

**SUBJECT NO.29**

**Sub:- VUDA-Planning- development of layout in S.No.563/1 (carved out from S.No.348) of Dakamarri on Joint Venture basis with M/s. Vensar Constructions Company Ltd - Finalisation of share of developed plots to both VUDA and developer –Regarding.**

- Ref: 1. Development agreement dt 19-3-2008 made between VUDA and M/s. Vensar Constructions Company Ltd  
 2. This office proceedings vide L.P.No 57/2013 in R.C.No 10593/07/PMU Dt. 28-11-2013

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**Agenda Note :**

VUDA has proposed to develop a plotted development layout project in an extent of Acs.98.64 Cts in bulk land in S.No.563 (carved out from S.No.348) of Dakamarri (V) Bheemili (M) Visakhapatnam District as Joint Venture Project (PPP Project) with M/s Vensar Constructions Company Ltd, Hyderabad on bid process selection. M/s APITCO Limited, Hyderabad has been appointed as bid process management consultant.

In the process, 14 firms have been short listed by M/s. APITCO Limited, Hyderabad and out of which, 12 firms have purchased RFP documents and subsequently 5 firms have furnished their bids. Finally, M/s. Vensar Constructions Company (P) Ltd has been selected in bid process.

Subsequently, a development agreement was executed on 19-3-2008 to design, develop, finance, construct, share and market (only developer's share) as Ultra Modern Layout project of Dakamarri, Visakhapatnam on joint venture basis. As per the agreement conditions of Article 2(2.1), the share of VUDA and the share of the developer in the real estate units shall be as follows;

a.	Total extent of project site	<b>Acs.98.64 Cts.</b>
b.	Area left for road widening area(NH43)	<b>0.58</b>
c.	Encroachment area	<b>0.17</b>
d.	Total net area arrived after approval of layout vide L.P.No .57/2013	<b>97.89 Cts</b>
e.	Total plotted area as per approved layout	<b>Ac 57.28 Cts i.e. 58.51% of Net area (2,77,235.2 sq yds)</b>
f.	Development share of VUDA being 81.04% of (b) above as demarcated and described in the provisional layout in schedule F of the agreement.	<b>2,32,139.00 Sq.yds or 81.04% of real estate units of the finally develop layout as certified by VUDA whichever is higher.</b>
g.	As per approved plan 81.04 % of total plotted area	<b>Acs 46.42 (2,24,671 sq yds.)</b>

Provided that the above sale by VUDA to the developer of its share or its nominees to through sale deeds shall be after full development of the layout in occur fulfillment of all obligations under the agreement by the developer

As per the agreement clause 1.2.3(f), it is stated that the developer shall be responsible for mobilizing resources for implementation of the project. There shall be no financial contribution from VUDA. The developer shall have high degree of commercial freedom to market the Real Estate units of its share subject to the terms and conditions of the agreement vide clause 1.2.3(L)

With reference to development charges for the entire layout as performs the developer is paying only 18.96 % of the total charges i.e., 18.96 % of 87,27,066 = Rs. 16,54,652.00 only which is as per clause 5.2 (ix) of the agreement. The clause is only land development fee.

As per the DPR the assured infrastructure are as below:

- i. B.T.Roads
- ii. C.C Drains
- iii. Protected water supply arrangements
- iv. Construction of design compound wall around the open spaces (As per the design)
- v. Layout electrification
- vi. Avenue plantation
- vii. Filter bed and avenue plantation.
- viii. Play equipment for children in the parks.

All the specifications of layout development are subjected to Engineering Supervision and Quality Control by VUDA.

In the process, a layout have been prepared by the developer M/s Vensar Construction Company Ltd to an extent of Acs.97.89 Cts with a total No. of 1250 plots and the layout have been approved by VUDA vide **L.P.No 57/2013** .

As per the agreement condition, VUDA share of plotted area is 81.04% on the total plotted area is coming to Acs 46.41 (**2,24,671 sq yds.**) which is less than the prescribed extent in the agreement .Hence VUDA share will be **2,32,139.00** Sq yds out of the total **2,77,235.2 sq yds** of plotted area of the layout and the balance plotted area of **45096.2 sq.yds** is of developers share.

At this juncture, it has to decide the share of developer and VUDA as per the agreement condition.

The layout is peg-marked on ground and infrastructural development works are under progress. After completion of the layout development, VUDA is proposed to dispose the plots of VUDA share as proposed.

Further as per the agreement, the project has to be concluded within 18 months from the zero date. The zero date shall start from one month after the date of agreement. Hence the zero date starts from 19-4-2008 and the project shall complete by 19-10-2009. Whereas, the project is still going on and will take another year to complete. In this situation the matter was placed before VUDA Board dt 14-12-13 for decision on the following issues.

- i. Methodology of arriving at the plots towards his share as per the MoU of PPP project.
- ii. Period of extension to be given.
- iii. Methodology of disposal of plots and any other decision on the issue.

After perusal of the subject the board has resolved the following vide resolution no.120

- ***“With respective to arrival of the share of VUDA and the developer out of the common pool of plots going to be developed, it is instructed to arrive at the same by lottery of the plots-category of plots wise viz HIG,MIG,LIG,EWS etc as well as sub category viz road facing, North/East/South /West facing within each category to have an objective mode of sharing the plots.***
- ***With respect to disposal of plots ,to elicit the better revenue ,try to dispose off the plots by auction basis.***
- ***Elicit the interest of developer in disposal of plots jointly by conducting auction by VUDA rather than disposing the plots of both VUDA and Developer separately and if interested, can be done jointly with amount reaching to the common account and when the same is credited into the common account.***
- ***The extension for period of completion of works of infrastructure as required can be sanctioned by VC taking the opinion of Engineering wing.***
- ***Disposal of plots as per lottery towards VUDA 's share.”***

Accordingly the developer was informed and the developer has stated vide letter dt. 10-1-2014 that the net area available for development of the layout after road widening area and encroachment area is **Ac 97.89** cts only. Further, the developer has stated that as per article 5,under 5.2 (iii) &(v)

- the VUDA shall on request of the second party demarcate and identify the developers share minor share holder and shall take the balance area since major share of the development is offered to vuda.

