

KHAIRPUR SPECIAL ECONOMIC ZONE

TERMS AND CONDITIONS FOR PLOT OF LAND AT KHAIRPUR SPECIAL ECONOMIC ZONE

THE FOLLOWING TERMS AND CONDITIONS APPLY TO AND ARE BINDING ON THE PERSON / ENTITY WHO / WHICH HAS APPLIED FOR A PLOT OF LAND AT THE KHAIRPUR SPECIAL ECONOMIC ZONE LOCATED AT TANDO NAZAR ALI ON MAIN NATIONAL HIGHWAY NEAR TANDO MASTI, DISTRICT KHAIRPUR, SINDH:

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1. DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the meanings hereby assigned to them:

- (a) **“Allottee”** means a successful Applicant; an individual, Body corporate, or any other entity recognized by the law as ‘legal’, who shall meet the prerequisite criteria of the project, genuinely interested in setting up a business unit, and has been issued a Provisional Acceptance Letter by DEVELOPER;
- (b) **“Applicant”** means a sole proprietorship/individual, an incorporated company or a partnership applying for a Plot;
- (c) **“Application”** means the Application Form along with all documents specified in ‘Annexure A’ submitted by the Applicant in compliance with requirements laid out by DEVELOPER;
- (d) **“Building Regulations”** means the KSEZ Building Regulations issued to an Applicant;
- (e) **“Certificate of Completion”** means a certificate issued by DEVELOPER following completion of construction work of the Project by the Allottee in such form and manner as DEVELOPER deems appropriate;
- (f) **“Confirmation Letter”** means the letter issued by DEVELOPER to successful Allottees on approval of submitted Building Plans / Drawings of Project;
- (g) **“Consultants”** mean those third parties that DEVELOPER may hire for the purposes of examining and scrutinizing the Project Feasibility Report;

- (h) **“Estate Management Company”** means a company nominated or incorporated by DEVELOPER for the purposes of managing KSEZ;
- (i) **“Force Majeure”** means an act of God including, but not limited to fire, flood, earthquake, windstorm, cyclone or other natural disaster, act of any sovereign, including but not limited to war, invasion, act of terrorism, rebellion, revolution, military or usurped power or confiscation, nationalization, destruction or damage to property by or under the order of any government or authority, or imposition of government sanction, embargo or similar action; labour dispute, including but not limited to strike, lock out, boycott; or failure of utility service, failure of the transportation of any personnel, equipment, machinery or material required for completion of the Project.
- (j) **“KSEZ”** means Khairpur Special Economic Zone located at located at TANDO NAZAR ALI on Main National Highway near Tando Masti, District Khairpur, Sindh;
- (k) **“DEVELOPER”** means Government of Sindh through the Project Office -KSEZ or its nominated body for Khairpur Special Economic Zone;
- (l) **“Payment”** means total consideration payable by the Applicant/Allottee to DEVELOPER as price of the Plot;
- (m) **“NIP”** means National Industrial Parks Development & Management Company as a project management unit;
- (n) **“Plot”** means a single parcel of land at KSEZ allocated/allotted to the Applicant/Allottee and demarcated as such for the purpose of establishing an industrial unit;
- (o) **“Project”** means the industrial unit to be set-up by the Allottee on the Plot for which the Project Feasibility Report has been submitted;
- (p) **“Project Feasibility Report”** means the report the Applicant will be asked to submit in respect of the Project to be established after receipt of the Provisional Letter;
- (q) **“Provisional Acceptance Letter”** means the letter issued to successful Applicants after scrutiny of the Project Feasibility Report by DEVELOPER and its Consultants;

- (r) "**Registered Architect / Engineer**" means a person qualified as such and enrolled on the list of approved Architects/Engineers of DEVELOPER and registered with the Pakistan Council of Architects & Town Planners [PCATP] and Pakistan Engineering Council [PEC];
- (s) "**Pre-approval Letter**" means the letter issued by DEVELOPER to those Applicants who meet DEVELOPER's Selection Criteria;
- (t) "**Pre-approval Criteria**" means the criteria developed by DEVELOPER against which the Application Forms shall be evaluated;

2. INTERPRETATION

In this Agreement:

