

LEASE DEED (INDUSTRIAL AREA)

This Deed of lease made at _____ the _____ Day of _____ Two Thousand _____ between the Karnataka Industrial Areas Development Board, having its Head/Zonal _____ Office _____ at _____ No: _____ -

_____ represented by Shri....., the duly authorized person hereinafter called the 'Lessor' (which term shall wherever the context so permits, mean and include its successors in interest) of the one part and M/s represented by ShriProprietor/Managing Partner/Partner /Managing Director/ Director/Authorized Signatory the duly authorised persons hereinafter called the 'Lessee' (which term shall wherever the context so permits, mean and include his/her/its heirs, executors, administrators, assignee and legal representatives) of the other part.

RECITALS

Whereas the Lessee has applied to the Lessor for allotment of land for setting up of an industrial project, and in pursuance thereof, the Lessor has issued Allotment Letter No. dtd....., and Possession Certificate No, dtd.....

NOW THIS LEASE WITNESSESTH AS FOLLOWS

DESCRIPTION OF LAND

1. In consideration of the sum of Rs._____ (Rupees _____only) paid by Lessee to the Lessor as tentative premium and of the rent hereby reserved and of covenants and conditions on the part of Lessee hereinafter contained the Lessor doth hereby demise unto the Lessee all that piece of land known as Plot No._____ in the _____Industrial Area comprised in Sy No(s)._____ within the village limits of _____, Hobli _____, Taluk _____, District _____ containing by admeasurement _____ sqr.mtrs or thereabouts and more particularly described in the First Schedule hereunder written and delineated on the plan annexed hereto and surrounded by a red coloured boundary line together with the building and erections now or at any time hereinafter standing and being thereon and together with all rights, easements and appurtenances thereto belonging except and reserving unto the

Lessor all mines and minerals in and under the said land or any part thereof to hold the land and premises herein before expressed to be hereby demised (hereinafter referred to as “the Demised Premises”) unto the Lessee on lease for a term of Ninety Nine Years computed from day of month Two thousand the date of handing over possession on the terms and conditions hereinafter provided.

Provided the lease gets automatically cancelled in case the land is not utilised within a period of three years in case of MSME, large and five years in case of mega, ultra mega and super mega projects as defined in the Industrial Policy.

During the subsistence of the lease period, the Lessee shall pay to the Lessor yearly rent of Rs.1000/- (Rupees one thousand only) per acre per annum and maintenance charges of Rs. (Rupeesonly) fromday of month each and every year.

Provided always that in case the Lessee fails to pay the said rent on or before the date stipulated, the Lessee shall pay to the Lessor simple interest at 12.75% per annum or such other rates as may be fixed by the Lessor from time to time on the rent due.

COVENENTS BY THE LESSEE

1. TO PAY RATES AND TAXES

The Lessee shall be liable to pay to the respective jurisdictional local authorities all existing and future taxes, rates, assessments and outgoings of every description in respect of the Schedule Property from the date on which possession of the Schedule Property is handed over to the Lessee.

2. TO PAY SERVICE TAX

The Lessee shall be liable to pay service tax as determined by the Lessor from time to time.

3. NOT TO EXCAVATE

a) The Lessee shall neither make any excavation in or upon any part of the Schedule Property nor it shall remove any stone, sand, gravel, clay or earth there from except for the purposes of either forming foundations of building or executing any civil construction work or related activities in pursuance of this agreement.

b) Lessee shall not disturb/close the valley/drain, if any, running across the Schedule property till such time a suitable alternative for the drainage with the prior approval of the Lessor is devised and implemented. The decision of the Lessor in this behalf shall be final and binding on the Lessee.

4. TO OBTAIN POLLUTION CLEARANCE

- a) The lessee shall use the Schedule Property only for the purpose of _____
_____ or establishing any other industry permissible under law, after obtaining prior approval of the Lessor, without creating any nuisance, annoyance and disturbance to the owners, occupiers or residents of other premises in the vicinity and the Lessee shall observe and conform to all statutory clearances from the competent authorities.
- b) It shall be mandatory for the Lessee to obtain clearance for the project from Karnataka State Pollution Control Board and other statutory competent authorities before commencement of approved project.

