

Ref. No.: STPI/HQ/TECH/EMC/SCH/2022-23/05 12503

Date: 23rd March 2023

To,

Sh. Girish R, IAS

Chief Executive Officer & Executive Member,
M/s Karnataka Industrial Areas Development Board (KIADB),
#49, 4th & 5th Floor, 'East Wing', Khanija Bhavan, Race Course Road,
Bengaluru – 560001, Karnataka

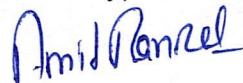
Subject: Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme-Approval for setting up of Electronics Manufacturing Cluster at Kotur & Belur Industrial Area, Dharwad District, Karnataka -reg.

References:

- i. EMC 2.0 Scheme Gazette Notification no. 86 [CG-DL-E-01042020-218991] dated 1st April, 2020;
- ii. Guidelines for implementation of Modified Electronics Manufacturing Clusters (EMC 2.0) scheme dated 1st June, 2020 [F. No. W-45/3/2020-IPHW-MeitY];
- iii. KIADB EMC Online application submission dated 29th April 2022 & 14th December 2022 along with Detailed Project Report (DPR) and subsequent correspondences thereto;
- iv. Project Review Committee (PRC) meeting dated 3rd March, 2023

Sir,

Reference is invited to application submitted by M/s Karnataka Industrial Area Development Board (KIADB) as Project Implementing Agency (PIA) cited under reference (iii) above and subsequent communications for seeking financial assistance under the Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme from the Ministry of Electronics and Information Technology (MeitY), Government of India for setting up of **Electronics Manufacturing Cluster project at Kotur & Belur Industrial Area, Dharwad District, Karnataka**. The said EMC application along with requisite documents submitted by M/s KIADB has been considered in accordance to EMC 2.0 scheme & guidelines and based on the assurances & commitments made therein, I am directed to convey the approval of MeitY, Government of India for setting up of Electronics Manufacturing Cluster project over an area of **224.50 Acres** with a **project cost of Rs. 179,14,20,000/-** (Rupees One Hundred Seventy Nine Crores Fourteen Lakhs and Twenty Thousands Only) [excluding land cost] including **Central Financial Assistance of Rs. 89,57,10,000/-** (Rupees Eighty Nine Crores Fifty Seven Lakhs and Ten Thousands Only) from MeitY.



2. The parameters of the project are mentioned hereunder:

#	Project Parameter(s)	Details															
i.	Project Implementing Agency (PIA)	M/s Karnataka Industrial Area Development Board (KIADB)															
ii.	Location of EMC	Kotur & Belur Industrial Area, Dharwad District, Karnataka (Latitude: 15°31'07.0"N, Longitude: 74°53'59.0"E;) (Site Coordinates: 15.518611, 74.899722)															
iii.	Area of EMC	224.50 Acres (<i>Layout attached at Annexure-I</i>) <table border="1" data-bbox="609 481 1481 593"> <thead> <tr> <th>#</th><th>District</th><th>Tehsil</th><th>Village</th><th>Area (Acres)</th></tr> </thead> <tbody> <tr> <td>1</td><td>Dharwad</td><td>Dharwad</td><td>Kotura</td><td>88.48</td></tr> <tr> <td>2</td><td>Dharwad</td><td>Dharwad</td><td>Belura</td><td>136.02</td></tr> </tbody> </table>	#	District	Tehsil	Village	Area (Acres)	1	Dharwad	Dharwad	Kotura	88.48	2	Dharwad	Dharwad	Belura	136.02
#	District	Tehsil	Village	Area (Acres)													
1	Dharwad	Dharwad	Kotura	88.48													
2	Dharwad	Dharwad	Belura	136.02													
iv.	Processing and Non-Processing Area	<ul style="list-style-type: none"> Processing Area: 193.60 Acres (86.23%) Non-Processing Area: 30.90 Acres (13.77%) 															
v.	Saleable Area with Ready Built Factory (RBF) Sheds for allotment to unit(s)	Saleable Area: 151.10 Acres <ul style="list-style-type: none"> Industrial Plottable Area: 134.60 Acres Area earmarked for RBFs: 16.50 Acres 															
vi.	Targeted ESDM verticals in EMC	Industrial Electronics, Consumer Electronics, Solar Manufacturing, E-mobility products / components etc.															
vii.	Anchor Unit(s)	M/s NanoPix Integrated Software, M/s Ravismak Electronics, M/s Physics Motors Technology, M/s Astr Defense, M/s Rapture Innovation Labs, M/s Carbon Electronics, M/s Neuorigami Automation India, M/s Wide mobility Mechatronics, M/s Chemioptics Healthcare. <ul style="list-style-type: none"> Committed area for land allotment - 76 acres Unit's Investment Commitment: Rs. 340 crore 															
viii.	Implementation Timelines	24 months from date of approval															