- (a) references to any contract, agreement, statute, enactment, ordinance or regulation shall include any amendment thereof or any replacement in whole or in part, unless specifically stated to the contrary;
- (b) words imparting feminine gender shall include the masculine gender and words imparting masculine gender shall include the feminine gender;
- (c) references to persons shall include bodies corporate and otherwise, firms, registered or un-registered associations, and non-government, semi-government and government organizations;
- (d) words imparting plural shall include the singular number and words imparting singular shall include the plural number;
- (e) the word include or including shall mean without limitation;
- (f) words or expressions used in these Terms and Conditions shall, except where it is repugnant to the subject or context or where they are specifically defined herein, bear the same meanings as in a standard English dictionary.
- (g) all Schedules and/or recitals annexed hereto shall form an integral part of these Terms and Conditions

3. USE OF LAND

The Applicant/Allottee shall use the Plot allocated/allotted to him for the sole and exclusive purpose of establishment of an approved Project as per terms contained herein. No change shall be made to the nature of the Project without prior approval and written consent of DEVELOPER.

4. PAYMENT OF PRICE OF PLOTS

4.1 The Applicant/Allottee shall pay the price of the Plot in instalment to DEVELOPER in the manner as prescribed by the Company in the form of Pay Orders / Cheques / Demand Drafts.

4.2 Price shall be paid by the Applicant/Allottee in two equal instalments as provided herein below:

4.2.1 **1ST INSTALMENT** of 50% of the price of allocated Plot shall be paid by Applicant within 10 working days of receiving the **Provisional Acceptance Letter**.

4.2.2 **2ND INSTALMENT** of 50% of price of allotted Plot shall be paid by Allottee upon receiving the Confirmation Letter as per clause 5.9 & 5.10, whichever comes earlier.

4.3 The Applicant/Allottee agrees that in the event of **delay or non payment** of:

4.3.1 **1ST INSTALMENT:** DEVELOPER shall be entitled, at its sole discretion, to cancel the Provisional Acceptance Letter issued to the Applicant in terms of Clause **5.4** below.

4.3.2 **2ND INSTALMENT:** DEVELOPER shall be entitled, at its sole discretion, to cancel the Provisional Allocation Letter / Confirmation Letter issued to the Allottee in terms of Clause **5.7** below and to forfeit as liquidated damages 5% of payments received.

4.3.3 The Allottee agrees that the forfeited amount mentioned in 4.3.1 and 4.3.2 constitute a genuine and reasonable pre-estimate of the damages that will be suffered by DEVELOPER due to the Allottee's default. The balance after deduction of payments received shall be refunded without mark-up after deducting such service charges and any other outstanding liability(ies) of the Allottee as may be determined by the company.

- 4.3.4 in the event of any delay in any payment, where the Provisional Acceptance Letter/Conformation Letter/ Licence Agreement is not cancelled at the sole discretion of DEVELOPER, a late payment surcharge @ 2% per month on the amount due shall be payable by the Applicant/Allottee. In no circumstances whatsoever this period shall be extended for more than three (3) months from the initial due date.
- 4.4 Local Applicants shall make all Payments in Pak Rupees whereas Foreign Applicants shall make the same in US Dollars at such official conversion rate as declared at the time by the State Bank of Pakistan.
- 4.5 DEVELOPER reserves the right to revise, at its discretion, the price of Plots, from time to time.

5. SALES PROCEDURE

- 5.1 A non-refundable Application Form processing fee of **PAK Rs. 5000/-** and **US\$ 100/-** is payable by Local and Foreign Applicants respectively at the time of submitting the Application Form. This payment shall be made in the form of a Pay Order and/or a Demand Draft in favour of "PROJECT DIRECTOR, KHAIRPUR SPECIAL ECONOMIC ZONE"
- 5.2 All Applicants shall submit their Application Forms to DEVELOPER within such time period as is specified in the public advertisement inviting applications for allotment of Plots at KSEZ. Submission of an Application Form to DEVELOPER shall not create any entitlement to or right in favour of the Applicant to allocation/allotment of a Plot.
- 5.3 DEVELOPER shall evaluate all Application Forms within 45 working days of their submission or such other extended period as determined by the Company. Applicants meeting DEVELOPER's Pre-approval Criteria shall be issued a '**Pre-approval Letter**' specifying the contents of PROJECT FEASIBILITY REPORTS to be submitted within *30 working days* of receipt of the Letter. DEVELOPER reserves the right not to accept the Project Feasibility Report after the above-mentioned 30 working days period.
- 5.4 In addition to the '**Pre-approval Letter**' specifying the contents of the Project Feasibility Report, Applicants will be asked to submit their Project Feasibility Report.

