



Government of India
Ministry of Commerce & Industry
Department of Commerce
Office of the Development Commissioner
Indore Special Economic Zone
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F. No. D-3/ISEZ/2006-07/1270

Dated: 04.11.2019

OFFICE – MEMORANDUM

Sub: Third Meeting (2019-20 series) of the Approval Committee for Indore SEZ to be held on 13.11.2019 at 11:30 a.m. – Reg.

The undersigned is directed to inform you that the Third Meeting (2019-20 series) of the Approval Committee constituted by the Govt. of India vide Notification dated 07.02.2007 has been scheduled to be held at 11:30 a.m. on 13.11.2019 under the chairmanship of the Development Commissioner, Indore SEZ in this office. Agenda Items for the same are enclosed as Annx. A.

2. You are requested to kindly make it convenient to attend the meeting.


(Ravi Chhangani)
Asstt. Development Commissioner
For Development Commissioner

To

1. The Commissioner, Indore Division, Moti Bungalow, Indore (**Member representing Govt. of Madhya Pradesh**) or his nominee of suitable seniority.
2. The Managing Director, MPIDC, Cedmap Bhawan, 16-A, Jail Road, Arera Hills Bhopal (**Member representing Govt. of Madhya Pradesh**) or his nominee of suitable seniority.
3. The Commissioner, Customs, Office of the Commissioner of Customs, Manik Bagh Palace, Indore (**Member representing Deptt. of Revenue, Govt. of India**) or his nominee of suitable seniority.
4. The Commissioner of Income Tax (CIT-I), Office of the Chief Commissioner of Income Tax, Aayakar Bhawan Annexe, Opp. White Church, Indore-1 (**Member representing Deptt. of Revenue, Govt. of India**) or his nominee of suitable seniority.
5. The Jt. Director General of Foreign Trade, Nirman Sadan, Arera Hills, Hoshangabad Road, Bhopal (**Member**) or his nominee.
6. The Executive Director, MPIDC Regional Office, 1st Floor, Atulya IT Park, Near Crystal IT Park, Khandwa Road, Indore or his representative (**Special Invitee**).

7. The Dy. Secretary to the Govt. of India, Ministry of Commerce & Industry, Deptt. of Commerce, SEZ, Udyog Bhawan, New Delhi (**Member**) or his nominee.
8. The Dy. Secretary (IF-I), Ministry of Finance, Department of Financial Services, Jeevan Deep Building, Parliament Street, New Delhi (**Member**) or his nominee.
9. The Specified Officer, Indore SEZ (**Special Invitee**).

Copy for information to concerned units (without annexure).

INDORE SPECIAL ECONOMIC ZONE**AGENDA FOR THE THIRD MEETING OF UNIT APPROVAL COMMITTEE
(2019-20 series) TO BE HELD AT 11:30 a.m. ON 13.11.2019**

Venue: Office of the Development Commissioner, Indore SEZ
207, 2nd Floor, Atulya IT Park, Near Crystal IT Park, Khandwa
Road, Indore

Time: 11:30 a.m.

ITEM NO - 1

Ratification of the Minutes of the Second Meeting (2019-20 series) held on 04.09.2019 as at Appendix 'X'.

ITEM NO- 2**PROPOSAL RECEIVED FROM EXISTING UNIT****I COMPANY/UNIT PROFILE**

(a) Name and address, telephone/fax/email id	M/s Glenmark Pharmaceuticals Ltd. Address: Plot No. 2, SEZ Phase II, Indore SEZ, Pithampur, Distt. Dhar
(b) Issue	<p>Amendment of approved item of manufacture and increase in annual capacity.</p> <p>M/s Glenmark Pharmaceuticals Ltd. holding LoA No. C-14/ISEZ/Proj./2008-09/343 dated 01.07.2008 is engaged in manufacturing of Pharmaceutical formulations and is operational at plot No. 2, SEZ Phase II. The LoA of the unit was broadband by way of inclusion of new product of manufacture namely 'Semisolid Tacrolimus ointment 0.1%' with an annual capacity of 120000 kg. The unit has submitted the captioned request for amendment in the item of manufacture stating that they are in the process of getting approval for US market of one more product namely, Pimecrolimus cream and with this approval the export turnover of the company would improve drastically. It is informed that Tacrolimus ointment and Pimecrolimus cream both are 'Semisolid products' acting as immunosuppressant by way of decreasing body's immune system to help slow down the growth of atopic dermatitis (eczema) on skin and treat severe atopic dermatitis when other medications have not worked well. The unit has stated that the Pimecrolimus product will be manufactured in</p>

