year 2013-14, the said SEZ unit has shown “NIL” import. As the import value was overstated by Rs.27.72 lacs for the fiscal year 2013-14, the Approval Committee has decided to reduce NFE by Rs.27.72 lacs and to initiate penal action for mis-statement of value of import in APR. Since, the APRs have been submitted by the unit which were duly certified by the Independent Chartered Accountant, the Approval Committee has directed the Zonal Development Commissioner’s Office to call for his explanation and if

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required, thereafter to refer the matter to the Institute of Chartered Accountants of India reporting above incident of wrong certification of statutory document and thereby negligence in performing his professional skill.

The Approval Committee has noticed that during the 1st block period of 60 months i.e. from 13/12/2008 to 12/12/2013, M/s. J. R. Fashions Pvt. Ltd. has shown negative NFE to the tune of (-) Rs.2.07 lacs. However, the correct NFE amount would come to (-) Rs.29.79 lacs.

(B) Issue of Show Cause Notices (SCNs) to SEZ units for penal action under the Foreign Trade (Development & Regulation) Act, 1992 for non-achievement of stipulated positive Net Foreign Exchange Earnings (NFEE) and achieving negative NFEE at the end of 60 months period for the following cases for :-

- 1) M/s. Benchmark Clothing Pvt. Ltd. (IInd block);
- 2) M/s. Ganga Exports (IInd block);
- 3) M/s. Hi Klass Fashions (1st block);
- 4) M/s. Sarthak Creation Pvt. Ltd. (IInd block);
- 5) M/s. Venus Garments (IInd block);
- 6) M/s. J. R. Fashions Pvt. Ltd. (1st block),

The Approval Committee was appraised that show cause notice was issued to M/s. Hi Klass Fashion for achieving negative NFE to the tune of (-) Rs.0.16 lacs during 1st block period of five years and therefore, Show Cause Notices initiating penal action would not be required to be issued to M/s. Hi Klass Fashions as the case has already been adjudicated by the Development Commissioner vide OIO No.KASEZ/CTO/01/2018 dated 12/01/2018. The Approval Committee has directed to issue show cause notice initiating penal actions on other units who have not achieved positive NFE at the end of block period of five years.

(C) In case of M/s. Ginza International Limited, the Approval Committee has noted that on raising queries by the Zonal Development Commissioner's Office on APRs submitted by the unit duly certified by the Chartered Accountant, the unit has submitted revised APRs duly certified by their Chartered Accountant. However, it has been noticed that though there was no query in respect of Value reported for "Imported raw material, consumables, components, packing materials etc. actually consumed during the year", the unit in all APRs right from the fiscal year 2008-09 to 2016-17 has changed these figures and in respect of eight years, the Foreign Exchange Outgo is increased. The manner and practice adopted by the said unit changing figures on above parameters and in both cases duly certified by the same Chartered Accountant is found very surprising. However, it is observed that NFE remains positive. The Approval Committee has directed Zonal Development Commissioner's to

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intimate the unit not to change figures of foreign exchange outgo in revised APR without valid justification.

(D) Issue of Show Cause Notices (SCNs) to SEZ units for non submission of stipulated APRs and further compliance thereof in the following cases:-

The Approval Committee was appraised with the fact that the following units have submitted their APRs, however, some irregularities and mis-match in data were noticed and in turn query letters have been issued. However, till date these units not submitted any compliance report and for want of the same, their APRs could not be scrutinized and placed before the Approval Committee.

- 1) M/s. Millan Apparels Exports Pvt. Ltd;
- 2) M/s. Page 3 Fashions Pvt. Ltd;
- 3) M/s. P. K. International Exports Pvt. Ltd;

It was also appraised to the Approval Committee that M/s. Page 3 Fashions Pvt. Ltd. vide their letter 16/03/2018 that they will submit APR duly spilt covering 60 months block period. However, till date they have not submitted the same. Accordingly, the Approval Committee has taken note of the same and directions are being issued to Zonal Development Commissioner's Office to issue show cause notice in these cases.

(E) One unit M/s. Safari Apparels Pvt. Ltd. (in custody of Indian Overseas Bank) has not submitted any APR till date. The unit has commenced production activities on 1/01/2006 therefore, the Approval Committee has directed Zonal Development Commissioner's office to issue show cause notice initiating penal actions.



(Upendra Vasishth)
Chairman of Approval Committee
& Zonal Development Commissioner
Gujarat SEZs (HQ: Kandla-SEZ)

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ANNEXURE-I

The following members were present:-

01.	Shri Upendra Vasishth, nde Zonal Development Commissioner, KASEZ.	Chairman
02.	Shri Abhimaniu Sharma, Deputy DGFT, Surat	Nominee of the Jt. DGFT, Surat.
03.	Shri Sandeep Kumar, Deputy CIT, Circle-1 (1) (1), Surat.	Nominee of the Commissioner of Income Tax, Surat.
04.	Smt Vaishali G. Dudhut, Manager (EI)	Nominee of the GM, DIC, Surat.
05.	Shri N. P. Shah, OSD-B, KASEZ.	Special Invitee, representing the Development Commissioner.

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