- 5.5 DEVELOPER and its Consultants shall scrutinize the submitted Project Feasibility Reports. Successful Applicants shall be informed via a **Provisional Acceptance Letter** specifying:
- (i) Acceptance of the Project Feasibility Report
 - (ii) Allocation of demarcated Plot along with Site Plan
 - (iii) Payment of 1st Instalment towards allocation of Plot by specified time, and;
 - (iv) Submission of Building Drawings / Plans of the Project by specified time.

Along with the Provisional Acceptance Letter, successful Applicants shall also be provided a copy of the applicable Building Regulations so as to ensure that all Building Plans / Drawings are compliant with the said regulations.

The Provisional Acceptance Letter DOES NOT create any entitlement to or right in favour of the Applicant in respect of the allocated Plot, except to enter the Plot with an Architect/ Engineer for the purposes of surveying the same and obtaining architectural / construction advice on the Building Plans / Drawings of the Project to be submitted to DEVELOPER. The Provisional Acceptance Letter is not to be construed as permission to start construction.

- 5.6 All Building Plans / Drawings of the Project shall be prepared by Registered Architects / Engineers and must be in strict compliance with applicable Building Regulations.

5.7 The Building Plans / Drawings of the Project, so prepared, must be submitted to DEVELOPER for approval within three (03) months of Issuance of the Provisional Acceptance Letter. In the event of inordinate delay in submission, as determined by DEVELOPER, the Provisional Acceptance Letter shall stand cancelled and the payment(s) made by Allottee shall be refunded after a deduction of 5% of the paid amount.

- 5.8 DEVELOPER shall scrutinize the submitted Building Plans / Drawings of the Project within 30 working days of receipt of building plans by the Allottee.

5.9 A confirmation letter shall be issued to Allottee(s) after the Building Plans is approved. Disapproved Building Plans shall be amended by the Allottee(s) within 30 working days in accordance with the Building Bye-Law as recommended By DEVELOPER.

- 5.10 Upon receipt of the 2nd instalment, approval of building plans DEVELOPER shall execute a Licence Agreement with the Allottee to facilitate the Allottee's entry on the Plot for Commencement of construction of the project.

6. CONSTRUCTION POLICY

- 6.1 The Allottee shall in accordance with DEVELOPER's approved building plans/drawings complete, within twenty-four (24) months of execution of the License Agreement, construction and erection of all building(s), structure(s) and facility(ies) on the allotted Plot.
- 6.2 DEVELOPER shall inspect the Project and notify the Allottee(s) of any defects in construction works and/or violations of approved Building Plans, if any. On receiving such intimation, the Allottee shall rectify the defect and/or violation (including demolishing any building(s) structure(s) and facility(ies) within time period as specified by the Developer.
- 6.3 If the construction of the Project is not complete in the given 24 months, due to any reason(s) including Force Majeure, the Allottee shall inform the Company in writing and a mutually agreed date for completion of the project shall be ascertained. In no circumstances whatsoever this period shall be extended for more than six (6) months from the initial completion date.
- 6.4 DEVELOPER shall issue a **Certificate of Completion** to the Allottee in the event of satisfactory Completion of the Project, The issuance of this Certificate will be subject to compliance with building regulation as defined by DEVELOPER as well as stipulated project completion timeline.
- 6.5 After the issuance of the Certificate of Completion and clearance of all dues, **SUB-LEASE** of the Plot shall be executed in favour of the Allottee.
- 6.6 In the event of non-completion of the Project within the specified timeline as per clause 6.1, DEVELOPER reserves the right to cancel the Licence Agreement and repossess the plot with construction thereon, with 10% of the amount paid by Allottee to be forfeited as penalty.

7. TRANSFER OF PLOTS

- 7.1 After the execution of the Sub-lease, the Allottee may, with the approval of DEVELOPER, grant or transfer his interest or rights in respect of the allotted Plot to any third party.
- 7.2 An Allottee shall not mortgage his allotted Plot for any purpose other than for financing the construction of the Project, provided conditions in Clause 7.1 above have been duly complied with.

7.3 In case of demise of an Allottee (where an individual) at any stage during the process, his/her legal heir(s) shall, upon furnishing a Succession Certificate, succeed to the rights and obligations of the deceased Allottee. Such legal heir(s) shall be bound by the same terms and conditions as were agreed by the deceased Allottee and the legal heir(s) shall execute such documents and undertakings as are required by DEVELOPER.

8 GENERAL CONDITIONS

8.1 Applications will be invited through public marketing campaigns launched by DEVELOPER wherein both local and foreign Applicant may apply.

