

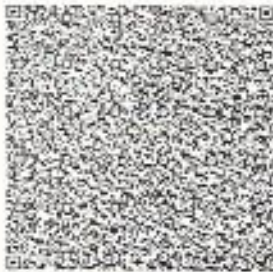


सत्यमेव जयते

INDIA NON JUDICIAL Government of Karnataka

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Certificate No.	: IN-KA379396666782570
Certificate Issued Date	: 11-Nov-2016 03:59 PM
Account Reference	: NONACC (FI)/ kaksfcl08/ SHIVANADA/ KA-BA
Unique Doc. Reference	: SUBIN-KAKAKSFCL08255785707681850
Purchased by	: KARNATAKA INDUSTRIAL AREA DEVELOPMENT BOARD
Description of Document	: Article 12 Bond
Description	: M O U
Consideration Price (Rs.)	: 0 (Zero)
First Party	: KARNATAKA INDUSTRIAL AREA DEVELOPMENT BOARD
Second Party	: DEPARTMENT OF HEAVY INDUSTRIES
Stamp Duty Paid By	: KARNATAKA INDUSTRIAL AREA DEVELOPMENT BOARD
Stamp Duty Amount(Rs.)	: 200 (Two Hundred only)



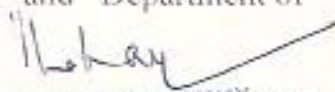
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MEMORANDUM OF UNDERSTANDING (MOU)

This Memorandum of Understanding is signed between Karnataka Industrial Areas Development Board (KIADB) representing the Special Purpose Vehicle (SPV) of Tumakuru Machine Tool Park (TMTP) at Tumakuru, Department of Commerce and Industries (C&I) representing State Government of Karnataka and Department of


Chief Executive Officer &
Executive Member
KIADB, Bangalore


Director Technical Cell
Commerce & Industries Department
Govt. of Karnataka


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Heavy Industry (DHI) representing Government of India in accordance with para 6.6 of Government of India Notification number 7/6/2011 HE&MT dated 5-11-2014 Scheme on Enhancement of Competitiveness of Indian Capital Goods Sector” for implementation of the project “Integrated Machine Tools Park” Tumakuru, Karnataka sanctioned by Apex Committee vide DHI letter No. 12/02/2016 - HE&MT On this Eleventh day of November 2016. The details of three parties are as below:

1st Party: Karnataka Industrial Areas Development Board (hereinafter referred to KIADB), a statutory body established through an Act in 1966, having its corporate office at Khanija Bhavan, 4th Floor, East Wing, No 49, Race Course Road, Bengaluru – 560001, represented through its Chief Executive Officer and Executive Member (which expression shall unless excluded by or repugnant to the context be deemed to include his successor in office or assign).

2nd Party: Department of Commerce and Industries, State Government of Karnataka having its office in Vikasa Soudha, Bengaluru - 560001 and represented through its officer/representative (which expression shall unless excluded by or repugnant to the context be deemed to include his successor in office or assign) not below the rank of Director.


3rd Party: Department of Heavy Industry (DHI), M/s Heavy Industries & Public Enterprises, Government of India having its Head Quarter (HQ) at Udyog Bhawan, Maulana Azad Road, New Delhi-110011. represented through its Joint Secretary (HE&MT Section).


1. The 1st party has agreed to implement the above said project at Vasanthanarasapura Industrial Area Tumakuru District, Karnataka with an estimated project cost of Rs 421 crore involving Central grant of Rs. 125 crore strictly in accordance with the aforementioned scheme guidelines.

2. 1st Party has agreed to the following:

- i. That the 1st Party shall sign this MOU as Undertaking for proper utilization of grant wherein, it shall undertake to abide by the conditions (as per the Approval Letter No. 12/8/2014 – HE&MT dated 10/11/2016, this MoU, Sanction Letter & Scheme provisions) and will ensure adherence to the time frame of the milestones (physical and financial) of the project for release of grant as specified in **Annexure I**.