	<p>existing facility only. The unit has submitted the following details in connection with the request:</p> <ul style="list-style-type: none"> (i) Manufacturing process flow chart of tacrolimus ointment; (ii) Manufacturing process flowchart of pimecrolimus cream; (iii) List of raw materials and packing material for pimecrolimus cream; (iv) List of installed manufacturing equipment; and (v) FoB value of Tacrolimus ointment till 30th September 2019 as Rs. 87.90 Cr. <p>The unit has informed that their existing manufacturing facility with installed capacity of 25000 kg is adequate to cater current market requirements of Tacrolimus ointment, Pimecrolimus cream and another upcoming product Sirolimus ointment, which is under approval with regulatory authorities. It is further informed that with 3 shifts working and considering changeover time and preventive maintenance, the unit can easily manufacture annually 20000 kg of 'Semisolid products' in existing capacity so that further expansion/investment is not required.</p> <p>It is also informed that initially they got approval from regulatory authorities in respect of Tacrolimus ointment 0.1%, and considering one shift working and market requirement, the unit applied for broad banding of the said product with annual capacity of 12000 kg which was added in the LoA. Now, the unit has obtained the regulatory approval for supply of Pimecrolimus cream to US market along with one more product namely Sirolimus ointment which is under approval. According to the unit, all these products are immunosuppressant products and come under 'Semi solid product' category. The unit has therefore requested to consider the request and provide the amended broad-banding of LoA by adding 'Semisolid products' with annual manufacturing capacity up to 20000 kg instead of the presently approved Semisolid Tacrolimus ointment 0.1% with annual capacity 12000 kg.</p> <p>In terms of the provisions of Rule 19(2) of SEZ Rules, 2006, the Approval Committee may approve proposals for broad-banding and enhancement of capacity of production.</p> <p>The proposal is therefore placed before the Committee for consideration.</p>
Decision required from UAC	Amendment of approved item of manufacture and increase in annual capacity in LoA i.e. broad-banding of LoA by adding 'Semisolid products' with annual manufacturing capacity up to

	20000 kg instead of the presently approved Semisolid Tacrolimus ointment 0.1% with annual capacity 12000 kg under provisions of Rule 19(2) of SEZ Rules, 2006.
DECISION OF THE UAC	

II COMPANY/UNIT PROFILE

(a) Name and address, telephone/fax/email id	<p>M/s Shree Tirupati Balajee FIBC Ltd. Address: Plot No. A.P.-14, Apparel Park, SEZ Phase II, Industrial Area, Pithampur, Distt. Dhar</p>									
(b) Issue	<p>Enhancement of production capacity from 6000 MT per annum to 10000 MT per annum:-</p> <p>M/s Shree Tirupati Balajee FIBC Ltd. is operational at Plot No. A.P.-14, SEZ Phase II and are manufacturing FIBCs/Jumbo Bags with existing production capacity as 6000 MT per annum. The unit has submitted the captioned request inter-alia stating that the machineries required to manufacture the goods are increased every year and therefore have submitted the details of machineries purchased and installed since inception from 2013-14 and up to 2018-19. The unit has installed machineries (main & ancillary) amounting to Rs. 3.39 crores and therefore has requested to increase the existing production capacity from the presently approved 6000 MT per annum to 10000 MT per annum.</p> <p>A revised foreign exchange balance sheet pursuant to the proposed enhancement of capacity has been provided as under:-</p> <table> <tr> <td>FoB value of export</td> <td>-</td> <td>Rs. 726.26 crores</td> </tr> <tr> <td>Foreign Exchange Outgo</td> <td>-</td> <td>Rs. 5.23 crores</td> </tr> <tr> <td>Net Foreign Exchange earning</td> <td>-</td> <td>Rs. 721.04 crores</td> </tr> </table> <p>The unit has informed that due to demand of their product, they are continuously receiving fresh orders for FIBCs and for which they require new machineries which they already purchased and that certain machineries will be purchased in coming months. Accordingly, the existing production capacity will increase to 10000 MT per annum.</p> <p>In terms of the provisions of Rule 19(2) of SEZ Rules, 2006, the Approval Committee may approve proposals for enhancement of</p>	FoB value of export	-	Rs. 726.26 crores	Foreign Exchange Outgo	-	Rs. 5.23 crores	Net Foreign Exchange earning	-	Rs. 721.04 crores
FoB value of export	-	Rs. 726.26 crores								
Foreign Exchange Outgo	-	Rs. 5.23 crores								
Net Foreign Exchange earning	-	Rs. 721.04 crores								

