

SUBJECT NO:134

Sub:- VUDA - PPP Projects – Status of PPP Projects in VUDA – placed for perusal of the VUDA Board meeting on 20-07-2013- Vaibhav IT Park- VUDA Board Resolution No.36 dated: 20-07-2013-placed before the Collector’s committee-Reg.

AGENDA NOTE:

The VUDA Board in its Resolution No. 122, dated 31.5.2006 has resolved to approve the proposal of construction of the proposed Commercial Complex in Gandhi Place, Visakhapatnam duly calling the EOI afresh. Accordingly, notification was issued on 9.6.2006 in Hindu, Eenadu, Economic Times and Deccan Chronicle calling EOI from private partners for Design, Develop, Finance, Built, Operate, Maintain and Transfer Basis (BOT Basis for a period of 33 years in PPP Mode) for the proposed Commercial Complex with IT Space and Convention Center with Guest Rooms.

In response to the notification 17 Nos of EOI applications were received from the reputed firms on payment of Rs.5,000/ each towards cost of the application. Out of the 17 firms, 16 firms have been qualified after scrutiny of the Bid Processing evaluated by Consultants, M/s. APITCO Ltd., Hyderabad, who was appointed as Consultants of the said project.

Out of the above 16 qualified firms, 13 firms have purchased RFP Documents on payment of Rs.25,000/- each to VUDA towards cost of the RFP Document.

In response to the above, five firms have furnished their proposals along with a DD of Rs. 50,000/- each to VUDA towards Non-Refundable amount.

In response to the above , the following three firms have been selected by the Screening Committee for the Business Proposals (Cover-II) and Power Point Presentation on 19.10.2006 & 20.10.2006.

<u>Sl.No.</u>	Name of the Firm
1	<u>M/s. Vaibhav Empire Pvt. Ltd.,</u> Visakhapatnam
2	<u>M/s. Nagarjuna Construction Company Ltd.,</u> Hyderabad
3	<u>M/s. Vinayagar Promoters & Builders,</u> Visakhapatnam

The following firms furnished their Commercial Offer (Cover-III) on 24.10.2006 as per the evaluation report furnished by M/s. APITCO Ltd Hyderabad dated 7.11.2006

I.Project Details

- a. Nature of the Project : Commercial Complex
- b. Project Cost Proposal : Rs. 20.00 Crs
- c. Extent of Land : 6540 Sq.yards + 550 Sq.yards
- d. Time schedule for completion : 18 months
- e. Lease Period : 33 years
- f. Suggested Activities : Shopping Mall with IT Space and Conventional Centre with Guest Rooms

Project Cost offered by the Bidders :

Sl.No.	Bidders	Project
1	Vinayagar Promoters & Promoters & Builders	Rs. 21,00,00,000
2	Nagarjuna Construction Company Ltd.	Rs. 20,00,00,000
3	Vaibhav Empire Pvt. Ltd	Rs. 20,05,00,000

Sl. No.		Vinayagar Promoters & Builders		Nagarjuna construction company limited		Vaibhav Empire Private Limited	
		Revenues Offered for 33 Years (Rs.)	NPV @12% per annum for 33 Years. (Rs.)	Revenues Offered for 33 Years (Rs.)	NPV @12% per annum for 33 Years. (Rs.)	Revenues Offered for 33 Years (Rs.)	NPV @12% per annum for 33 Years. (Rs.)
1	Project Development Fee	2100000	2100000	2000000	2000000	2005000	2005000
2	Lease Rentals for 33 years	567652141	99956012	567652141	99956012	567652141	99956012
3	Additional Development Premium for 33 years (from 4" year Onwards)	615224000	90244498	478265000	70170257	803672059	108825471
	Total	1184976141	192300510	1047917141	172126269	137332920 0	210786483

IV. Revenues offered by the Bidders:

Out of the above financial offers, the offer of M/s. Vaibhav Empire Pvt. Ltd. is the highest at Rs.20,05,000 + Rs. 56,76,52,141 + Rs.80,36,72,059 = Rs. 1,37,33,29,200 towards project Development Fees, Lease Rent for 33 years and Additional Development Premium for 33 years (from 4th year onwards). The following are the details of the Revenues offered by M/s. Vaibhav Empire Pvt. Ltd., Visakhapatnam.