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Commerce & Industries Department
Govt. of Karnataka


Joint Secretary (HE&MT Section)
Department of Heavy Industry
Government of India
Udyog Bhawan, New Delhi-110011

- ii. That the 1st Party will arrange to open a Trust & Retention Account (TRA) thereof in a Nationalized Bank, wherein utilization of the central grant contributions/project contribution by state government or industry will be effected. The Grant for the Project and/ or execution of the work for the Project will not be diverted to another institution or organization except the SPV mentioned in the Preamble of this MoU.
- iii. That the 1st Party shall abide by all other conditions specified in the Approval Letter No. 12/8/2014 –HE&MT dated 10/11/2016, MoU, sanction letter & scheme provisions) and in the event of failing to comply with the conditions or committing breach of the undertaking it shall be liable to refund to DHI, the entire amount of the grant released by the 3rd party.
- iv. That the 1st Party shall adhere to timeline strictly. Duration of implementation of the project would be a period of 30 months (or till the Scheme lasts whichever is earlier) from the date of issue of the aforesaid final approval letter (except for any unforeseen circumstances beyond control of 1st, 2nd or 3rd party).
- v. That the 1st Party shall ensure submission of 'Utilization Certificate' of the central grant released on the basis of audit done by Chartered Accountant or any statutory body authorized by the State Government in the form of GFR 19-A. The 3rd Party reserves the right to audit the account or get the account audited.
- vi. That the 1st Party shall arrange additional funds, if any, required to meet time and cost overruns.
- vii. That the 1st Party shall ensure compliance with statutory approvals and clearances as applicable before implementation of the project.
- viii. That the 1st Party shall undertake to ensure that all procurement of goods, equipment and services or any other items is affected through a transparent and competitive procurement process as per KTPP Act.
- ix. Appropriate performance guarantee to be built in the agreement to ensure timely completion of the project.


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 Executive Member
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 विसुजायत विसुजायत/VIISHVAJIT SANYAL
 विसुजायत विसुजायत/Joint Secretary
 विसुजायत विसुजायत/Secretary
 Department of Heavy Industry
 विसुजायत विसुजायत विसुजायत विसुजायत
 Ministry of Heavy Industries & Public Enterprises
 विसुजायत विसुजायत, विसुजायत विसुजायत-110011
 110/110/110/110, New Delhi-110011

- x. Maintenance of registers, responsibility for fixing user charges for various facilities and cancellation of projects would be dealt in accordance with the Scheme guidelines/ GO / GFR.
 - xi. The Project will be monitored in accordance with the Scheme guidelines.
 - xii. Adherence to the project – specific Terms and Conditions, as mentioned in the **Annexure II**, will be ensured.
2. 2nd Party has agreed to the following:
- i. That the 2nd Party will form a Special Purpose Vehicle (SPV), a non profit company/society/trust. The 2nd Party will nominate one or more officers in the Board of Directors / governing body of the SPV.
 - ii. That the 2nd Party will support 1st Party in case of any difficulty during implementation of the project. Also, the 2nd Party will provide timely financial support to the expenditure committed by the 1st Party. In case, the cost increases due to cost overrun or due to any other reason the 2nd Party would provide financial support to the 1st party.
 - iii. That the 2nd Party will ensure proper monitoring of the project so that the project is completed successfully as visualized at the time of approval.
 - iv. That the 2nd Party will clo sely monitor the project for ensuring timely completion.
3. 3rd Party has agreed to the following:
- i. Timely release of central grant in accordance with scheme guidelines G.O/ GFR/ Approval letter No. 12/8/2014 – HE & MT dated 10/11/2016.
 - ii. That the 3rd Party will monitor the progress of the project monthly (directly and /or through its representative/s) and will also nominate its representative in the Board of Directors / Governing Body of the SPV.

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Director Technical Cell
Commerce & Industries Department
Govt. of Karnataka

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 Director, Ministry of Heavy Industry
 Department of Heavy Industry
 Ministry of Heavy Industries & Public Enterprises
 Plot No. 1, Block-1, Sector-1
 Connaught Place, New Delhi-110011

- iii. The third party retains the right to curtail/recall the central grant in case of unsatisfactory use of the grant including compromise with the quality envisaged, or partial/incomplete implementation of the project.

DISPUTE REDRESSAL PROCEDURE

All disagreements/differences of opinion/disputes regarding the interpretation of the provisions of this Memorandum of understanding shall be resolved by mutual consultation by the signatories. Failing which, the unresolved dispute or difference shall be referred to arbitration centre at New Delhi/ Bengaluru. The Arbitration and Conciliation Act, 1996 (No.26 of 1996) shall be applicable to the arbitration under the clause. The award of the arbitrator shall be binding upon parties to the dispute.