5. TO BUILD AS PER AGREEMENT

The Lessee shall not construct any building or erect any structure on any portion of the Schedule Property without getting the building plans duly approved by the Lessor in accordance with the prevailing building regulations of the Board as set out in the Second Schedule hereto.

The Lessee shall submit the comprehensive plans for land utilisation, buildings, sheds, etc., in triplicate for prior approval within six months from the date of this agreement or such extended time as may be allowed by the Lessor.

6. TIME LIMIT FOR COMMENCEMENT AND COMPLETION OF CONSTRUCTION WORK.

i) The Lessee shall commence civil construction works within nine months from the date of handing over possession and after obtaining licence from the Chief Inspector of Factories and Boilers in Karnataka and /or from any other Authority as required under law.

ii) The Lessee shall complete civil construction works, erect machineries and complete the project by commencing production within a period of three years from the date of handing over possession of the Schedule Property, that is from _____ day of _____ month two thousand _____ in case of MSME, large and five years for mega, ultra mega and super mega projects as defined in the industrial policy from time to time after obtaining necessary licences/clearances/ approvals from the concerned from time to time.

iii) After construction of buildings, the Lessee shall not make any major modifications/alterations/additions to the existing buildings/structures except with the prior approval of the Lessor in writing.

iv) The Lessee shall maintain the Schedule Property and the buildings erected thereon in good repairs and conditions to the satisfaction of the Lessor.

v) The Lessee, in respect of the Schedule Property, shall observe and conform to all rules, regulations and byelaws of the local Authority concerned or any other statutory regulations in force relating to public health and sanitation.

7. EXTENSION OF TIME

The Lessee shall seek extension of time in writing by giving valid reasons to the concerned investment approving committees viz. DLSWCC/SLSWCC/SHLCC through Lessor and the investment approval committees may at its discretion extend the time for completion of civil construction works, erection of machineries and commencement of production for a further period of :

- a) One year subject to the Lessee paying penalty of 2% of allotment cost.
- b) Subsequent extension of another one year subject to the Lessee paying penalty of 5% of allotment cost.

ii) No further extension beyond two years will be allowed

8. LAND UTILISATION

The Lessee shall utilize not less than the percentage shown in second schedule in accordance with the Floor Area Ratio and proposals furnished by the Lessee to the Lessor in the Application for allotment of land and project report submitted to SHLCC/SLSWCC/DLSWCC/Allotment Committee.

9. FLOOR AREA RATIO

The Lessee shall follow the building regulations to be notified from time to time by the Lessor-KIADB in accordance with the guidelines prescribed by the local planning authority. The details of coverage, setbacks floor area ratio is indicated in second schedule (Building Regulations).

10. TO BUILD ACCORDING TO RULES

Both in the construction of any such building or erection and at all times during the continuance of their demise to observe and to conform to the said Building Regulations and to all by-laws, rules and regulations of the Municipality/ Local Authority or any other Body having authority in that behalf and any other statutory regulations as may be in force for the time being relating in any way to the demised premises and any building thereon.

11. SANITATION

To observe and to conform to all rules, regulations and by-laws of the local authority concerned or any other statutory regulations in any way relating to public health and sanitation in force for the time being and to provide sufficient latrine accommodation and other sanitary arrangements for the labourers, workmen and other staff employed on the demised premises in order to keep the demised premises and surroundings, clean and in good condition to the satisfaction of the Chief Engineer & Chief Development Officer and shall not without the previous consent in writing of the Chief Engineer & Chief Development Officer permit any labourers or workmen to reside upon the demised premises and in the event of such consent being given shall comply strictly with the terms thereof.

12. ALTERATIONS

That no alterations or additions shall at any time be made to the façade or elevation of any building or erection erected and standing on the demised premises or architectural features thereof except with the previous approval in writing of the Chief Engineer & Chief Development Officer.

