

AGENDA ITEM No.EOU(AP/CG/Y)/01/2024 FOR UNIT APPROVAL COMMITTEE MEETING FOR EOUS (AP) UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER, VSEZ SHRI M. SRINIVAS, IRSME AT 11.00 AM ON 09.02.2024 THROUGH VIDEO CONFERENCING UNDER HYBRID- MODE .

Agenda item No. EOU(AP)-01.01

Ratification of Minutes of the meeting held on 16.11.2023.

Agenda item No. EOU(AP)-01.02

Request of M/s Divi's Lab Limited, 100% EOU located at Ontimamidi, Kona Village, Thondangi Mandal, Kakinada for extension of Letter of Permission (LoP) for one more year-Reg

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This is the request of M/s.Divi's Laboratories Ltd., a 100% EOU located at Ontimamidi, Kona Village, Thondangi Manadal, Kakinda having LoP No.PER/484/EoU/VSEZ/2020/1186 dt.18.02.2021 for manufacture of 'APIs, Intermediates and Nutraceuticals'

The unit was initially granted validity period of the above LoP for a period of 2-years i.e., up to 17.02.2023 vide condition no.v of LoP within which the Unit was asked to commence production and intimate the date of commencement to O/o DC, VSEZ. The Unit executed the prescribed Legal agreement under FTP agreeing to bound by the terms and conditions of LoP and the Legal agreement was accepted by this office.

However, the unit was not able to commence production within the initial validity period of LoP' i.e. by 17.02.2023. The Unit vide letter dt.24.02.2023 submitted a letter with the necessary documents with justification and requested this office to extend the LoP for a further period of 2 years from 18.02.2023 . O/o DC considered their request and after examination of the documents and the justification given by the unit, the Competent Authority granted extension for one year in terms of para 6.01(b) of HBP of 2015-20 of FTP 2015-20 (extended) of relevant FTP at that time. The O/o DC, VSEZ vide letter dt.27.03.2023 conveyed the extension for one year up to 17.02.2023, in terms of para 6.01(b)(ii) of HBP of 2015-20 with a condition to commence production within the extended period.

The unit was however vide letter dt.11.1.2024 and 31.1.2024 requested for extension of LoP for further one more year ie. up to 17.02.2025 stating the following reasons for not able commence production within the above stipulated period.

"The commencement of project got delayed due to(a) covid impact (b) though they have paid the entire amount for 500 acres of land to APIIC four years ago, the land legal issues were resolved only 10 months ago and due to that reason they could not proceed with construction activity till the completion of physical handing over the land to them."

The unit submitted 'Chartered Engineer's Certificate' confirming two-third activities including construction of the buildings and majority of the equipment arrival at the site. The unit also submitted some photo of constructed buildings.

The unit further states that they are expecting commencement of production in the third quarter of 2024 and requested this office to grant extension of LoP and the Green card for one more year up to 17.02.2025

Rule position:

In terms of para 6.01(c) of HBP 2023 of Current FTP 2023

“On approval, a Letter of Permission (LoP) / Letter of intent (LoI) shall be issued by DC / designated officer to EOU/ EHTP / STP / BTP unit. LoP / LoI shall have an initial validity of 2 years to enable the Unit to construct the plant & install the machinery and by this time the unit should have commenced production. In case the unit is not able to commence production in the initial validity period of 2 years, an extension of one year may be given by the DC for valid reasons to be recorded in writing. Subsequent extension of one year may be given by the Unit Approval Committee subject to condition that two thirds of activities including construction, relating to the setting up of the Unit are completed and a Chartered Engineer's certificate to this effect is submitted by the Unit.”

The request of the unit for extension of validity of LOP for one more year is submitted before UAC in terms of para 6.01(c) of HBP 2023 of Current FTP for consideration.
