

## GUIDELINES FOR RECONSTITUTION & TRANSFER

6.01 The following are the current guidelines for approving transfer/reconstitution in respect of the plots in the Industrial Areas of the Corporation. The terms used in regard to Transfer/reconstitution are defined as below :

- (A) **VACANT PLOT** - The plot will be treated vacant only in following cases :
- There is no construction on plot.
  - If the covered area on plot is less the 5% though the unit might have been in production.
  - If the covered area is even more than 5% but the unit has neither been in production nor is in running condition.
- (B) **FACTORY BUILDING** - means the workshed for manufacturing process plus an additional constructed area up to a maximum of 10% of the total area of the plot for the purposes of office, stores, godown, and other service/ utilities as per plan approved by the competent authority.
- (C) **COVERED AREA**- Means and includes factory building covered by roof and open constructions like chimney, water tank, boiler as required in the process of production in the said unit.
- (D) **RUNNING UNIT** - Means a unit which is/ was manufacturing the product mentioned in the application for allotment of the plot in question or other wise permitted by the Corporation to be manufactured.
- (E) **TRANSFER LEVY**- per sq.m. @ 5% to 15% of the rate of premium in fast moving areas and 2.5% to 7.5% of the current premium in slow moving areas prevailing on the date of issuance of transfer approval letter will be charged, as applicable. While calculating the transfer levy the locational charges of a particular plot will not be considered and only basic premium will be taken into account.
- (F) **TRANSFER** - Means disposal of controlling interest in the venture by the existing allottee. In the case of reconstitution, the existing allottee retains controlling interest except in case, where interest is transferred to family members as defined in 6.3 (iv) (a) below or where there is change in the constitution of the allottee due to inheritance, succession or operation of law.

### 6.02 GUIDELINES FOR CASES OF TRANSFER

#### i) TRANSFER OF VACANT PLOT

Transfer levy chargeable on account of transfer of vacant plots from one to another would be as under :

TIME	FAST MOVING	SLOW MOVING
a) Within 1 year of allotment	5% of the current premium	2.5% of the current premium
b) 1 year to 3 years	10%	5%
c) More than 3 years	15%	7.5%

- ii) Transfer levy per sq. Mtr. at the rate of 5% of the rate of premium in fast moving areas and 2.5% of the rate of premium in slow moving areas prevailing on the date of issuance of transfer order shall be charged in those case of transfer where the covered area is at least 30% of the plot area and the unit has been set up on the plot and is running or had been under commercial production continuously for a minimum period of two years.

- iii) If the covered area is less than 30% and the unit has been set up on the plot and is running or had been under commercial production continuously for a minimum period of two years transfer levy per sq. Mtr. at the rate of 5% of the rate of premium prevailing on the date of issuance of transfer order be charged for that much area of the plot of which the covered area on the plot is 30% and full transfer levy at the rate of 15% of the current premium be charged only for balance area. The above rates of transfer levy are applicable in fast moving areas only and in slow moving areas the rates would be 2.5% and 7.5% respectively.
- iv) Transfer of plots of 100% EOU units, It is proposed to give a rebate of 50% in transfer levy in case the plot is proposed to be transferred to 100% EOU units.

**NOTE :**

The transfer shall be treated a fresh allottee who shall clear all the dues by way of outstanding interest and premium pending against the previous allottee. The balance premium to be charged shall be worked out by adding transfer levy and the remaining premium which was to be charged from the allottee in case of non transfer. The premium so worked out may be recovered in installments along with interest as per conditions of allotment prevailing on the rate of transfer.

In case of transfer/ reconstitution the corporation shall not demand the cost of any property existing on the plot except the balance dues, if any, pertaining to buildings/ property originally allotted by the corporation.

The amount paid by previous allottee towards premium shall be credited to the account of the premium after transfer which shall include premium as per original allotment and transfer levy.

**6.03 RECONSTITUTION**

The following shall be the conditions for reconstitution of allottee firms in which no transfer levy will be charged. In case of vacant plots, reconstitution without payment of transfer levy as per clause (I) (a) &(b), (II) (a) &(b) (III) (a) (b) & (c) as below shall be permissible only within a period of five years from the date of allotment.

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| <p>(I) <b>SOLE PROPRIETOR</b></p> <p>(a) Enters into partnership</p>   | <p>He retains 50% or more shares in capital, Profits and losses and undertakes not to transfer or reduce his shares below 50% during 5 years from the date of grant of permission.</p>   |
| <p>(b) Constitutes a private limited Company</p>                       | <p>He retains at least 50% shares in the company and undertakes to retain at least 50% shares in the Company during a period of 5 years from the date of permission.</p>   |
| <p>(c) 1 Being a promoter of proposed partnership</p>                  | <p>he retains at least 35% shares in partnership and it is formed and application is made within one year from the date of allotment and the promoter underakes not to retire or reduce at any time his shares in the capital profits and loses below 35% during a period of five years from the date of permission.</p> |
| <p>(c) 2 or being a promoter of a proposed private limited company</p> | <p>If the private limited company is formed and application is made to the corporation within a period of one year from the date of allotment and the promoter retains at</p>  |



(c) 3 or being a promoter of proposed public limited company

least 35% shares in the company and undertakes not to retire or reduce at any time his shares in the equity below 35% during a period of 5 years from the date of permission.