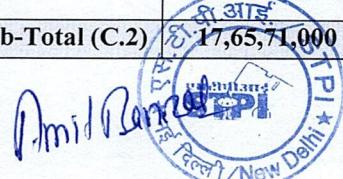
TERMS AND CONDITIONS:

- The approval and financial assistance for this project are subject to compliance by M/s KIADB to the Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme and Guidelines including amendments, if any, issued by the Government of India from time to time and the terms and conditions stipulated hereinafter.
- The financial assistance has been approved on basis of the eligible activities, break-up of project cost, and funding pattern submitted by M/s KIADB, appraised by Project Management Agency i.e. PMA-STPI, New Delhi and approved by MeitY under the EMC 2.0 Scheme which is tabulated hereunder. M/s KIADB undertakes to comply with the eligible activities, the break-up of project cost, and the funding pattern as provided herein.



Amount: In Rupees

Component	Unit	Quantity	Per Unit Rate	Processing / Non-processing Activity	Cost	Central Financial Assistance		
A. Vital Services								
A.1 Boundary Wall	Km	7.68	21,89,323	Processing	1,68,14,000	83,50,000		
A.2 Internal roads	Km	5.84	4,45,01,369	Processing	25,98,88000	12,90,68,000		
A.3 Storm Water Drain	Km	9.68	1,16,87,293	Processing	11,31,33,000	5,61,85,000		
A.4 Electrical Distribution Network	Lumpsum		9,22,96,646	Processing		4,58,37,000		
Sub-Total (A)					48,21,32,000	23,94,40,000		
B. Essential Services								
B.1 Solid Waste Management system <i>(Compost for handling of 2.2 tons per day)</i>	Acres	1.2	82,92,294	Processing	82,92,000	41,18,000		
B.2 Central Waste Water Treatment Plant -CWWTP <i>(over 1.8 acres comprising CETP-0.3 MLD, CWWTP-0.51 MLD)</i>	MLD	0.81	14,85,00,000	Processing	12,02,85,000	5,97,37,000		
B.3 Water Storage, distribution and Recycling <i>(GLSR-2 MLD) over 2.30 acres</i>	Km	18.00	23,81,667	Processing	4,28,70,000	2,12,90,000		
B.4 Sewage lines	Km	6.43	51,18,973	Processing	3,29,15,000	1,63,47,000		
B.5 Street Lighting (120 W ornamental Street Lights)	Nos.	524	39,868	Processing	2,08,91,000	1,03,75,000		
B.6 Warehouse (BUA of 50,000 S.Ft)	Acres	3.80	2,69,51,578	Processing	10,31,73,000	5,12,39,000		
B.7 Central Truck Parking <i>(Space for 110 parking vehicles with associated infra)</i>	Acres	2.90	2,27,29,280	Processing	6,59,14,000	3,27,35,000		
B.8 Ready Built factory (RBF) Sheds-7 Sheds with 50,000 Sq.Ft each	Sq. Ft.	3,50,000	1,375	Processing	48,13,79,000	23,90,66,000		
Sub-Total (B)					87,57,20000	43,49,07,000		
C. Desirable Services								
C.1 Welfare Services								
C.1.1 Employee Hostel (2 Blocks) with G+2 Floor, (Each with 76 Twin Rooms, Common Kitchen, Common Dining Hall etc.)	Sq. Ft.	37,135	2,443	Non - Processing	9,07,28000	4,50,58,000		
C.1.2 Landscaping - Green belt/ Open Spaces (25.90 acres)	Sq. Ft.	1,29,120	23	Non - Processing	30,00,000	14,90,000		
Sub-Total (C.1)					9,37,28,000	4,65,48,000		
C.2. Support Services								
Administrative cum welfare Centre (G+2 Floor)(Including Commercial Shops-10 No's, Restaurant, Primary Health Centre, Creche, Gathering Hall, Conference (2 No's), KIADB Office, Training Room, Co-working Space (6 No's)	Sq. Ft.	54,788	3,223	Processing	17,65,71,000	8,76,90,000		
Sub-Total (C.2)					17,65,71,000	8,76,90,000		