Cash flows to VUDA

Year No.	Lease Rentals (NR)	ADP (NR)
1	70,90,000	-
2	74,44,500	-
3	78,16,725	-
4	82,07,561	1,06,00,000
5	86,17,939	1,11,30,000
6	90,48,836	1,16,86,500
7	95,01,278	1,22,70,825
8	99,76,342	1,28,84,366
9	1,04,75,159	1,35,28,585
10	1,09,98,917	1,42,05,014
11	1,15,48,863	1,49,15,264
12	1,21,26,306	1,58,10,180
13	1,27,32,621	1,67,58,791
14	1,33,69,252	1,77,64,319
15	1,40,37,715	1,88,30,178
16	1,47,39,601	1,99,59,988
17	1,54,76,581	2,11,57,588
18	1,62,50,410	2,24,27,043
19	1,70,62,930	2,37,72,666
20	1,79,16,077	2,51,99,026
21	1,88,11,881	2,67,10,967
22	1,97,52,475	2,83,13,625
23	2,07,40,099	3,00,12,443
24	2,17,77,104	3,18,13,189
25	2,28,65,959	3,37,21,980
26	2,40,09,257	3,60,82,519
27	2,52,09,720	3,86,08,295
28	2,64,70,206	4,13,10,876
29	2,77,93,716	4,42,02,637
30	2,91,83,402	4,72,96,822
31	3,06,42,572	5,06,07,600
32	3,21,74,701	5,41,50,132
33	3,37,83,436	5,79,40,641
Total	56,76,52,141	80,36,72,059
Present Value	8,92,46,439	9,71,65,599

The highest financial quoted offer by M/s. Vaibhav Empire Pvt. Ltd. has passed the evaluations of Technical, Business and Commercial Proposals [Cover I, II & III) and emerged as highest successful bidder for the development of Commercial Complex with IT space and Convention center with guest rooms at Gandhi Place, Siripuram Jn., Visakhapatnam for Design, Develop, Finance, Built, Operate, Maintain and Transfer Basis (BOT Basis for a period of 33 years in PPP Mode) on payment of Rs. 1,37,33,29,200 as members of the Consortium and their equity holding as per the submissions in RFP Document.

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|--|-----|
| 1. M/s. Vaibhava Empire Pvt. Ltd., | 52% |
| 2. M/s. Ambika Agarbathis & Aroma Industries Ltd., | 27% |
| 3. M/s. Pavan Builders | 16% |
| 4. M/s. Vaibhav Jewelers, Eluru | 5% |

A non-refundable project development fee of Rs.21,00,000 payable by the firm at the time of signing of the agreement. A Bank Guarantee for Rs.50,12,500/- (2.5% of the Project cost) to be submitted within 15 days from the date of Letter of Award.

A "letter Of Award" in favour of M/s. Vaibhav Empire Pvt., Ltd.. Visakhapatnam has been issued to accept the proposals within 7 days vide this office letter dated 8.11.2006.

The matter was placed before the VUDA Board for ratification for the letter of award issued in favour of M/s. Vaibhav Empire Pvt., Ltd., Visakhapatnam for the development of Commercial Complex with IT space and Convention center with guest rooms at Gandhi Place, Siripuram Jn., Visakhapatnam for Design, Develop, Finance, Built, Operate, Maintain and Transfer Basis (BOT Basis for a period of 33 years in PPP Mode) at an extent of 6540 Sq. yards + 550 Sq. yards.

VUDA Board vide resolution. No. 145 dated: 18-12-2006 resolved to ratify the action for the letter of award issued.

VUDA issued a Letter of Award (LOA) to M/s Vaibhav Empire Pvt. Ltd as preferred and successful bidder for the development of a commercial complex in Gandhi Place, Siripuram, Visakhapatnam under Public Private Partnership model vide RC No.4494/06/PMU dt.23-12-2006. The project has taken up under BOT. A Lease agreement was executed with VUDA on 30th May, 2009 and registered as Document No.2430/09 2nd July 2009 in the office of Sub Registrar, Visakhapatnam. Subsequently Development and Management Agreement was executed on 16th February, 2008.