13. TO REPAIR

The Lessee shall maintain the scheduled property and the buildings erected thereon in good repairs and conditions to the satisfaction of the Lessor.

14. TO ENTER AND INSPECT

To permit the Lessor or the Chief Executive Officer & Executive Member or the Chief Engineer & Chief Development Officer and other Officers, Surveyors, workmen or others employed by them from time to time and at all reasonable times of the day.

15. NUISANCE

Not to do or permit anything to be done on the demised premises which may be a nuisance, annoyance, disturbance to the owners, occupiers or residents of other premises in the vicinity.

16. USER

The Lessee shall use the Schedule Property only for the purpose of _____ for establishing any other industry permissible under the law, after obtaining prior approval of the Lessor.

17. INSURANCE

To keep the building already erected or which may hereinafter be erected on the said land excluding foundations and plinth insured in the joint names of the Lessor and the Lessee against loss or damage by fire in a sum equivalent to the cost of the building (excluding foundation and plinths) in some well established insurance company to be approved by the Chief Executive Officer & Executive Member and on demand to

produce to the Chief Executive Officer & Executive Member the policy of such insurance and the current year's receipt for the premium. Whenever during the said term the said building or any part thereof respectively shall be destroyed or damaged whether by fire or hurricane or otherwise the Lessee will reinstate and repair the same to the satisfaction of the Chief Executive Officer & Executive Member and will nevertheless continue to pay the rent hereby reserved as if no such destruction or damages by fire, hurricane or otherwise had happened.

18. MORTGAGE OF LEASE HOLD RIGHTS.

The Lessee may mortgage the lease hold right/s in the Schedule Property after obtaining consent in writing from the Lessor to secure loans for erection of building, plant and machinery on the schedule property or to avail working capital facilities for the purposes of the project on the schedule property from reputed financial institutions and banks. The KIADB shall hold first charge on the schedule property and second charge shall lie with the banks and financial institutions who have financed loan for the plot/plots for which KIADB has issued No Objection Certificate. The Lessor may consider permission to offer the lease-hold rights of the scheduled property as collateral security to financial institutions for raising loan for any other project other than the project in this agreement, in cases where the projects are fully implemented and the land is utilized as per terms of the agreement subject to the loan availed has been duly cleared for the project for which allotment has been made and after obtaining No Objection Certificate from banks and financial institutions. The decision of the Lessor in this regard is final and binding.

19. SUB LEASE

The Lessee shall seek prior approval of the concerned investment approval committee (DLSWCC/SLSWCC/SHLCC) through Lessor for obtaining permission to sub-lease **land** and building constructed on the schedule property on such terms and conditions as may be prescribed by the Lessor from time to time after implementation of the project as approved by the competent authority and subject to obtaining such clearances as may be required by the Financial Institutions / Banks and subject to payment of sub-lease rent to be notified by the Lessor from time to time. However, where the project consists of different phases or consists of more than one building and

the Lessee wants to give on lease, the Lessee can sub-lease such completed portion of the building with the prior approval of the concerned investment approval committee (DLSWCC/ SLSWCC/SHLCC) even before the full implementation of the project.

20. CHANGE IN CONSTITUTION AND AMALGAMATION

I. (i) The original applicant/ partners/ promoter directors/ shareholders shall continue to hold a minimum of 51% interest/ shareholdings in the Lessee's firm/ company till the end of the lease period.

(ii) The Lessee shall not change the constitution / status of its firm/ company (proprietary or partnership), (registered or unregistered) or (private limited company or public limited company) without the previous written consent of the Lessor or any other officer authorized by the Lessor and such consent shall be granted by the Lessor subject to the condition that the original applicant/ partners/ promoter directors/ shareholders should continue to hold a minimum 51% interest/ shares in the newly constituted firm/ company till the end of the lease period.

Explanation :- For the purposes of this clause, the word "firm/ company" means and includes any body corporate, like a company registered under the Companies Act, Partnership Firm, Association or Society registered under the Societies Registration Act, 1960, Trust, etc.