Component	Unit	Quantity	Per Unit Rate	Processing / Non-processing Activity	Cost	Central Financial Assistance
C.3 Manufacturing Support						
Manufacturing Support Centre (G+1 Floor) (<i>Including Packaging Tool Room, Plastic Moulding, Cabinet Manufacturing, Sheet Metal Stamping, Supplier, CAD/CAM Component Testing, Testing Certification etc.</i>)	Sq. Ft.	34,725	4,356	Processing	15,12,70,000	7,51,25000
				Sub-Total (C.3)	15,12,70,000	7,51,25000
				Sub-Total C (C.1+C.2+C.3)	42,15,69,000	20,93,63,000
D. Administrative Expenses	Lumpsum				1,20,00,000	1,20,00,000
				Grand Total (A+B+C+D)	179,14,20,000	89,57,10,000

5. The details of funding for the project approved by the competent authority under the Modified Electronics Manufacturing Clusters Scheme are provided in the table hereunder.

S. No.	Funding Sources	Amount (Rs. in Crore)
1	Central Financial Assistance from MeitY	89.57
2	Contribution from PIA (i.e., KIADB)	89.57
	Total	179.14

6. **Implementation schedule:** The project components wise implementation schedule for the project is provided hereunder. M/s Karnataka Industrial Area Development Board (KIADB) will undertake to implement the project within the approved timelines. In the event of considerable and persistent delay in the project, action will be taken in accordance to EMC 2.0 Scheme and Guidelines
- (a) Total duration of the project – 24 months from date of approval
 - (b) Project Component-wise implementation timeline as per *Annexure-II*.
7. The PIA i.e., M/s Karnataka Industrial Area Development Board (KIADB) will execute an agreement with the Project Management Agency i.e., Software Technology Parks of India (STPI, New Delhi) for proper utilization of financial assistance wherein it will undertake to abide by the terms and conditions specified in the approval letter, the terms of the scheme and guidelines or any instructions issued by the MeitY through PMA on time to time. In the event of failing to comply with any of the conditions; it will be treated as a breach of the agreement, and in such condition, PIA i.e., KIADB will be liable to refund to the President of India, the entire amount of the financial assistance together with the penalties or interest (*as applicable*) imposed by the Governing Council on account of breach of the agreement.
8. The PIA will create an Escrow Account with a Bank (Nationalized or Commercial) and provide the details thereof to the PMA. The PMA shall enter into a Tripartite Escrow Agreement with the PIA, and the Bank, where the escrow account of the PIA is maintained, for proper utilization of the financial assistance.
9. KIADB will ensure the allotment of minimum 70% of the utilizable land area (*excluding internal development for roads, carriageways, green spaces, drainage, sewage etc. and common*)

infrastructure for utilities such as Power, Lighting, Waste Management, Effluent Treatment, Fire Fighting and Safety, etc.) for processing activities and remaining area for non-processing activities as included in the list of desirable activities under the Scheme and classified at para 4 above of this approval letter.

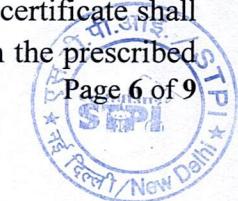
10. KIADB will ensure that the units who have confirmed their investment within the EMC and highlighted at Para 2 (vii) above, make investment towards setting up of their electronics manufacturing facilities in EMC.
11. The disbursement of financial assistance will be made on pari-passu basis i.e., all proportionate payments to be released after the mobilization of corresponding share/contribution by PIA i.e., M/s KIADB along with other sources in the escrow account and other necessary conditions for the release of such payments as prescribed in EMC 2.0 Scheme Guidelines have been complied with. The same is to be applicable to all the installments with effect from the first installment to be released to the PIA. The deposits in the escrow account shall be utilized only for authorized expenditure as per project approval.
12. The first installment i.e., 30% of the financial assistance will be released after compliance of terms & conditions as mentioned in this approval letter and fulfilling of the below mentioned criteria's:
 - i. Submission of Environmental Clearance (EC) from concerned authority i.e., SEIAA;
 - ii. Execution of agreement(s) with PMA spelling out explicitly the project deliverables and timelines;
 - iii. Opening of designated escrow account in nationalized /commercial Bank and execution of Tripartite Escrow Agreement for such escrow account among KIADB, PMA and Bank (Escrow agent).
 - iv. Deposition of pari-passu contribution in Escrow Account or submission of sanction order issued by State Government for transfer of the pari-passu contribution in favour of M/s KIADB towards the said project.
13. The second Installment i.e., 40% of the financial assistance will be released on compliance of the following conditions:
 - i. After utilization of 80% of first installment and proportionate contribution of the PIA including other sources;
 - ii. Allotment of land to the Anchor Unit(s);
 - iii. Deposition of pari-passu contribution in Escrow Account or submission of sanction order issued by State Government for transfer of the pari-passu contribution in favour of the KIADB towards the said project, and;
 - iv. On recommendations of the Project Review Committee (PRC)
14. Third (last) Installment i.e., 30% of the financial assistance will be released on compliance of the following conditions:
 - i. After utilization of the first and second instalment of financial assistance and the proportionate contribution of the PIA including other sources;
 - ii. Deposition of pari-passu contribution in Escrow Account or submission of sanction order issued by State Government for transfer of the pari-passu contribution in favour of the KIADB towards the said project;