Vide VUDA's Proceedings in Rc.No.4494/06/PMU dt.11-10-2010. VUDA has issued proceedings along with Approved Building Plans for construction of the above said complex requesting to adhere and abide to the conditions as laid down in the said proceedings. One of the pre-condition for the starting of the construction that to obtain approval from the State Level Environmental impact Assessment Authority (SEIAA) and to adhere to the conditions/safe guards prescribe as per their guidelines and a copy of the same should be furnished to VUDA for record.

The Developer vide Lr.NO.Vaibhav Projects/VSSL/VUDA/125/823/27-11-2010 submitted that the (SEIAA) is not in a position to issue a prior Environmental Clearance due to imposition of moratorium for construction projects by Ministry of Environment and Forest. The IL&FS Trust Company, the financial agency for the construction pressurized to start the construction and for which they could not start the construction due to the said fact. Therefore, they requested VUDA to allow the construction of the said complex to be taken up in two phases, the first phase having built up space below 20,000.00 Sq.mtrs, as any construction project below 20,000.00 Sq.mtrs does not require prior Environmental Clearance. It was also requested to allow the construction in Phase-2 for the remaining portion of the built up space after obtaining prior Environmental Clearance, based on the request VUDA has granted approval for construction in two phases.

VUDA, vide proceedings Rc.No. 4494/06/PMU dt.18-02-2011 has issued proceedings along with Approved Buildings Plans for Phase-I construction of the above said complex. The State Level Environment Impact Assessment Authority, granted the Environmental Clearance for the proposed project vide Order No.SEIAA/AP/VSP-21/20-08-1670, dt.14.9.2011, after the Ministry of Environment & Forest, Govt lifted the moratorium period for the construction projects in respective bowl areas and subsequent presentation on the project during the SEIAA on 19-8-2011.

The Developer, vide letter VSSL/General/100/1 dt.17-10-2011 have submitted revised building plans for approval along with prior Environment Clearance and requested VUDA to grant the approval for the entire project i.e., Phase-1 & Phase-2.

After the said handed over by VUDA, the developer have re-directed the public drain that was passing through the middle of site along with shifting of live RMU cables with assistance of EPDCL from the middle of site. They commenced the construction in November 2011 soon after obtaining the requisite Project Clearances

and Environmental Clearance which was obtained in the month of September 2011. The developer had also stated that they have awarded the contract also to CCCL- one of the leading contractors in Chennai who has mobilized their work force in the month of Dec 2011 and completed lift foundation and pilling work.

VUDA through Letter Rc No. 4494/06/PMU dt.8-2-2012 made certain observations on the building plans like providing 2.5 mtrs set back in the basements, gradient for the ramps along with entry and exist, circulation in the first floor, NOC from the fire service department in line with revised plans, earmarking of the 10% space for the mortgage etc., and requested to furnish the revised drawings to take further action.

It is at this stage the Managing Director of M/s Vaibhav Empire Pvt. Ltd Sri Grandhi Manoj Kumar had passed away on 07-02-2012 in tragic circumstances. The replies to VUDA's letter Rc No. 4494/06/PMU dt.8-2-2012 was not be submitted in time by the developer firm.

Vide Lr.No. Vaibhav Projects/VSSL/VUDA/125/561/16-07-2012, informed VUDA that they are committed to complete the project towards this end they have been looking for a Consortium Partner for the above mentioned project with credentials which are on par with some of the internationally reputed Developers who have created iconic projects in the country in various spheres of Retail Markets and made a request for induction of M/s Prasad Imax Group into the Consortium and also requested for concession Period need to be restored for a period of 33 years so as to accommodate the revised Project Cost, Project timelines and the related Project viability.

The SLO opined that *"VAIBHAV SKYSCAPES (LOA) Company sent the letter dt:15-10-2012 with enclosures of Prasad Group, Board resolution of other consortium members conveying their no objection and Board resolution of accepting the proposals of other consortium member Ambica Agar Bathi & Aroma Industries Ltd, Pavan Builders and Vaibhav Jewellers.*

The material furnished may appear as compliance of our letter to consider the main request /proposal for replacement of consortium members. But I feel VUDA has to bestow its consideration on extension of lease period request, reservation of certain rights of waiver, extension of time for completion of project due to changed circumstances obtaining of revised project estimated cost may be necessary."

