

SEEPZ SPECIAL ECONOMIC ZONE

ANDHERI (EAST), MUMBAI.

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SUPPLEMENTARY AGENDA FOR

**MEETING OF THE UNIT APPROVAL COMMITTEE FOR EXPORT
ORIENTED UNITS UNDER THE JURISDICTION OF DEVELOPMENT
COMMISSIONER, SEEPZ-SEZ.**

**VENUE : Conference Hall, BFC Building, 2nd Floor, Behind the
Office of the Development Commissioner, SEEPZ-SEZ,
Andheri (East), Mumbai.**

DATE : 27th October, 2015.

TIME : 11.00 A.M.

**MEETING OF THE UNIT APPROVAL COMMITTEE FOR EXPORT
ORIENTED UNITS UNDER THE CHAIRMANSHIP OF DEVELOPMENT
COMMISSIONER, SEEPZ-SEZ ON 27TH OCTOBER, 2015.**

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Agenda Item No.	Subject
Supplementary Agenda item No. 01 : -	Excess import of Raw Material – M/s. Cipla Ltd.,

**OFFICE OF THE DEVELOPMENT COMMISSIONER,
SEEPZ SPECIAL ECONOMIC ZONE, GOVT. OF INDIA,
ANDHERI (E), MUMBAI**

AGENDA NOTE FOR CONSIDERATION OF UNIT APPROVAL COMMITTEE

a) Proposal :-

Excess import of Raw Material during the period 2009-10 to 2013-14 from M/s. Cipla Ltd.

b) Specific Issue on which decision of UAC is required :-

The unit has submitted the application for continuation EOU for a further period of 5 years with fresh projection for the period 2014-15 to 2018-19. On Scrutiny of the application, it is noticed that during the period 2009-10 to 2013-14, the unit has imported Raw Material in excess of the approved value.

c) Relevant Provisions of FTP/HBP :-

In terms of Para 6.01 (f) of Handbook of Procedure 2015-2020, "LOP/Lol shall specify item(s) of manufacture/service activity, annual capacity, projected annual export for first five years in dollar terms, Net Foreign Exchange (NFE) earnings, limitations, if any, regarding sale of finished goods, by-products and rejects in DTA and such other matter as may be necessary and also impose such conditions as may be required".

Further in terms of Para 6.34 (3) of Handbook of Procedure 2015-2020, "To allow increase in value of capital goods in terms of Indian Rupees, on account of foreign exchange rate fluctuations".

d) Other Information :-

M/s. Cipla Ltd., Pune were issued LOP No. PER:69(2003):SEEPZ:EOU:55:2003-04/1274 dated 23.02.2004 for manufacture and export of Bulk Drugs & Formulations at D-7, MIDC Industrial Area, Kurkumbh, District Pune - 413 802.

The unit vide letter dated 21.01.2014 & subsequent letters dated 12.03.2014 & 21.03.2014 submitted application for renewal of LOP for further five years period i.e.01.4.2014 to 31.03.2019. On Scrutiny of the application, it was noticed that during the period 2013-14 to 2018-19, the unit has imported Raw Material in excess of the approved value. The details are as follows :-

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(₹ in lakhs)

Year	Approved Limit of Raw Material	Actual Import of Raw Material
2009-10	1,725.00	1,749.00
2010-11	1,984.00	4,342.00
2011-12	2,281.00	10,410.00
2012-13	2,624.00	5,990.00
2013-14	3,017.00	7,001.00
Total	11,631	29,492

This office vide letter dated 09.04.2014 asked the unit to clarify the Excess import of raw material. The unit vide letter dated 08.10.2015 has submitted the following :-

- (i) During the period from 2009-10 to 2013-14 they have imported excess raw material than the import projection because their export clearance enhanced for said period ultimately import of raw materials increased accordingly.
- (ii) That they have achieved positive NFE, throughout the period (2009-10 to 2013-14).

The proposal of the unit for Excess import of raw material was submitted to the Unit Approval Committee meeting held on 25.08.2014.

The representative of the unit was not in a position to furnish information relating to excess import and corresponding export. The unit was directed to furnish the details in writing. The proposal was deferred.

This office vide letter dated 18.09.2014 directed to the unit to furnish the information on excess import and corresponding export in writing.

The unit vide letter dated 08.10.2015 has stated the following :-

- i) They reiterate that the Import of materials in excess of the projection for the period 2009-10 to 2013-14 (herein after referred to as the relevant period) is on export of new products which were added during this period after submitting projected turnover figures for the relevant period.
- ii) In respect of the products which were exported suddenly, they have not considered imports and exports related to those products in the projected figures.
- iii) One of the high value and volume product, namely, Lamivudine, with their import of key raw material & export turnover in the relevant period.

.....3/-

- iv) The details of Actual Import of key raw material during the relevant period is as follows :-

(Value in Lakhs)

Year	Projected Import Value	Total Actual Import of Raw Material	Actual Import of Raw Material (Excluding NI-CMC)	Import Value of IN-CMC Compound
2009-10	1725	1716.49	1716.49	0
2010-11	1984	4304.49	1766.06	2538.43
2011-12	2281	10393.67	1863.47	8530.2
2012-13	2624	5959.17	1896.78	4062.39
2013-14	3017	8600.43	3916.45	4683.98

- v) The details of Export during the relevant period is as follows :-

(Value in Lakhs)

Year	Projected Value	Export	Total Actual Export Value
2009-10		11500	11674.56
2010-11		13225	9371.16
2011-12		15209	23409.24
2012-13		17490	15944.49
2013-14		20114	18606.86

- vi) Apart from new products introduced during the relevant period, their import and export turnover is in accordance with the projections submitted initially.
- vii) It may also be noted that as their imports have exceeded the projections, they have maintained the positive NFE throughout the relevant period.
- viii) They have broadly complied with the basic parameter of achieving positive NFE over a period of five consecutive years.

The proposal of the unit for regularisation of excess import is placed before the Unit Approval Committee for consideration.