-VUDA shall give the first right of refusal for alienating its share of the development property to the developer at a mutually agreed cost.

Accordingly he has submitted his choice of selected plots duly quoting the condition No.5.2 (iii) and 7.1(a) & (b) of development agreement and mentioned that it is vital to accelerate process of the development by the project. The request

of the developer is vetted by the Senior Legal Officer, VUDA. The SLO, VUDA has opined that, it was advised VUDA to identify the plots in all categories demarcated in HIG, MIG, LIG & EWS etc. After identifying Blocks in all categories resort to lottery of the identified plots between VUDA and developer. All of the plots come to developer to the extent of 18.96% share and also stated that developer has exclusive right to sell, alienate etc., his share as per agreement. And VUDA can avail with its 81.04% share as per its policy.

As per the legal opinion, the following blocks of plots were selected for lottery.

Sl. No.	Category	Total No. of Units	Dev. Share of units 18.96%	No. of Plots of developers share	Dev. Share of area in Sq.yards (18.96%)	Proposed blocks for lottery
1	HIG-I	40	7.58	8	3555.54	B1
2	HIG-II	78	14.78	15	5250.00	B2 & B3
3	HIG-III	22	4.17	4	1244.44	B4
4	MIG-I	180	34.12	34	10200.00	B5, B6 & B7
5	MIG-II	229	43.41	43	11466.66	B8, B9 & B10
6	MIG-III	79	14.97	15	3000.00	B11, B12, B13
7	LIG-I	53	10.00	10	1833.33	B14 & B15
8	LIG-II	172	32.61	33	5500.00	B16, B17, B18
9	EWS	385	72.99	73	4380.00	B19 to B23
10	Commercial + School	12	C2 & C4	2	3766.00	C2 & C4
<b>Total</b>				<b>237</b>	<b>50195.97</b>	

Also the share of the developer (18.96%) was worked out from the approved LP No. 57/2013 as stated below;

Sl. No.	Category	Total No. of Units	Dev. Share of units 18.96%	Dev. Share of area in Sq.yards (18.96%)
1	HIG-I	40	7.58	3555.54
2	HIG-II	78	14.78	5250.00
3	HIG-III	22	4.17	1244.44
4	MIG-I	180	34.12	10200.00
5	MIG-II	229	43.41	11466.66
6	MIG-III	79	14.97	3000.00
7	LIG-I	53	10.00	1833.33
8	LIG-II	172	32.61	5500.00
9	EWS	385	72.99	4380.00
10	Commercial + School	12	C2 & C4	3766.00
<b>Total</b>				<b>50195.97</b>

As the things stand thus, the developer has requested VUDA vide Letter Dt. 20-02-2014 that

“1.VUDA share as 81.04% of developed real estate units i.e 2,24,671 sq yards and his share as 18.96 % i.e. 52,568 sq yds of developed real estate units i.e., on the net yield of marketable real estate units as per the approved drawing by VUDA with L.P. No 57/2013.

2. The zero date as 30-9-2013 and completion date as 30-3-2015

3. to demarcate at least an extent of 25000 Sq. yards from their share and provide appropriate and required documents for the purpose of mortgaging to prospective lenders (Banks, /Financial Institutions) to get the financial assistance for development of the project. “

In view of the above, the above facts are placed before the VUDA Board for kind perusal and for decision on the above .The copies of the legal opinion of Sr. Legal Officer, VUDA and the copies of agreement clauses 5.2(iii) and 7.1(a) & (b) are enclosed herewith.

Sl. No.	Subject No.	Subject	Resolutions
30	29	VUDA-Planning- development of layout in S.No.563/1 (carved out from S.No.348) of Dakamarri on Joint Venture basis with M/s. Vensar Constructions Company Ltd - Finalisation of share of developed plots to both VUDA and developer –Regarding.	<ol style="list-style-type: none"> <li>1. It is decided to arrive at the share of the VUDA and Developer based on the available net marketable real estate units</li> <li>2. Zero date and completion date as requested are agreed based on LP release.</li> <li>3. Request of demarcating 25,000 sq.yds for the purpose of mortgaging is agreed subject to the availability of provisions in the Agreement.</li> </ol>
31	30	LRS – PLG – VUDA – The Andhra Pradesh Regulation of unapproved & Illegal Layout Rules-2007 – Layout Regularization Scheme (LRS) – Regulation of plots in unapproved layouts which are having existing approach roads through Government lands – Decision of Board – requested – Reg.	Decided to send the proposals to Government for extending the validity beyond the allowable period of December 2013.
32	31	VUDA – PLG – Visakhapatnam - Electrification of layouts approved by VUDA – Power connection to the individuals by APEPDCL – Payment of Electrification charges – Regarding.	As the layout is approved by VUDA, the Board resolved to recommend to the Board of APEPDCL to provide electrification to the plot purchasers in this sort of layouts, by collecting the proportionate pending due from the individuals at the time of applications for electricity or building plan approvals.

*[Signature]*  
*[Handwritten initials]*  
*[Handwritten date: 27/12/14]*