Meanwhile the Managing Director, M/s Vaibhav Skyscapes vide Lr.No. Vaibhav Projects/VSSL/VUDA/125/180/09-07-2013 to VUDA stated that, due to the tragic incident in their group the work was stopped abruptly and it took them some time to consolidate their affairs and come into the main stream of things. Hence there is some delay in recommencing the project which they are quite committed to start and complete the Project. It is further submitted by the developer that, they have prepared the plan of action and as part of the said plan their Architects are working on the revised drawings incorporating all the corrections directed by VUDA in the reference Letter Rc No. 4494/06/PMU dt.8-2-2012, along with latest fire norms within 30 days for VUDA's perusal and after obtaining all the approvals, they shall commence the construction, accordingly. The Developer requested VUDA to consider the above and grant time to start afresh to construct, but the developer had failed to present the revised drawing within the 30 days time they were granted.

The matter was placed before the VUDA board meeting held on 20-07-2013 for taking necessary action. The board perused the facts and resolved to place the matter before the committee headed by the Collector, Visakhapatnam with Commissioner, GVMC , Additional Secretary (Finance Department)and DTCP and to place the committee's recommendations before the next VUDA board meeting.

Hence the matter is placed before the committee for its kind perusal. The Sub committee has deliberated on the subject opined that *the "objective of the project is to create the office space for IT offices and other offices and there is a delay in commissioning the project. There is no clear cut action plan submitted by the developer despite his assurance during July 2013. In the absence of clear cut action plan, there is no logic in continuing the MoU perpetually, though it is told by the Secretary that the monthly Additional Development Premium and other dues are regularly paid by the developer. The objective is not only to get the revenue by way of above payment but also creation of infra structure on BOT basis, which will eventually will be the asset of the organization after the end of the MoU period.*

In the present circumstances, the developer may be insisted to submit the action plan and the said action plan can be brought to the board for perusal and approval without extending the period of MoU. The Sub Committee is of the opinion that the developer has to be penalized for late commissioning, in the event if he comes forward to complete the project with different consortium after the approval of the authority, in proportionate to the delay of commissioning."

When the matter stood thus, the developer firm, the Managing Director, Vaibhav Sky Scapes Limited vide letter dated 29th October, 2013, requested for the approval of the following from VUDA

- i) Approvals for MULTIPLEX to be forming part of the project
- ii) Induction of Prasad Group in the consortium by substituting Prasad Group as part of the Bidding Consortium so as to have a minimum 50% of the required 52% of the consortium aggregate shareholding in the project company in terms of item 13 of Clause 6.6 of the RFP Document. Request to permit to dilute balance 48% to raise the necessary Equity funds as provided in the RFP document
- iii) Waiver of Lease Rentals and ADP during construction period
- iv) Reinstatement of waiver of ADP for the first two years of operation prospectively.
- v) Construction period including Project Development period:36 months from the date of signing of the Supplementary/Amendatory Agreements
- vi) Restoration of total concession period of 33 years including the construction period mentioned above in order to accommodate the revised project cost, project timelines and relate project viability.
- vii) Adjustment of the lease rental and ADP paid so far amounting to Rs.7.43 Crores by the Company towards future lease rental payments and ADP payable by the Company.

The Vice Chairman, VUDA vide note orders dated 31-10-2013 instructed to refer the requests of the developer with previous legal opinion to the **CAO** on the financial implication of the request to the VUDA and to **SLO** on the legality involved; to refer the plans, if submitted, **to CUP** to place it before the high rise building committee for its observations on (i) technical clearance (ii) suitability of revised plans w.r.t. MoU; **to Secretary** to offer remarks on the suitability of requests vis-à-vis the original MoU as the request seem to be entering a fresh agreement with renewed partners at older rates with fresh 33 years period prospectively

The CAO has offered the remarks on the financial implication on the request of the Vaibhav Group, stating that the request of the Vaibhav Group has been studied with respect to the payment schedule as per the agreement. Regarding financial concessions, their main stress is on the following points.

