

SUBJECT NO.74

Sub:- VUDA -PPP Project in VUDA –Vaibhav I.T Park- Request of M/s Vaibhav Sky Scapes to consider certain points placed before the Board for perusal and for taking decision- Reg.

Ref:- 1. Minutes of Sub Committee held on 05.01.2013.

2. Resolution No 76 & 134 dt 14.12.2013.

3. Letter dt 24.04.2014 of the Managing Director, M/s Vaibhav sky Scapes Private Limited.

4. Letter dt 28.04.2014 of the Managing Director, M/s Vaibhav sky Scapes Private Limited.

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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. Accordingly, notification was issued on 9.6.2006 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.

M/s Vaibhav Sky Scapes (P) Ltd was selected through EOI for the above PPP Project since the said firm is the H-1 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) respectively. 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
1	70,90,00	-
2	74,44,50	-
3	78,16,72	-
4	82,07,56	1,06,00,000
5	86,17,93	1,11,30,000
6	90,48,83	1,16,86,500
7	95,01,27	1,22,70,825
8	99,76,34	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	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.

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%

Vide VUDA's Proceedings in Rc.No.4494/06/PMU dt.11-10-2010, VUDA has issued proceedings along with Approved Building Plans for the 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 is to obtain approval from the State Level

Environmental Impact Assessment Authority (SEI AA) 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/ 27-11-10 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, that the IL&FS Trust Company- the financial agency for the construction - pressurized to start the construction and 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.

They commenced the construction in November 2011 soon after obtaining the requisite Project Clearances and Environmental Clearance in the month of September 2011. The developer had also stated that they have awarded the contract to CCCL- one of the leading contractors in Chennai, 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 exit, 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. 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.

It is informed that the Managing Director of M/s Vaibhav Empire Pvt. Ltd Sri Grandhi Manoj Kumar had passed away on 07-02-2012 in tragic circumstances.

Vide Lr.No. Vaibhav Projects/VSSL/VUDA/125/561/16-07-2012, the developer informed VUDA that they are committed to complete the project and 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 that 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. Subsequently, after detailed review letter was addressed to the developer to bring the action plan vide this office letter Rc No 12/VC/CC/2013 dt 20.06.2013. On which, vide reply dt 09.07.2013, they assured that they will submit auction plan shortly.

When the status of the PPP Project is placed before the sub committee constituted by Board in this regard, the Subcommittee has deliberated on the subject and 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."

The Managing Director, Vaibhav Sky Scapes Limited vide letter dated 29th October, 2013, has 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.

With the opinion of the concerned HOD's, the request of the M/s Vaibhav Sky Scapers Private Limited on the above points has been placed before the VUDA Board for taking a decision on the request of the developer 29-10-2013. The Board in its Resolution No 76 dt 14.12.2013 resolved that *"with reference to I.T Space by Vaibhav Sky scapers, anything contrary to the original MOU entered is not agreed and the change of consortium may be agreed upon as per the legal position. Same has to be communicated specifically to the developer at the earliest"*.

M/s Vaibhav Sky Scapes (P) Ltd in their letter dt 24.01.2014 and 19.03.2014 has requested once again to consider the following points duly furnishing provisions as per Development and Management Agreement, Lease Agreement and request for proposal (RFP) & Justification .

Request by Vaibhav Group	Provisions as per the Development and Management Agreement, Lease Agreement and Request for Proposal (RFP)	Justification
<p>1)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</p>	<p><u>As per Development and Management Agreement</u></p> <p>1. Clause 5.1 of Development and Management Agreement</p> <p>As per clause 5.1 of Development and Management Agreement, General Obligations of the Developer include</p> <p>(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</p> <p>(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.</p> <p>(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.</p>	<p><u>Divestment in favour of other Investors to be identified</u></p> <p>As per RFP, clause 6.6 (13) 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.</p> <p>As per the above clause, on approval of VUDA Consortium can hold 51% and divest balance 49% in favour of other Investors. Therefore the request of Vaibhav for permission to divest 48% of the equity of Project SPV is justified.</p>

	<p><u>As per Request for Proposal (RFP)</u></p> <p>1. Clause 3.14 of RFP</p> <p>"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"</p> <p>2. Clause 6.6 (13) of the RFP</p> <p>"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,</p>	
<p>2) Approvals for MULTIPLEX to be forming part of the Project</p>	<p><u>Lease Agreement</u></p> <ul style="list-style-type: none"> As per Schedule C to Lease Agreement" proposed Project Components are as under <ul style="list-style-type: none"> Shopping Mall Restaurants / Food Courts with Entertainment Zone IT Space 2 / 3 levels of Parking in Cellar & Sub Cellars 	<ul style="list-style-type: none"> As per "The Andhra Pradesh Rules for Construction and Regulation of Multiplex Complexes, 2007..."Multiplex complex" shall mean an integrated entertainment and shopping center/complex or a shopping mall and having at least three (3) cinema halls/screens. Apart from Cinema Halls, the entertainment area may have restaurants,