(iii) In the event of the Lessee reducing its interest/ shareholdings either in the Lessee's firm / company or in the newly constituted firm/ company below 51% of the total shareholdings of the company, the Lessee shall pay to the Lessor a penalty or revised cost of land as decided by the Lessor from time to time in this regard, provided that such relaxation shall be permissible if the Lessee has substantially implemented the project.

II. In case of amalgamation of companies through due process of law/ orders of the Hon'ble High Court, the successor company shall not be liable to pay to the Lessor, the difference in cost of land between the allotted rate and the prevailing rate before transfer of lease hold rights to the successor company.

21. TRANSFER OF LEASE HOLD RIGHTS

The Lessor may with the prior approval of the concerned investment approval committee (DLSWCC/ SLSWCC/SHLCC) permit the Lessee for transfer of leasehold rights in favour of new entrepreneurs during the currency of the lease period subject to the condition that the Lessee has implemented the project as per the terms & conditions stipulated in the lease document. Facility of transfer of lease hold rights is applicable only if the units have completed the implementation of the project and completed 10 years of operation. In such a case, the Lessee & the Lessor will share the differential cost of new allotment and old allotment equally.

22. PROCEEDINGS BY BANKS AND FINANCIAL INSTITUTIONS FOR RECOVERY OF DUES.

Whenever the Lessee defaults in payment to financial institutions and such financial institution/s, proceed against the Lessee for recovery of its dues, the Lessor reserves the right to determine the lease in accordance with Sec.34 (B) of the KIAD Act, 1966, after giving notice. Without prejudice to the powers of the Lessor-Board, as mentioned above, the Lessor may permit transfer of lease-hold rights in favour of the auction purchaser recommended by the financial institution/s, on payment of an amount equivalent to the difference between the prevailing allotment price and the amount already paid by the Lessee herein, to the Lessor towards the cost of land through the financial institution/s. The financial institution/s shall be liable to pay the amount mentioned above for the Lessor-Board to consider such transfer of leasehold rights. In case of units taken over under Sec.29 of SFCs Act by KSFC & KSIIDC due to non-payment of loan, the Lessor may permit transfer of lease-hold rights in favour of the auction purchaser recommended by the KSFC & KSIIDC, on payment of an amount equivalent to the difference between the actual price and the amount already paid by the Lessee herein, to the Lessor towards the cost of land through the KSFC & KSIIDC and they shall be liable to pay the amount mentioned above to the Lessor-Board to consider such transfer of leasehold rights.

23. DETERMINATION OF LEASE AND RESUMPTION OF LAND

It shall be open to the Lessor during the currency of the lease to take possession of the allotted plot together with factory and other buildings and fixtures located for any violation of any of the conditions of this deed or the terms and conditions of allotment after following the provisions contained in the KIAD Act, 1966. In such an event, the Lessee shall be entitled for a compensation of 50% of the original allotment cost and actual amount paid.

24. LIQUIDATION

In case the Lessee goes into liquidation or winding up proceedings without implementing the project fully, the lease agreement shall stand determined and the land will come back to the Lessor.

25. VOLUNTARY SURRENDER

The Lessor may accept voluntary surrender of schedule property by the Lessee subject to levy of penalty at 15% of the allotment cost.

26. DETERMINATION OF FINAL PRICE

The Lessee is liable to pay the difference in cost of premium after determination of final price by the Lessor, within one month from the date of communication by the Lessor. **The Lessee is also liable to pay enhancement towards premium in cases where compensation is enhanced by the Courts of Law.**

27. SINKING OF BORWELLS

The Lessee shall not sink bore-well on the demised premises. Any bore-well sunk by the Lessee on the demised premises unauthorisedly will become the property of the Lessor and the same should be surrendered to the lessor within one month from the date of issue of notice by the Lessor. If the demised premises has good underground sources of water, the Lessor is at liberty to sink the borewell and water required for the Lessee's project will be supplied to the required extent through the scheme implemented by the Lessor. The Lessee shall have no objection to supply of excess water drawn from

the borewell sunk on the plot allotted to it, to other plots allotted by the Lessor. The Lessee shall adhere to the terms and conditions as decided by the Lessor regarding water supply scheme from time to time.