- a) Waiver of Lease Rentals & ADP during construction period.
- b) Reinstatement of waiver of ADP for the first two years of operations prospectively.
- c) Restoration of total concession period of 33 years including the construction period (36 months) in order to accommodate the revised project cost, project time lines and related project viability.
- d) Adjustment of the lease rental and ADP paid so far amounting to Rs.7.43 lakhs by the company towards future lease rental payment and ADP payable by the company

As seen from their representation, after a detailed survey and exercise, Vaibhav Group could be able to select a Investor / Partner i.e., Prasad Group with proposed 50% of share holding to the new partner and 48% equities and balance 2% of the share holding is proposed to be kept with the Vaibhav Group,

Their request is mainly for adjustment of lease rental and ADP for the future lease rentals and ADP payable by the company. But in the scenario of proposed new consortium and request for extended lease period, they have **not projected any enhancement of lease rental or ADP** for the new concession period which they are requesting for.

At Point No 3.3 of their request, they have informed that they have paid an amount of Rs.4.37 Crores towards lease rentals and Rs.3.05 Crores towards ADP with good faith without even the project having been completed.

- i) As per agreed terms and condition and as the agreed schedule of payments only, the Vaibhav Group has made the payments to VUDA towards lease Rentals. The ADP was paid from the 4th year onwards, though the project was not completed and became operative. But the delay in the commencement of the project (due to delay in environmental clearance) is not the fault of VUDA. Because of their inability to complete the project due to various reasons, they might have paid the ADP, may be due to various apprehensions that VUDA may go legally etc..., but not out of good faith.
- ii) It was also stated by them that "as per generally accepted practices in PPP projects in the country any payment obligation to Government by the concessionaire during the period wherein the critical project clearances are not

obtained will be suspended for such duration". But they failed to quote one such example in any Government Department and also not enclosed any documentary evidence to study whether such suspension is as per agreement condition or specially considered as per the project condition and also whether such suspension was extended to both lease rental and ADP also by such departments.

iii) However it may not be possible to treat the lease rental of Rs.4.37 Crores paid for the period from 2007-08 to 2013-14 as paid in good faith and adjusted against the future lease rentals as VUDA is Government organization which is liable for statutory audit by CAG.

iv) Regarding the ADP paid by Vaibhav Group for about 3 years a cautious decision may have to be taken for waiver or for concession of some amount if there is any such precedent case in respect of PPP Projects in other Government Department with the approval of the Board and the Government.

However if their request is considered for adjustment of already paid lease rentals and ADP towards future payments and also waiver of lease rentals and ADP during the construction period and also waiver of ADP for the first 2 years of operations prospectively, the loss to VUDA will be as follows

Sl No	Particulars	Lease Rent	ADP
1.	Already paid /	Rs. 4.37 Crores (5 ½ years)	Rs.3.05 Crores (3 years)
2.	To be paid for the proposed Construction period of 3 years if agreed	Rs. 3.06 Crores	Rs.3.78 Crores
3.	Additional request for waiver of ADP for the first 2 years of operation prospectively	---	Rs. 2.84 Crores
Total		Rs.7.43 Crores	Rs.9.67 Crores

So total loss to VUDA will be around Rs.17.00 Crores.

v) VUDA has handed over the site to the Vaibhav group during the 2008 it self. During these 6 years, VUDA has received Rs.7.43 Corers towards lease rent & ADP from that project. However VUDA could not give the project in a complete to the public though 6 years have elapsed.

vi) If it is possible for VUDA to obtain and conduct similar inquiries for viability of the revised terms now Vaibhav is requesting, it may be possible to know the veracity of the claim of Vaibhav.

In view of the above circumstances, and in the angle of A.G Audit & Vigilance observations, it may not be possible for adjustment of the lease rental and ADP so far paid by the company towards future lease rent & ADP payable.

Regarding waiver of lease rentals during the construction period, it may also attract audit objects because it will be a loss to VUDA. Regarding waiver of ADP during construction period and also for the first 2 years of operations prospectively, a decision may have to be taken with the approval of Government, if the loss being sustained by VUDA regarding ADP is adjustable in future rents and ADP payable by them if the Vaibhav group is willing to recast the schedule of payments to VUDA for the extended license period

The Secretary, VUDA offered his remarks on the suitability of requests given by the Vaibhav Sky Scapes Limited vis-à-vis the original M.O.U. as the request seems to be entering a fresh agreement with revised partners at older rates with fresh 33 years period prospectively.