Amit Bansal



- iii. On completion of the project in line with Clause 9.1 of EMC 2.0 scheme Guidelines as follows:
- Obtaining of all requisite statutory clearances for the EMC project;
 - Commencement of construction activity by atleast one Anchor unit;
 - Allotment of atleast 50% of saleable / leasable land area to the manufacturing units within the EMC;
 - Commencement of construction activity by atleast 50% of such land allottees; and
 - Any other condition as deemed necessary by PRC in the interest of the project.
15. Securing funds for any enhancement in the overall cost of the project will be the responsibility of the PIA. The financial assistance for the project from Government of India shall be limited to the approved amount as per this approval letter.
16. In the event of reduction of cost in a project component(s), the financial assistance will automatically get reduced on pro-rata basis for that project component(s).
17. It will be the responsibility of the PIA to obtain necessary approvals and clearances required for the project (*as applicable*) before or during (*as the case may be*) the implementation of the project but not later than the release of last instalment of financial assistance.
18. The PIA will submit the "Utilization Certificate" on the basis of audit done by Chartered Accountant in accordance with General Financial Rules (GFR), 2017 and other terms and conditions/rules as prescribed by Ministry of Finance, Government of India from time to time.
19. The PIA shall maintain separate books of accounts of the Government financial assistance and furnish audited statement of accounts on time to time. These audited statements of accounts should be furnished after utilization of each instalments/ tranche of instalment or whenever called for.
20. The PIA may seek reimbursement of the expenditure made on the approved project / project components in case the PIA intends to make upfront expenditure on the implementation of the project. However, PIA will have submitted the application under the Scheme prior to incurring any expenditure on the project. The submission of such application does not guarantee any approval and any such approval will be subject to issue of a formal approval letter in accordance with the scheme parameters. Expenditure made after the issuance of the acknowledgment will be eligible for reimbursement.
21. The PIA will submit Quarterly Progress Reports (QPRs) on quarterly and regular basis and will also be responsible to submit the project implementation status /reports on time to time as and when asked for. PIA will continue to submit the Quarterly Progress Report (QPRs) for at least six months after completion of the project.
22. The accounts of PIA shall be open for inspection by the MeitY and audit, both by the Comptroller and Auditor General of India under the provision of CAG (DPC) Act 1971 and internal audit by the Principal Accounts Office of the MeitY as and when deemed necessary. MeitY shall also have the right to appoint an agency for undertaking such audit.
23. KIADB will submit the Utilization Certificate (UC) along with requisite documents immediately after utilization of funds or before the closure of the financial year. Receipt of such certificate shall be scrutinized by PMA. Where such certificate is not received from the PIA within the prescribed

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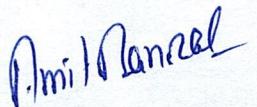


time, the MeitY will have liberty to take necessary action and may consider to blacklist such PIA from any future grant, subsidy, or other type of financial support from the Government of India.

24. In case of winding up, dissolution, etc. of the PIA, at any point in time, all assets and any unutilized grant shall automatically vest with the Government of India.

25. In case of any conflict or dispute between PIA and PMA, conflict should be resolved mutually. In case of failure of mutual resolution, the matter will be dealt as per Arbitration clause in Agreement to be signed/signed (*as the case be*) between STPI (PMA) and KIADB (PIA).