28. TO GIVE PREFERENCE IN EMPLOYMENT OF LABOUR

- i) The Lessee should provide employment as per the Industrial Policy Resolution.
- ii) The Lessee shall provide minimum one job for each family of land losers as per the list, which will be provided by the KIAD Board

29. NOTICE IN CASE OF DEATH

In the event of the Lessee's death the person to whom the title has been transferred as heir or otherwise shall cause notice thereof to be given to the Lessor within three months from such death. The survivors and his/her or heirs of the allottee concerned would acquire the same lease-hold rights over the property, as the original allottee had in schedule property, but only after the determination of the claims and counter claims by the Lessor. If the claims and counter claims are of complicated nature, it is open to the Lessor to call upon the claimants and counter claimants to approach a competent Civil Court for the purpose of getting the matter adjudicated.

30. RECOVERY OF RENT, FEES, ETC AS ARREARS OF LAND REVENUE

If and whenever any part of the rent hereby reserved or recurring fees or service charges payable by the Lessee hereunder shall be in arrears the same may be recovered from the Lessee as arrears of land revenue.

31. POWER INFRASTRUCTURE

(a) The Lessee shall pay amounts towards Power Charges as determined by the Lessor on pro-rata basis in the event of the Lessor incurring additional expenditure for providing power infrastructure. However, a no objection in favour of Karnataka Power Transmission Corporation Ltd., and the distribution Companies viz. "BESCOM, MESCOM, HESCOM and GESCOM" will be issued only on the receipt of the payment.

(b) The Lessee shall also pay ESCOMS/KPTCL the cost of extension of line or upgrading the capacity of transformer or erection of new transformer centre, as the case may be and avail the power as below :

For IT Consumers	From the nearest transformer centre/ secondary line in the Industrial Area provided by the Lessor
For HT Consumers upto 750 KVA	From the nearest 11 KV feeder line in the Industrial Area provided by the Lessor.
For HT Consumers beyond 750 KVA	From a separate feeder line from the nearest existing KPTCL Sub-stations/ EHT lines at the lessee's cost as per BESCOMS / KPTCL norms.

32. LESSOR'S COVENANT FOR PEACEFUL ENJOYMENT

The Lessor doth hereby covenant with the Lessee that the Lessee paying the rent hereby reserved and performing the covenants hereinbefore on the Lessee's part contained shall and may peaceably enjoy the demised premises for the said term hereby granted without any interruption or disturbance from or by the Lessor or any person or persons lawfully claiming under the Lessor.

33. JURISDICTION OF COURTS

Only Courts situated in the cities of Bangalore / Gulbarga/ Dharwad shall have the jurisdiction.

34. EXPENDITURE OVER LEGAL PROCEEDINGS

If the Lessor incurs any expenditure arising from legal proceedings, whether initiated by the Lessor or Lessee, the expenditure shall be debited from the Lessee's account.

35. COSTS AND CHARGES TO BE BORNE BY THE LESSEE

The stamp duty and registration charges in respect of the preparation and execution of the lease and its duplicate including the cost, charges and expenses of attorneys of the Lessor shall be borne and paid wholly and exclusively by the Lessee.

FIRST SCHEDULE

[DESCRIPTION OF LAND]

All that piece of land known as Plot No..... in the _____ Industrial Area comprised in Sy.No.(s)..... within the limits of Village..... Hobli, Taluk,..... District..... containing by admeasurement sqmtrs. or thereabouts and bounded as follows that is to say:-

On or towards North by:

On or towards South by:

On or towards East by:

On or towards West by:

**SECOND SCHEDULE
BUILDING REGULATIONS**

I. THE COVERAGE, SETBACKS AND FLOOR AREA RATIO

A) ZONE-1 – Industrial (General)

Sl. No.	Size of the Plot (Smtrs.)	Ground Coverage	FAR	Set backs (M)	
				Front	Rear and Sides
1.	Upto 500	75%	1.50	4.50	4.50
2.	Above 500 upto 1000	60%	1.25	4.50	4.50
3.	Above 1000 upto 3000	50%	1.00	6.00	6.00
4.	Above 3000	45%	1.00	10.00	8.00

Zone-I (H) – Industrial (Hi-Tech)

This Zone is a priority area for establishment of activities associated with IT, BT, Electronics, Telecom, etc.