***FRESH AGREEMENT WITH REVISED PARTNERS**

The request of the developer is for induction of Prasad Group in the consortium by substituting Prasad Group as part of the Bidding Consortium so as to have a minimum 50% of the required 52% of the consortium aggregate shareholding in the project company in terms of item 13 of Clause 6.6 of the RFP Document. Request to permit to dilute balance 48% to raise the necessary Equity funds as provided in the RFP document

As per clause 5.1 General Obligations of the Developer- in Development and Management Agreement

(xvii) During the Construction Period (i.e., from the date of signing of the LOA till the completion of the Construction) the individual shareholding of the Members in the Company shall not be in deviation of that proposed in the Schedule – F (as mentioned below)

S.No.	Consortium Member	Role of the Consortium Member	Equity Holding
1	M/s. Vaibhav Empire Pvt. Ltd.	Lead Member	52%
2	M/s. Pavan Builder	Technical Member	16%
3	M/s. Ambica Agarbathies & Aroma Industries Ltd.	FSCM	27%
4	M/s. Vaibhav Jewellers	Member	5%

- (xviii) The Lead Developer shall maintain a minimum equity holding of 26% in the Project Company till termination of the Agreement ("Lock-in Period"). During such periods, the stake of such Lead Developer shall also not be less than that of any other Member of the company.
- (xix) Unless explicitly approved by The VUDA, the combined shareholding of all the original Members of the Company shall not be less than 68% from the Date of Commencement of Operations till the termination of agreement.
- (xx) The Technical Member of the Company shall be required to hold an equity stake not less than 16% of the proposed equity of the project company as per Schedule – F and continue its membership in the consortium at least till the end of fifth year of operations.

On perusal of the file, it is found that VUDA vide its letter No RC.No.4494/06/Projects,dt:18-09-2012 sought the following after considering the proposal of the Concessionaire vide letter dated 16th July 2012.

1. Prasad Group should establish its credentials of technical experience and financial capability as stipulated in the RFP.
2. The Boards of all the Consortium Members should pass a resolution to exit from the SPV conveying their no objection to take in Prasad's Group and address VUDA directly for acceptance along with the resolutions.
3. The Board of SPV should also pass a resolution accepting the above proposals and address VUDA directly for acceptance along with the resolutions, duly following the procedure, if any, prescribed under the Companies Act 1956.

Concessionaire vide its letter No. Vaibhav Projects/ VSSL/ VUDA/125/773/15.10.2012 submitted the credentials of the Prasad Group and Board Resolutions as required by VUDA vide its letter No RC.No.4494/06/Projects,dt:18-09-2012.

It appears that the entire Shareholding of the Concessionaire is being consolidated with Vaibhav group out of which they intend sharing with the Prasad group in such a way that the current provisions of the Development and Management Agreement are adhered to. Since Prasad group is proposed to be Financially Significant and Technical Consortium member, in the normal course they would have been entitled to hold 48%, while Vaibhav group can hold 52% in the Company. However the Concessionaire vide letter dated 29th October 2013 requested for the following

"Induction of Prasad Group in the consortium by substituting Prasad Group as part of Bidding Consortium so as to have a minimum 50% of the required 52% of the consortium aggregate shareholding in the project company in terms of item 13 of Clause 6.6 of the RFP Document (Please refer page no 24 and 25. We have also requested you to permit us to dilute balance 48% to raise the necessary Equity funds as provided in the RFP document."

It appears that the Consortium of Vaibhav group and Prasad group would like to retain together the majority of the Company and would like to divest the balance for mobilising equity for the Project. This may be legally examined to enable a decision to be taken by VUDA.

