

SUBJECT NO.: 44

Rc.No.1A/2000/A.O(R.)

Sub:- VUDA, Visakhapatnam – Establishment of I.T. Park in Visakhapatnam.-  
Tri-partite meeting held on 19.10.2002 at Visakhapatnam – minutes of  
the meeting communicated – Revised proposal – Confirmation of MOU  
Reg.

AGENDA NOTE:

In connection with the I.T. Park at Visakhapatnam a Tri-partite meeting was held on 18-10-2002 and the minutes of the meeting is received from the project manager- 1, APIIC Limited. As per the minutes of the said meeting, the total cost of the project is worked out to Rs.21.00 Crores while the original project was to a tune of Rs.25.00 Crores.

The details of the project cost and shares of the three participant organization i.e. L&T info city, VUDA and APIIC as per original proposals and as per revised proposals vide minutes of the meeting dated 19-10-2002 are as follows:

AS PER ORIGINAL PROPOSALS

Sl.No.	Organisation	Share %	Share proposals
1.	L & T Infocity	74%	Rs. 18.50 Crores
2.	VUDA	13%	Rs. 3.25 Crores
3.	APIIC	13%	Rs. 3.25 Crores
	TOTAL	100%	Rs. 25.00 Crores

AS PER REVISED PROPOSALS VIDE MINUTES OF THE MEETING  
DATED 19-10-02

Sl. No.	Organisation	Share %	Share proposals
1.	L & T Infocity	61%	Rs.12.81 Crores
2.	VUDA	28%	Rs. 5.88 Crores
3.	APIIC	11%	Rs. 2.31 Crores
	TOTAL	100%	Rs.21.00 Crores

The cost of the land of 2.00 acres at Siripuram junction is considered as VUDA share and as per the Government letter and VUDA Board Resolution No.147 dt.5.6.2002, the cost of VUDA's land was fixed at Rs.2000/- per Sq.yard i.e, totaling Rs.1.93,62,000/-.

**VUDA Resolution No.74 dated 14.5.2003**

It was informed that the MOU is awaited.

The Vice Chairman was authorized to offer the views expressed by the Board in the process of finalizing the MOU.



**CHAIRMAN**

Recently the APIIC, Hyderabad, has sent a draft MOU vide their letter dt.25.1.2003 for perusal and confirmation of the same. In the above Draft MOU the built up area proposed to be constructed in the 1st phase is 1,00,000 sft and the share ratio was also suitably revised and shown as APIIC – 4%, VUDA - 32.27%, and L&T Info city – 63.73%. As per the above proposal, the total initial investment is Rs.600 lakhs, and the cost of share ratio is as follows:

AS PER THE PRESENT DRAFT MOU SENT BY APIIC

Sl. No.	Organisation	Share %	Share proposals
1.	APIIC	4.05%	Rs. 24,00,000
2.	VUDA	32.27%	Rs. 1,93,62,000
3.	L & T Info city	63.73 %	Rs. 3,83,38,000
	TOTAL	100.00%	Rs. 6,00,00,000

It has already been enlightened by VUDA that the VUDA's share is only limited to the extent of Ac.2.00 land only and there will not be further participation by VUDA either by way of allotting additional land or towards any cash flow by VUDA. The share of VUDA shall continue to be restricted to be same and even in case of further investment in the Project by the L&T Info city etc., there will be no further contribution from VUDA since the VUDA's equity would be computed only against the cost of the land already offered at Siripuram Junction.

Further the APIIC, in its Lr.NO.503/PM(IPU)/APIIC/2000 dt.25.1.2003 has furnished a copy of Draft MOU proposed by M/s L&T Info city Ltd., for I.T.Park, Visakhapatnam informing that the L&T Info city Ltd., has informed that their Board has resolved to go ahead with the project through unincorporated Joint Venture between APIIC, VUDA & L&T Info City. They have however, requested VUDA to examine the draft MOU and offer the comments on the MOU so as to process further in this regard.