Sl. No.	Size of the Plot (Smtrs.)	Ground Coverage	FAR	Road Width (M)	Set backs (M)	
					Front	Rear and Sides
1.	Upto 1000	55%	2.00	Upto 12	4.50	4.50
2.	Above 1000 upto 2000	50%	2.25	Above 12 upto 18	6.00	6.00
3.	Above 2000 upto 4000	50%	2.50	Above 18 upto 24	10.00	8.00
4.	Above 4000 upto 6000	45%	3.00	Above 24 upto 30	12.00	10.00
5.	Above 6000	45%	3.25	Above 30	16.00	12.00

B) Parking Norms for Industrial Buildings :

- One Car parking of 2.5mx 5.5m each shall be provided for every 100 sq.mtrs. of floor area plus 1 lorry space measuring 3.5m x 7.5m for every 1000 sq.mtrs. or part thereof.
- In case of High-Tech Industrial Zones, the industries shall compulsorily provide basement/multistoried parking.

However, where Industrial Areas are located within the Municipal Corporation Limits, Urban Development Areas, Building Bylaws of the Bengaluru International Airport Planning Authority/Corporation Authorities/Urban Development Authorities shall only be followed.

II. OTHER BUILDING REGULATIONS

1. The total built up area shall not be more than a half of the total area of the plot; a strip of not less than 15 feet shall be left open to the sky on the periphery of the plot.
2. The plot holder shall not use the land for any purpose except as a factory for manufacture.
3. All buildings shall be constructed in accordance with the municipal by-laws and regulations in force from time to time as well as any other laws, rules and regulations in force relating to the construction and use of the premises and in accordance with the plans and elevations approved by the officers authorized by the Board.
4. No construction work shall be commenced unless the plans, elevations and sections have been approved by the officer authorised by the Board and no additions or alterations to buildings, the plans of which have been so approved, shall at any time be made except with the similar previous approval of the said officer.
5. All survey boundary marks demarcating the boundaries of plots shall be properly preserved and kept in good repair by the licensee during the period of construction of buildings. Where more than one licensee is concerned with the same boundary mark the officer authorized by the Board shall allocate this obligation suitable.
6. No temporary, semi-permanent structure shall be built on the plot, except during the period of construction (or reconstruction in future)
7. The final working drawings to be submitted for approval of the Board shall include.
 - (1) Plans, elevations and sections drawn to a scale of 8 feet-0 inches to 1 inch.

- (2) Half inch details when required.
- (3) Block plan drawn to a suitable scale showing the layout with the proposed building shown coloured red therein.
- (4) Any other details or particulars required by the Board.

The above mentioned drawing and specifications shall be submitted in triplicate to the concerned Development Officers for approval.

IN WITNESS WHEREOF The Karnataka Industrial Areas Development Board hath caused the Secretary / Assistant Secretary, the Karnataka Industrial Areas Development Board to set his/her hand and affix the official seal hereto on their behalf and the Lessee has set his/her hand and seal thereto the day and year first above written.

SIGNED, SEALED AND DELIVERED ON BEHALF THE
CHIEF EXECUTIVE OFFICE AND EXECUTIVE MEMBER
KARNATAKA INDUSTRIAL AREAS DEVELOPMENT BOARD

By. Shri
Karnataka Industrial Areas Development Board

In the presence of

1.....

2.....

SIGNED, SEALED AND DELIVERED
by the above named Lessee.
Represented by

In the presence of

1.....

2.....