Yours sincerely,



(Amit Bansal)
Director

अमित बंसल
AMIT BANSAL

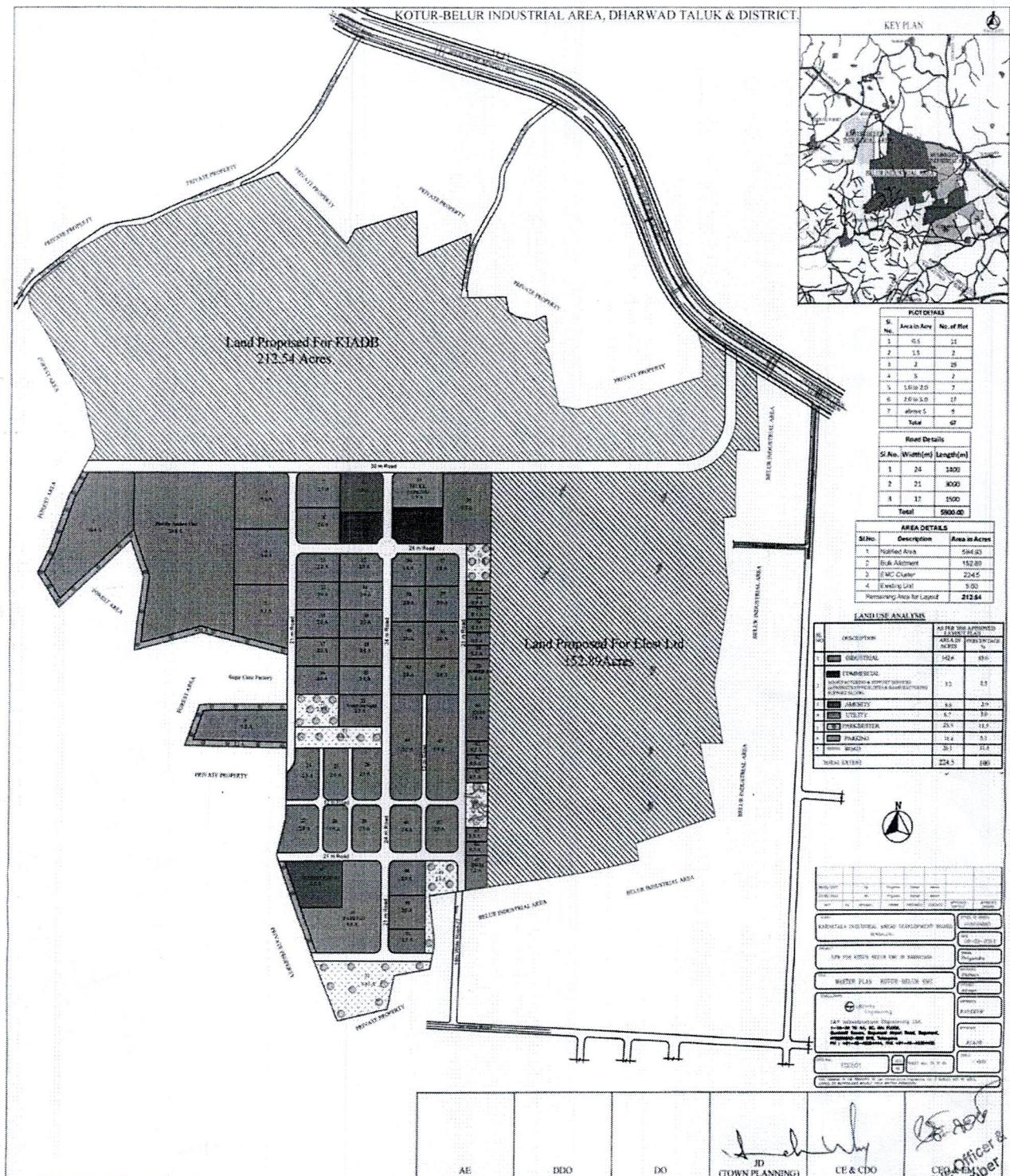
निदेशक / Director

एसटीपीआई-मुख्यालय, नई दिल्ली- 110023
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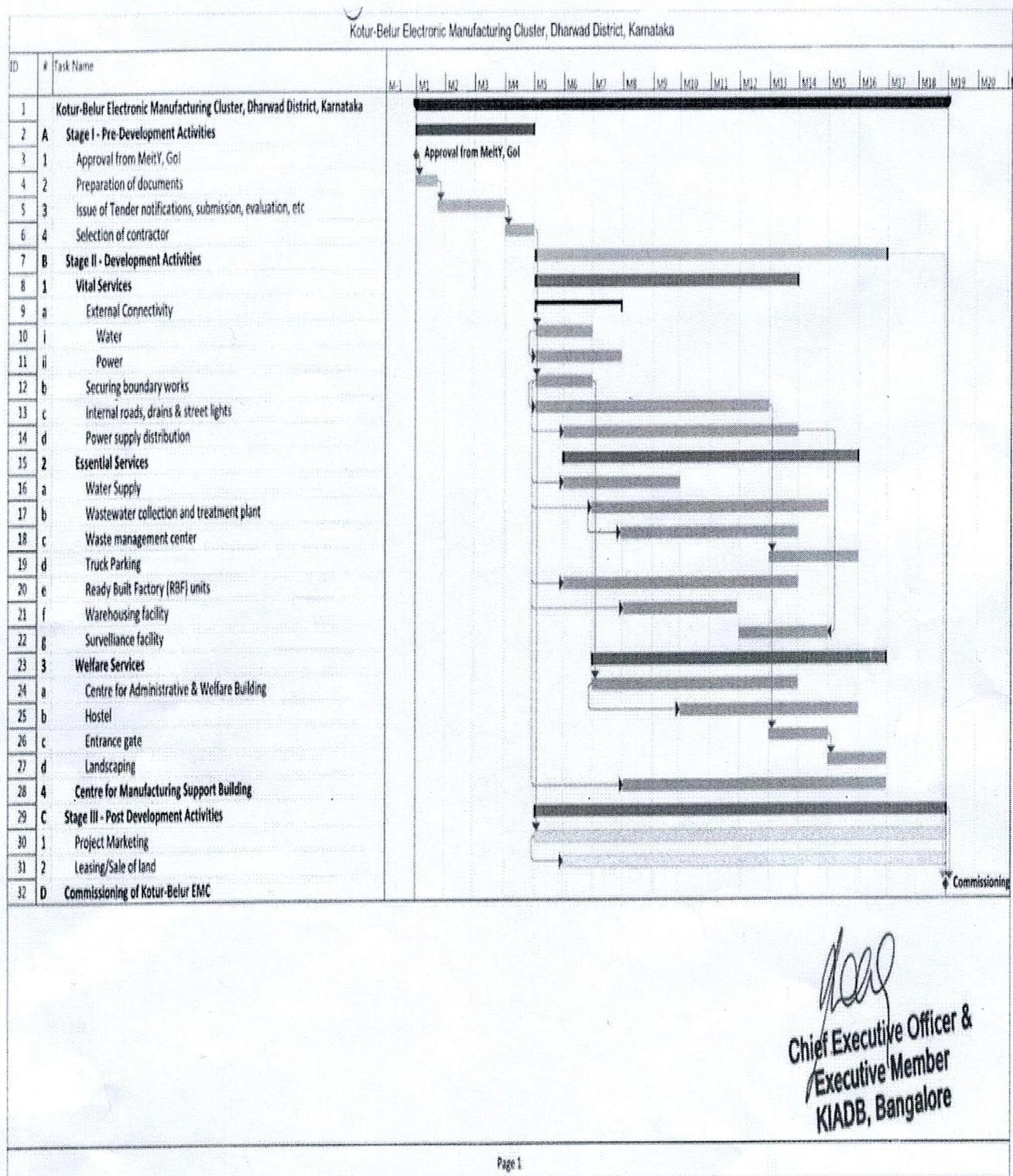
Copy to:

- i. Secretary, MeitY
- ii. AS (BK), MeitY,
- iii. JS &FA, MeitY
- iv. GC(AN)/Dir (NK)/SC-D (NKG), MeitY
- v. Principal Secretary (Commerce & Industries Department), Government of Karnataka
- vi. Principal Secretary (Information Technology, Bio-Technology and Science & Technology), Government of Karnataka

Layout of EMC in Kotur-Belur Industrial Area, Dharwad District, Karnataka



Implementation schedule for EMC at Kotur-Balur Industrial Area, Dharwad District, Karnataka



Page 1