	capacity of production. The proposal is therefore placed before the Committee for consideration.
Decision required from UAC	Enhancement of production capacity from 6000 MT per annum to 10000 MT per annum under provisions of Rule 19(2) of SEZ Rules, 2006.
DECISION OF THE UAC	

III COMPANY/UNIT PROFILE

(a) Name and address, telephone/fax/email id	M/s Gepach International Address: B-13, Chand Society, Juhu Church Road, Juhu, Mumbai – 400 049.
(b) Issue	<p>Request for broad-banding of LoA by addition of new items of manufacture - LoA No. C-123/ISEZ/Proj./2017-18/339 dated 30.05.2017</p> <p>M/s Gepach International has submitted the captioned request for addition of new items of manufacture in the existing LoA. The unit was granted LoA dated 30.05.2017 for manufacturing of Gropils classic (Allopathic Lozenges) and Gropils herbal (Herbal Lozenges) used for treatment of throat infections. As per records, the unit has been granted two extensions for setting the manufacturing facility in the SEZ with present validity of LoA up to 29.05.2020. The unit is in the setting up stage in the Zone on plot No. A-10 & A-11, SEZ Phase II.</p> <p>In the instant request, the unit has proposed for manufacturing of new products namely ‘Allopathic Tablets and Sachets’ stating that presently, the unit is getting these products manufactured on job work on loan licensing basis from third party Indian manufactures and then export them to foreign markets under its own brand names. The unit now wishes to manufacture the Allopathic products in its own manufacturing facility in Indore SEZ and export these products. The unit therefore plans to manufacture various Over-the-Counter (OTC) medicines and Generic medicines in the form of Tablets and Sachets (Powder/Granules) to treat variety of diseases like relieve aches, pains, inflammation, gastroenterological diseases, respiratory problems, hormonal problems, cardiac issues, migraines and allergies/infections. The unit has submitted that they are already having a developed market for its products in the foreign countries and further are also</p>

exploring opportunities for expanding the geographical presence in overseas countries such as Russia, Europe, Africa, South East Asia and Latin America. The unit has accordingly requested for amendment / broad-banding of LoA as per the below mentioned details:-

S.No.	Approved Item(s) of Manufacture in LoA	Amended Item(s) of Manufacture with present product description	Approved Annual Capacity (in lacs Nos.)	Revised Annual Capacity (in lacs Nos.)	ITC (HS) Code
1.	Herbal Lozenges (earlier referred as Gorpils Herbal)	No change	480.00	480.00	300490 11
2.	Allopathic Lozenges (earlier referred as Gorpils Classic)	No change	720.00	720.00	300490 87
3.	--	Allopathic Tablets	0.00	3000.00	300490 99
4.	--	Allopathic Sachets	0.00	50.00	300490 99

According to the unit, the project implementation activities are being undertaken at site and civil construction is expected to complete in 3-4 months. The unit intends to have an additional CAPEX investment of Rs. 2662.69 lacs for the broad-banded products, thereby making the revised total cost of the project proposed in the SEZ as Rs. 3487.69 lacs. The unit has submitted the following documents/information for its manufacturing activities: (i) Complete list of plant & machinery along with major Utilities (only one machine will be imported and rest all will be indigenous); (ii) manufacturing process flow chart; (iii) details of raw material required to be sourced indigenously; (iv) details of additional employment requirement of 115 persons; (v) additional power requirement estimated to be 800 KVA; and (vi) revised foreign exchange balance sheet with NFE earnings for first five years as under :

