1. **Capital Subsidy- Guidelines**

1.1 **Applicability**

The Govt. of Karnataka will provide up to 10% capital subsidy, up to a maximum of INR 10 Crores to registered KESDM companies, which will be applicable to the first two anchor units in each Greenfield cluster. This subsidy is not applicable to Startups and MSME’s.

1.2 **Documents Required**

- Duly filled application form for Capital Subsidy
- Copy of the KESDM Registration Certificate
- Copy of the company registration/incorporation document for the establishment to be considered for the claim
- Copies of all invoices/POs relevant to the investment
- Any other supporting documents for the investment made in the establishment to be considered for the claim such as letter from Financial Institution or Scheduled Bank
- CA/Cost accountant certificate for total investment made in the unit
- Copy of the first sale invoice for products manufactured / services provided from the establishment to be considered for the claim

1.3 **Application Process and Form**

After receiving the application, the officer-in-charge will verify the submitted documents. This will also include assessment of whether the applicant’s facility can be considered as an anchor unit in the Greenfield cluster. Post satisfying the genuineness of the facts, an internal audit will be done to ascertain the claim and advise on the subsidy to be granted. The application and advice will be then put up for approval to the approval committee, which will examine and approve / disapprove the application.

Upon successful approval of the application, the applicant will have to sign an undertaking and submit to the Department as per the prescribed format, on a stamp paper of Rs. 100.

**Form 4 : Application Form for Capital Subsidy**

<table>
<thead>
<tr>
<th>KESDM Registration Number:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of the Company:</td>
</tr>
<tr>
<td>Address of the Establishment to be Considered for the Claim:</td>
</tr>
<tr>
<td>Size of the Establishment to be Considered for the Claim (Startup/MSME/Large/Mega):</td>
</tr>
<tr>
<td>Products Manufactured / Services Provided by the Establishment to be Considered for the Claim:</td>
</tr>
<tr>
<td>Electric Power Connection RR No.:</td>
</tr>
<tr>
<td>Date of Commencement of Commercial Production (as per the first sale invoice)</td>
</tr>
<tr>
<td>Details of Investment Made: (whichever is applicable)</td>
</tr>
<tr>
<td>1 Land: (excluding Lease hold)</td>
</tr>
<tr>
<td>2 Building and Civil Works: (excluding residential quarters / guest houses)</td>
</tr>
<tr>
<td>3 Plant and Machinery: (excluding technical know-how, engineering fees, feasibility study etc.)</td>
</tr>
</tbody>
</table>
**IT Infrastructure:** (Computers, Servers, Security, LAN equipment etc.)

**Total Investment in the Establishment:**

**Employment Provided by the Establishment:** (both existing and planned expansion in next 3 years)

**Amount of Capital Subsidy Claimed:**

**List of Documents to be Furnished:**

- Copy of the KESDM Registration Certificate
- Copy of the company registration/incorporation document for the establishment to be considered for the claim
- Copies of all invoices/POs relevant to the investment
- Any other supporting documents for the investment made in the establishment to be considered for the claim such as letter from Financial Institution or Scheduled Bank
- CA/Cost accountant certificate for total investment made in the unit
- Copy of the first sale invoice for products manufactured / services provided from the establishment to be considered for the claim

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**Capital Subsidy Grant Process**

1. **START**
2. Is the company KESDM registered? 
   - Yes: Download and fill application form for Capital Subsidy and submit it along with supporting documents to KIBIS office.
   - No: Register the company for KESDM recognition by following the procedure mentioned in http://www.kibis.com
3. Is the co/establishment an anchor unit in a greenfield cluster? 
   - Yes: Only those units which are certified as anchor units in a greenfield cluster are eligible for this subsidy. Please contact KIBIS for further clarification.
   - No: Review the application and verify the supporting documents.
4. Application meets eligibility criteria? 
   - Yes: 10% of total eligible investment is subsidized, subject to the maximum limit of INR 200k and the Company willing to provide an undertaking, as prescribed
   - No: No
1.4 Format of Undertaking for Capital Subsidy

Undertaking for Capital Subsidy

The undertaking executed this day ______ of 20__________ by carrying on the business of 
under the name and style of M/s. ___________ herein after called the 'Grantee' of the 
one part in favour of the Governor of Karnataka, represented by KBITS herein after 
called the Government of other part WITNESSETH.

Where KBITS has sanctioned a Capital Subsidy of Rs. ______________________ (Rs. 
____________________ only) under the 
Government of Karnataka ESDM policy 2017-2022 to the grantee for the purpose of 
his enterprise.

The grantee hereby acknowledges, agrees and covenants as follows:

1. If the State Government/Financial Institution concerned is satisfied that the 
investment subsidy has been obtained by misrepresentation of essential fact, 
furnishing false information after the reimbursement of full subsidy, the State 
Government/Financial Institution concerned shall have the right to claim 
refund of the grant/subsidy of Rs. ______________________ (Rs. 
____________________ only) paid to the grantee together 
with such interest as the State Govt./Financial Institution concerned may 
charge.

2. The grantee shall not change the location of the whole or any part of the 
industrial enterprise or effect any contraction or disposal of a part of its total 
fixed capital investment within a period of three years after the enterprise 
receives this grant.

3. In the event of the subsidy being sanctioned, which at later date is found to be 
not actually due, the grantee shall refund to Government such portion or the 
whole amount as determined by KBITS. On failure to do so, such amount shall 
be recovered by the Government as arrears of land revenue.

4. Where the industrial enterprise goes out of production or remains closed 
without production activities within one year from the date of receipt of 
subsidy, except in case where the enterprise remain out of production for short 
period extending not more than six months due to reasons beyond control, 
such as shortage of raw materials, power etc. the grantee shall refund to 
Government the entire subsidy received. If the enterprise fails to refund the 
subsidy amount the same shall be recovered as arrears of land revenue.

5. The capital subsidy sanctioned herein is in the nature of "Grant-in-aid" and 
shall not be construed as a "contract" with Government of Karnataka. The 
grantee shall not exercise his right of privacy of contract in the matter of 
release of subsidy by Government of Karnataka, who shall release the subsidy 
amount as and when the grantee is eligible for the same, in such proportions 
and instalments as the Government may regulate. The subsidy sanctioned will 
be released directly through NEFT/RTGS to the concerned Financial 
Institutions/Banks.

6. That the grantee shall not exercise his right of claiming 
release/reimbursement of subsidy amount out-of-turn either directly or 
through his attorney and that the decision of the Government in the matter of 
periodic release based on the availability of funds shall be final and binding on 
the grantee.

7. The Grantee shall undertake to provide employment to local people 
(Kannadigas) and maintain the same at least for a period of five years from the 
date of release of the subsidy amount. In case the enterprise fails to do it shall 
be bound to return the subsidy amount to the Government.

Submitted Schedule of Investments:
<table>
<thead>
<tr>
<th>SI</th>
<th>Particulars</th>
<th>Amount (in INR Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Land</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Building and civil works</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Plant and Machinery</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Others</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

In witness whereof the Grantee has set his hand on this day of

Witness:  
Grantee

1.
2.

Common Seal of the Company