(a) the limited company is incorporated within three years from the date of allotment and

(b) Where the promoter is an individual, he holds at least 10% shares in the equity and undertakes not to reduce at any time his shares below 10% in the subscribed equity capital during three years from the date of permission, or

(c) Where the promoter is a company it hold 26% shares in the capital of transferee company and undertakes not to reduce at any time its shares in the subscribed equity capital of the transferee company to less than 26% during a period of three years from the date of permission, or

(d) Where the common share holders of the promoter and promoted companies hold at least 51% shares in the subscribed equity of each of the companies and undertake to retain at all time the same percentage during three years from the date of permission in the subscribed equity capital of the company, or

(e) Where the promoters are more than one individual and had been identified in the application made by one of them for allotment of land and they jointly hold at least 15% shares and undertake to hold not below 151 shares in the subscribed equity capital at all time during 3 years from the date of permission.

In above cases under 6.03 (I), (II) & (III) application for reconstitution must be made within 2 months from the date of grant of certificate of commencement of business to the new company.

**(II) PARTNERSHIP :**

(a) Reconstitution

If the original partners hold at least 50% shares in capital, profits and losses and undertake not to retire and not to reduce their shares at any time in the capital profit and loss to less than 50% within 5 years from the date of permission.

- (b) Converted into Public or Private Limited company

If the original partners hold majority of shares in the paid up equity capital (at least 51%) and undertake not to transfer or reduce at any time their shares in the paid up capital for the private or public limited Company as the case may be below 51% during 5 years from the date of permission.

- (c) Mere retirement of partner

If one or more partners retire from the partnership firm and no new partner is added.

### (III) TRANSFER OF COMPANIES OF THE SAME GROUP :

- (a) Principal or holding company to subsidiary company and vice-versa

If a company desires to transfer the land to its principal or holding company or subsidiary company.

If one or more partners retire from the partnership firm and no new partner is added.

- (b) From one company to another company

If the common shares holders of the transferor and transferee companies hold at least 51% shares in the paid up capital of each of the two companies at the time of the application for permission.

- (c) One company is merged into another accordance with law.

If either the amalgamating companies have relationship of holding and subsidiary companies or the common share holders of the allottee company and the transferee company hold at least 51% share in the paid up capital of each of two companies on the date of merger and at the time of application for permission respectively.

### (IV) IN CASE OF FAMILY MEMBERS

- (a) To family members or partnership of family members.

If transfer is proposed to be made by a person to his wife/husband / children/ real brothers/ unmarried real sisters, grand children, son in law, daughter in law, and vice versa or when any such family members are to be taken as partners.

- (b) In case of family members outsiders taken as partners.

If outsiders are also taken simultaneously in to partnership and alongwith such members as mentioned above at (a) the shares of outsiders in the capital profits and a loss must not be more than 49% and such family members (partners ) shall under taken not to be retire or withdraw from the partnership so as to reduce their shares in capital, profit and loss to less than 51% during a period of 5 years from the date of permission.



**V) TRANSFER BY OPERATION OF LAW**

Such as where a private limited company is converted into public limited company or where one company is merged into another by operation of law or by inheritance under the law or by succession by operation of law.

**VI) TRANSFER ON DEATH OR DISABLEMENT OF THE ALLOTTEE :**

In cases of transfer on death of proprietor allottee or on disablement of the proprietor allottee, the transfer shall be allowed without charging transfer levy.

**VII) In respect of BIFR cases, transfer levy at the lowest rate would be charged, if required.**

**IMPORTANT**

Any breach of the terms and conditions of approval for transfer/ reconstitution shall result in automatic cancellation of allotment/ revocation of licence / termination of lease as the case may be. A clause to the above effect may be included in the Licence Agreement/ Lease Deed to be executed after transfer/ reconstitution in permitted.

**NOTE :**

- i) In all cases of reconstitution except in favour of family members as mentioned above, the previous allottee shall spell out his income Tax/ Sales Tax index numbers in the affidavit/ indemnity bond he submits to the Corporation. These index numbers shall be sent to the concerned authorities for verification and checking on annual basis.
- ii) In all Licence Agreements/ Lease Deeds to be executed henceforth a clause to the effect that licence would be automatically revoked and the lease would be automatically determined as the case may be if there is any change in the constitution of partnership / private limited company etc. As on the date of execution of the licence agreement / lease deed, without prior approval of the Grantor/ Lessor.