8.2 All Application forms will be processed by the DEVELOPER in accordance with the set standard/criterion/policy, set by DEVELOPER. DEVELOPER reserves the right to reject any Application Form without assigning any reason whatsoever.

8.3 In case number of Applications Forms exceeds the number of available Plots, the allocation of the Plot(s) may be made through an open balloting process as determined by DEVELOPER. DEVELOPER further reserves the right to offer, through Auction or Open Bidding Process, any Plot at KSEZ at its sole discretion, in which case DEVELOPER shall define a reserve price in advance.

8.4 Any false or misleading information / statement / document by the Applicant shall result in the rejection of an Application Form and / or cancellation of Allotment / Licence/ Sub-Lease, as the case maybe.

8.5 In case of payments made in US Dollars, any differences in amount(s) due to variation(s) in foreign exchange rates as prevalent (per state Bank of Pakistan's Foreign Exchange Rates) at the time are to be borne by the Allottee.

8.6 On execution of the SUB-LEASE DEED, the Allottee shall be liable to pay to DEVELOPER or its Estate Management Company such **annual ground rent** charges in such manner and at such time as is notified by DEVELOPER.

8.6.1 On execution of the CERTIFICATE OF COMPLETION, the Allottee shall be liable to pay to DEVELOPER or its Estate Management Company such **monthly maintenance** charges in such manner and at such time as is notified by DEVELOPER.

- 8.6.2 In the event of any delay in any payment, a late payment surcharge @ 2% per month shall be payable by the Allottee to DEVELOPER or its Estate Management Company on the unpaid due amount.
- 8.7 Failure to tender annual ground rent and/or maintenance charges for any given year/month, as the case may be, shall entitle DEVELOPER, at its sole discretion and/or upon consultation with concerned authority/body, to cease supply of utilities and to suspend the estate management/maintenance service till the time the above-mentioned charges have been paid by the Allottee.
- 8.8 DEVELOPER or its Estate Management Company reserves the right to revise the Annual Ground Rent and maintenance charges, as it deems fit, from time to time.
- 8.9 All charges incurred in the obtaining of approvals from concerned regulatory authorities and/or utility service providers shall be the sole responsibility of the Allottee. In the event that DEVELOPER or its Estate Management Company obtains the same for the Allottee, then the Allottee shall pay to DEVELOPER or its Estate Management Company such costs as determined by the Company.
- 8.10 All formalities and the expenditure (including without limitation, stamp duty and registration fees) to be incurred on execution / registration / transfer of any license/ sub-lease as the case maybe or any other document or deed pertaining to the transfer of a Plot, shall be carried out and be borne by the Allottee.
- 8.11 No Power of Attorney in respect of the Plot shall be granted by the Allottee/Sub-Lessee to any third party, except with prior written approval of DEVELOPER in such absolutely necessary circumstances as are approved by DEVELOPER, on the written application of the Allottee/Sub-Lessee.
- 8.12 All Government taxes, levies, cess charges, etc. In respect of the Plot shall be borne by the Allottee whenever these are applied or due.
- 8.13 The Allottee will ensure that Environmental Standards prescribed under the Environmental Laws of Pakistan, and DEVELOPER Standards (notified from time to time), are duly complied with.

- 8.14 (a)- In case of any dispute arising between the parties, the same shall be referred to the independent body / committee for amicable resolution by way of mediation within sixty (60)days.
- 8.14 Unless amicably settled through mediation between the parties within sixty (60) days, all disputes, controversies or differences which may arise between the parties or any of them out of or in relation to or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by a sole arbitrator jointly appointed by the both parties within seven (7) days of a notice being served any party hereto, in accordance with the Arbitration Act, 1940 (“Arbitration Act”).
- 8.15 In addition to the terms and conditions contained herein, DEVELOPER shall have the sole discretion to impose further terms and conditions from time to time which shall be binding on the Applicant/Allottee/licensee/Sub-lessee.

9 DISCLAIMER

- 9.1 If by reason of Force Majeure, DEVELOPER is wholly/partially or substantially unable to carry out its function/obligations towards the Applicant, the Applicant(s) shall not be entitled to claim any rights or benefits against DEVELOPER. Force Majeure constitutes but does not limit to war, rioting, floods, earthquake, lightning, terrorist acts, political changes, civil commotion, blockade, insurrection, strikes, go-slow, tribal or ethnic conflicts, epidemic or plague, Labour Issues, legal restriction, industrial disturbance or any other event beyond the control of the Company.