For refer the following are the provisions in the RFP which were referred by the Concessionaire in its letter

Clause 3.14 of the RFP "In the event that the Successful Bidder is a Consortium, the Consortium Members would be required to form the Project Company with the same representative equity stock holding as was proposed by the Consortium Members in their Bid and reflecting the same roles and responsibilities detailed in the MOU submitted with the Bid, there shall not be any change in equity holding without prior approval of Visakhapatnam Urban Development Authority"

Clause 6.6 (13) of the RFP

"The Applicant / Consortium should commit to hold at least 68% of the aggregate shareholding of the project company. The equity may be brought down to 51% with the prior approval of Visakhapatnam Urban Development Authority. In case of Consortium,

(i) The Technical Member would be required to commit to hold a minimum equity stake equal to 16% of the aggregate shareholding of the Consortium.

(ii) The Financially Significant Consortium Member (FSCM) is also required to commit to hold a minimum equity stake equal to 26% of the aggregate shareholding of the Consortium and also conforming to the requirement of aggregate shareholding 68% as specified above.

(iii) In case the Technical member and the FSCM is the same member, then he is required to commit to hold a minimum equity stake equal to 26% of the project company shareholding.

In case of companies, a letter has to be submitted along with the Board Resolution Confirming to invest the required equity in the Project. In case of partnership firms, a letter signed by all the partners of the firm confirming to invest the required equity in the project has to be submitted. In case of individuals, letters confirming the equity investment in the project has to be submitted.

In any case, notwithstanding the above, the Lead Developer, in case of a Bidding Consortium, shall not be allowed to change its equity contribution in the Consortium if it results in its equity holding becoming -

- less than 26%
- less than the equity holding of any other Consortium Member in the Bidding Consortium

The Technical Member in the bidding consortium should hold equity not less than 16% in the Project Company."

Clause 4 of the letter of Acceptance – Exhibit-2 to RFP

"We understand that, no change in the membership in the Bidding Consortium, in the role and form of responsibility of any Consortium Member shall be permitted after submission of the Bid. After selection, if any change in the equity in the Consortium (whose strengths have been credited for evaluation) is desired, it would need to be communicated to Visakhapatnam Urban Development Authority in writing for its approval. Visakhapatnam Urban Development Authority would reserve the right to reject such requests for a change of consortium structure, if in its opinion; it would adversely affect the same."

Clause 5 of the letter of Acceptance – Exhibit-2 to RFP

"Notwithstanding the above, (In case of the Lead Developer in the Bidding Consortium) we undertake that our equity stake in the Bidding Consortium shall not be less than 26% for the period of the Lock-in as decided by Visakhapatnam Urban Development Authority and detailed in the Principles of Agreement and shall not be less than that of any other Consortium Member in the Bidding Consortium for such period of Lock-in."

VUDA would reserve the right to reject such requests made under Clause 5 of the letter of Acceptance for a change of consortium structure, if in its opinion; it would adversely affect the same .

Hence the matter is placed before the VUDA board for kind perusal and for taking a decision on the request of the developer dated 29.10.2013.

Sl. No.	Subject No.	Subject	Resolutions
82	133	VUDA-Status of PPP Project of VUDA-M/s L&T Vision Ventures Ltd-Request for alternate land in Kommadi(V)-status of their request on the allotment of alternate land-Regarding.	<ul style="list-style-type: none"> • The available lands as per the GO issued in the year 2008 have to be handed over to the Developer at the earliest. • The land exchange proposals of VUDA and APHB as requested are not agreed upon. • At the most, the payment received from the developer can be given to APHB if their lands are to be involved
83	134	VUDA - PPP Projects – Status of PPP Projects in VUDA – placed for perusal of the VUDA Board meeting on 20-07-2013- Vaibhav IT Park- VUDA Board Resolution No.36 dated: 20-07-2013-placed before the Collector’s committee-Reg.	Already resolved in agenda item 76.
84	135	VUDA –Establishment- Request for release of funds for construction of Additional Accommodation (Women’s wing, Childers’s wing etc.) for Zilla Grandhalayam Samstha, Vizianagaram-Reg	Examine the proposal further with the cost involved and come up for next board meeting
85	136	Engg – VUDA – Establishment of Zonal Offices at Srikakulam, Vizianagaram & Tuni (extended limits of VUDA) – Type design and Estimate for construction of Zonal Office Building at the above places – Proposal submitted - Draft subject placed before VUDA Board for perusal and approval – Reg	<ul style="list-style-type: none"> • Agreed the type design. • Start the work in Vizianagaram in the available place • Try to identify the lands in other districts