WITNESS WHEREOF the parties hereto have signed this MOU on the day month and year mentioned hereinbefore.

For and on behalf of 1st Party (KIADB)

Signature : 
 Name : Shri. Pankaj Kumar Pandey, IAS.
 Designation : Chief Executive Officer & Executive Member

For and behalf of 2nd Party (C&I Dept, Government of Karnataka)

Signature : 
 Name : ~~Director Technical Cell~~ Shri. R. Ramesh
 Designation : ~~Director Technical Cell, C&I Dept, Govt of Karnataka~~ Director Technical Cell, C&I Dept, Govt of Karnataka
 Commerce & Industries Department
 Govt. of Karnataka

For and behalf of 3rd Party (DHI, Government of India)


Signature : 
 Name : Shri. Vishvajit Sahay
 Designation : Joint Secretary (DHI, Government of India)
 DEPARTMENT OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES
 Ministry of Heavy Industries & Public Enterprises
 Udyog Bhawan, New Delhi-110011

Witness 1: 
 H.B. MOSALAGI
 Controller of Finance
 Karnataka Industrial Areas
 Development Board
 Bangalore.

Witness 2: 
 DEPARTMENT OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES
 Ministry of Heavy Industries & Public Enterprises
 Udyog Bhawan, New Delhi-110011

DEPARTMENT OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES
 Ministry of Heavy Industries & Public Enterprises
 Udyog Bhawan, New Delhi-110011

PROJECT MILE STONES AND DHI GRANT RELEASE SCHEDULE			
SI No	Milestone	Approximate Time Line	DHI grant release
1	DHI Approval letter	Month 1	
2	DHI GoK / SPV MoU	Month 1	
3	Opening of separate bank account in the name of the SPV and depositing therein first instalment of GoK share (Rs.25 crore)	Month 1	
4	Release of the 1 st instalment of matching grant by DHI, GoI (Rs.25 crore 20% of Grant-in-Aid (GiA)) to the SPV or to KIADB (on behalf of SPV) in the designated bank account.	Month 2	Release of Rs. 25 Crore (20%) of GiA
5	Formation of 'Not for profit' Special Purpose Vehicle (SPV). DHI will be represented in "Not for Profit" SPV to be formed to implement the project.	Month 3	
6	Approval of the Master Plan & DPR by SPV, then KIADB and then GoK (Ensuring global level standards of the facilities, methodologies for creation and maintenance of Park facilities / infrastructure)	Month 4	
7	Issue of call for inviting machine tools sector units and vendors for allotment of land parcels as per the approved guidelines and receiving of proposals from Industry / service providers / facilities contractors , their screening and approval as per the approved allotment guidelines of KIADB	Month 4	
8	Project structuring for implementation, operation and maintenance	Month 4	
9	Issue of notice inviting tender for appointment of Master Infrastructure Service Provider (MISP)/ Turnkey Contractor for implementation, operation and maintenance of infrastructure in the Machine Tool Park.	Month 4	
10	Allotment of Plots in the Machine Tool Park	Month 5	
11	Receiving first instalment of the allotment money from the Industry	Month 6	
12	Appointment of MISP/ Turnkey Contractor	Month 7	
13	Award of contracts by the SPV to contractor for creation of physical facilities/ infrastructure.	Month 7	
14	Deposit State share (2 nd Instalment) in the SPV and Demand by SPV to DHI for release of 2 nd instalment of matching grants.	Month 7	
15	Release of the 2 nd instalment of matching grant by DHI, GoI (Rs.37.5 crore 30% of GiA)	Month 8	Release of Rs. 37.5 Crore (30%) of GiA
16	50% of physical work done by vendors and collecting next instalment of land allotment money	Month 17	
17	Deposited State share (3 rd Instalment) in the SPV and Demand by SPV to DHI for release of 3 rd instalment of matching grants	Month 17	


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Director Technical Cell
Commerce & Industries Department
Govt. of Karnataka