FoB value of export	- Rs. 200.20 crores
Foreign Exchange Outgo	- Rs. 20.67 crores
Net Foreign Exchange earning	- Rs. 179.53 crores

	<p>In response to certain queries, the unit subsequently informed that :-</p> <ul style="list-style-type: none"> (i) the existing facility under implementation in the Zone including the building construction approved in terms of M.P. Bhumi Vikas Niyam, 2012 will be sufficient to install the additional plant & machinery, utilities etc. to carry out the production of new items along with the already approved items. (ii) a production lay out with area of machineries has been enclosed (iii) manufacturing process flow chart of additional items has been enclosed. (iv) the facility is presently under commissioning stage and the unit shall file applications to appropriate authorities for obtaining drug manufacturing license and GMP Certification at the time of completion of project, targeted in December, 2019. <p>The request of the unit for broad-banding of LoA is therefore placed before the Approval Committee for consideration under Rule 19(2) of SEZ Rules 2006.</p>
Decision required from UAC	Request for broad-banding of LoA by addition of new items of manufacture under provisions of Rule 19(2) of SEZ Rules 2006.
DECISION OF THE UAC	

IV COMPANY/UNIT PROFILE

(a) Name and address, telephone/fax/email id	<p>M/s Gold Filaments Pvt. Ltd. Address: Plot No. F-19, SEZ Phase I, Pithampur, Distt. Dhar</p>
(b) Issue	<p>Renewal of Letter of Approval No. C-6/ISEZ/Proj/2006-07/318 dated 03.10.2006 for next five years beyond 11.09.2019.</p> <p>M/s Gold Filaments was granted LoA dated 03.10.2006 for the authorized operations viz. manufacturing of plastic rope, monofilament rope and twine. The unit is operational on plot No. F-19, SEZ Phase I w.e.f 12.09.2007. The unit completed its second five year block period on 11.09.2017 which was extended one year at a time.</p> <p>The unit submitted the captioned request stating that the LoA dated 03.10.2006 is presently valid up to 11.09.2019 and therefore requested to extend the LoA for further period of three years.</p>

	<p>The issue involved in connection with renewal of LoA is that the unit had earlier submitted a request in August, 2017 to renew the LoA for a further period of five years beyond 11.09.2017 in terms of the provisions of Rul 19(6) of SEZ Rules, 2006. However, in view of a survey conducted by the Income Tax Department in September, 2017, the Approval Committee extended the validity of LoA one year at a time beyond 11.09.2017 and the LoA was therefore valid up to 11.09.2019.</p> <p>Pursuant to the survey conducted by the Income Tax Deptt. it was informed by the Deptt. that the company has outsourced about 40% of its manufacturing to outside agency and even claimed deduction on the same goods exported and thus, the assessee company is violating the provisions of Section 10AA and accordingly, deduction claimed by assessee company under Section 10AA are disallowable and that the issue will be examined in detail during the assessment proceedings.</p> <p>In view of the observations of the Income Tax Deptt., a report on the observations called from the Specified Officer regarding sub-contracting done by the unit was forwarded to the Income Tax Deptt. vide this office letter dated 29.10.2018 for necessary examination and forward their comments. The Specified Officer inter-alia had reported that the value of sub-contracted goods of the unit is in permissible limit as provided in Rule 41(1)(f) of SEZ Rules, 2006. The comments of the Income Tax Deptt. are yet awaited.</p> <p>Considering the above status, in order to enable the unit to continue its operations under the SEZ scheme, the validity of LoA was further extended for a period of one year up to 11.09.2020.</p> <p>A reminder dated 12.09.2019 has also been sent to the Income Tax Deptt. for comments / inputs, if any, in connection with the survey and report of the Specified Officer.</p> <p>The proposal is therefore placed before the Committee for information and further discussions.</p>
DECISION OF THE UAC	

ITEM NO - 4

Any other proposal, if received.