Accordingly, the contents of the clauses have been examined in consultation with the Standing Counsel, VUDA, at Visakhapatnam and certain clauses i.e., Clause No.4.1, 13.2 & 9.2 (1 to viii) have been slightly and suitably modified as shown in the Annexure and the same was also sent to the A.P.I.I.C., Hyderabad, wherein we have made it very clear that the aggregate land agreed to be transferred by VUDA shall not exceed 2.00 Acres in all.

The matter is placed before the Board for its perusal and approval of the MOU so as to enable the Vice Chairman for signing the MOU accordingly.



Amendments, Suggestions made by VUDA in respect of Draft MOU communicated vide Lr.No.503/PM(PEU)/APIIC/2000, dt.25.01.2001 of APIIC.

Existing	Suggested amendments	Reasons
<p>Clause 4.1 Under Phase-I, the Joint Venture Company shall undertake to develop and construct the built up space (IT TOWERS) in 2 acres of land at Siripuram junction as described in the schedule I property in a period of 18 months from the date of taking possession of the land from VUDA. (VUDA hereby agrees to make available further area of about 2 acres of land, which is contiguous to schedule I property and when the same becomes available free from litigation and the cost of the said land will be decided as mutually agreed upon by the parties).</p>	<p>Under Phase-I, the Joint Venture Company shall undertake to develop and construct the built up space (IT TOWERS) in 2 acres of land at Siripuram junction as described in the schedule I property in a period of 18 months from the date of taking possession of the land from VUDA. <u>Failure to conform or adhere to the time limit of 18 months mentioned herein about would attract penalty for the defaulting party and VUDA shall be entitle to claim such reasonable penalty from the defaulting party.</u>  <u>It is hereby clarified that the aggregate land agreed to be transferred by VUDA shall not exceed 2 Acs in all.</u> Therefore the bracketed portion may be deleted including 2<sup>nd</sup> para of 6.1 &amp; 9.3 (i) "and additional lands at Visakhapatnam"</p>	<p>The provision is silent regarding what should be done in the eventuality of the joint venture company not adhering to the time schedule. A time limit of 18 months is mentioned but the course of action in the event of not conform to time is missing the same is supplied by this suggested amendment. Further <u>it is hereby clarified that the aggregate land agreed to be transferred by VUDA shall not exceed 2 Acs in all.</u></p> <p>As regards the portion suggested to be deleted it is for the reason that the matter is subjudice and therefore it need not form part of the MOU.          In addition to the bracketed portion may be deleted.</p>

<p>Clause - 9.2 ( i to viii)</p>	<p>The actions taken from time to time pursuant to the Clause iv and viii of 9.2 herein above shall however be subject to the concurrence of the unincorporated company and in conformity with the trade practices.</p>	<p>Apparently provisions looks alright but under the guise of this interpretation it will be open for the co promoter to over side the resolution of the un incorporated co. only to arrest opportunities of such interpretation. This amendment is being suggested.</p>
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<p>Clause 13.2 The co-promoter shall have the right to terminate this agreement in the event of APIIC &amp; VUDA failing to contribute its equity in the form of legal transfer of the schedule property within the agreed time schedule. Such termination shall not be effective until 30 days notice thereof is given to APIIC &amp; VUDA to remedy the breach.</p>	<p>Clause 13.2 The co-promoter shall have the right to terminate this agreement in the event of APIIC &amp; VUDA failing to contribute its equity in the form of legal transfer of the schedule property within the agreed time schedule. Such termination shall not be effective until 30 days <u>written</u> notice thereof is given to APIIC &amp; VUDA to remedy the breach.</p>	<p>Notice can be oral notice or a written notice only for the sake of clarity the word written is inserted. Moreover in Clause 26.1 the term written not be specifically mentioned. Hence the clarification through the suggested amendment.</p>
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