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ಶಿವಮೊಗ್ಗ ತಾಲ್ಲೂಕು / VISHVAJIT SAHAY
ಸಂಯುಕ್ತ ಸಚಿವರು/Joint Secretary
ಸಾರ್ವಜನಿಕ ಕಾರ್ಖಾನೆ ಇಲಾಖೆ
Department of Heavy Industry
ಸಾರ್ವಜನಿಕ ಕಾರ್ಖಾನೆ ಮತ್ತು ಸಂಯುಕ್ತ ಕಾರ್ಖಾನೆ ಇಲಾಖೆ
Ministry of Heavy Industries & Public Enterprises
ಸಚಿವರ ಕಛೇರಿ, ಸಿ.ಆರ್. ಪೇಟೆ-560011
Udyog Bhawan, New Delhi-110011

18	Release of the 3 rd instalment of matching grant by DHI, Gol (Rs.37.5 crore 30% of GiA) on submission of Audited Report based on third party verification by an Independent Agency regarding completion of 50% of the physical work relating to the Project. The SPV will appoint an independent project management agency to monitor the work.	Month 18	Release of Rs. 37.5 Crore (30%) of GiA
19	Completion of physical work done by MISP/ Turnkey Contractor and collecting final instalment of land allotment money	Month 28	
20	Audited Project completion report by SPV to DHI and seeking the balance amount of grant.	Month 28	
21	Physical verification by Subject experts on behalf of DHI	Month 29	
22	DHI approval for project completion	Month 30	Release of the remaining amount (20%) of DHI Grant-in-Aid subject to adjustments of any pro rata reduction in completion cost of sub-projects eligible for DHI assistance as per Annexure - III


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 दिव्यजीत साहय/VISHVAJIT SAHAY
 संयुक्त सचिव/Joint Secretary
 उद्योग विभाग
 Department of Industry
 उद्योग विभाग एवं लोक उद्योग विभाग
 Ministry of Heavy Industries & Public Enterprises
 प्लॉट नं. 1, नई दिल्ली-110002
 Mobile: 9899999999, New Delhi-110002

DHI, GoI, project grant for "Tumakuru Machine Tools Park".

- (i) The industrial space will be allotted to Indian / FDI units belonging only to manufacturing chain of Machine Tools.
- (ii) The allotment procedure will be fair and transparent and based on existing KIADB allotment guidelines.
- (iii) Care will be taken that the entire manufacturing chain is represented to give character of integrated park for reduced conversion costs leading to global competitiveness, which is the objective of the GoI scheme.
- (iv) Women/ SC/ ST/ OBC/ MSME/ Start- up will be given preferential treatment as per the Central / State policies.
- (v) The Specifications of the park facilities will be comparable to the best globally as proposed in the DPR and also project designs have to be green and sustainable.
- (vi) Care will be taken that most space does not get allotted to few large units. However presence of few large anchor units is necessary for integrated nature.
- (vii) DHI grant of Rs. 125 crore will be 'passed on' to the allottees so as to subsidise the cost of allotment of land to industrial units.
- (viii) DHI will be represented in "Not for Profit" SPV to be formed to implement the project.
- (ix) It will be ensured that plots are allotted exclusively to Machine Tool Manufacturers and there should be a suitable mechanism to ensure that the allottees do not hold land and start their activities immediately. Plots must be utilised for fulfilment of the Scheme objective within a given timeframe to obviate scope of speculation.

Maintenance of world class facilities shall be ensured.


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Director Technical Cell
Commerce & Industries Department
Govt. of Karnataka


विश्वजीत शर्मा/ VISHVAJIT
संयुक्त सचिव/ Joint Secy
भारी उद्योग विभाग
Department of Heavy In-
dustry
भारी उद्योग एवं लोक उद्योग
Ministry of Heavy Industries & Pu-
blic Enterprises, New Delhi
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Annexure III

ELIGIBLE ACTIVITIES AND THE INFRASTRUCTURE COST OF THE PROJECT

(Rs. in Crore)

Categories	Cost
Physical infrastructure such as Roads, electrical infrastructure, water supply, drainage, waste management and communication facilities etc.	127.7303
Technical infrastructure such as Common Engineering Facility Centre, Test Centre, Incubation Centre For Start Ups, Technical Centre for Training, Skill Development etc.	23.9402
Sub total of cost on Physical and Technical infrastructure development	151.6705
Consultancy, PMC/ Supervision charges (5%)	7.583525
Total cost of activities eligible for grant from GoI	159.254025
80% of the above cost	127.40322
Grant of DHI is limited to	125.00


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