	<p><u>Development and Management Agreement</u></p> <ul style="list-style-type: none"> As per Schedule C to the Development and Management proposed Project Components are as under <ul style="list-style-type: none"> Shops, Anchor shops & Showrooms in G+2 Floors Food Courts & Multi-Purpose Hall in 3rd Floor IT Space, Service Floor, Hotel Rooms from 4th to 6th Floor Parking at Cellar and Sub-Cellar 	<p>cafeteria, fast food outlets, video games parlors, pubs, bowling alleys, health spa/centers, convention centers, hotels and other recreational activities. However, habitable areas like hotels, service apartments shall not be allowed in the same block where the Multiplexes are set up and shall be allowed only as a separate block. Such a Complex may be spread over the site or be in one or more blocks which may be high-rise buildings or normal buildings".</p> <ul style="list-style-type: none"> Clause 4.10 of RFP document inter alia mentions that "However, in addition, the bidders may develop their own concept and draw up their estimates of cost." <p>The definition of Multiplex complex is consistent with the original Project concept conceived by VUDA, hence construction of Multiplex in Entertainment Zone can be approved by VUDA.</p>
<p>3) 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.</p>	<p>1. Clause 2.2 of the Lease Agreement</p> <p>As per clause 2.2 of the Lease Agreement - Tenure of Lease "The Lease hereby granted is for a tenure of 33 years (Thirty Three Years) commencing from the Appointed Date (the Lease Period) during which the Lessee is authorised to Develop, Construct, Operate & Maintain the Project in accordance with the provisions hereof."</p>	<p>Key Dates</p> <p>Lease Agreement date is 30th May 2009</p> <p>Appointed date is 30th May 2009</p> <p>Commencement date is 01st July 2007</p> <p>Effective date is 01st July 2007</p> <p>VUDA has handed over the land in January 2008</p> <p>MOEF has given clearance for construction in September 2011.</p>

	<p>2. Definition of Appointed Date in the Lease Agreement;</p> <p>"Date of the agreement or date of handing over physical possession of land within one month from the date of Agreement whichever is later."</p> <p>3. Clause 2.5 of the Lease Agreement - Renewal</p> <p>After expiry of the lease tenure, the lease may be renewed at the absolute discretion of the VUDA on such terms and conditions as may be determined by the lessor and the lessee shall have the first right of refusal.</p> <p>4. Clause 8.13 of the Lease Agreement - Effective Date</p> <p>"This Lease Agreement shall be deemed to have come into force from 16.02.2008 with retrospective effect and the Lease Period shall also be deemed to be effective from 01.07.2007 with retrospective effect in all respects with reference to Lease Period/ Payment of Lease, Commencement Date (Zero Date), Implementation Period, Commercial Operations Date (COD) and all other related Terms & Conditions of this Lease Agreement."</p>	<p>As per clause 5.2 (C) of the Lease Agreement – Effects of Force Majeure Events mentions the following:</p> <p>"Upon occurrence of any Force Majeure Event, the following shall apply:</p> <ul style="list-style-type: none"> • There shall be no Termination of this Agreement except concerning the FM events • Where the Force Majeure Event occurs before COD, the dates set forth in the Project Completion Schedule and the Lease Period shall be extended by the period for which such Force Majeure Event shall subsist;" <p>Considering the above, the period of 4 years and 3 months commencing from 1st July 2007 during which the Environmental Clearance was not obtained qualifies for Force Majeure event and the consequences of such Force Majeure event as mentioned above leads to extension of the Concession Period by the same period.</p> <p>After sad demise of Vaibhav Group CMD late Shri. Manoj Kumar Grandhi in February 2012, there was stand still in the operations of the Group for a period of one year. Group underwent severe financial stress leading to the Group seeking partners for the development of the Project.</p>
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	<p>5. Force Majeure Events as per Lease Agreement</p> <p>Force Majeure Event (FM) definition (Clause 5.1)</p> <p>A Force Majeure Event may be a Non Political Event, and/or Political Event, the occurrence of which materially affects the either party (affected party) from performing its obligations under this Agreement and which act or event, (i) is beyond the reasonable control and not arising but of the fault of the Affected Party, (ii) The Affected Party has been unable to overcome such act or event by the exercise of due diligence and reasonable efforts, skill and care, and (iii) Has Material Adverse Effect on the Project</p> <p>Non Political Force Majeure Event (Clause 5.2 (a))</p> <p>Non- Political Event shall mean one or more of the following acts or events:</p> <p>Acts of God or events beyond the reasonable control of the Affected Party(s) which could not reasonably have been expected to occur, comprising of earthquake, volcanic eruption or fire or such other natural calamities and Act of God including epidemic or plague, fire or explosion, lightning, public interest litigation(s), stay orders by Courts, refusal of approvals/permissions by the concerned authorities provided such a refusal shall not be on account of submission of relevant applications not meeting the requirements of the rules and regulations of the consent authorities and actions of third parties over whom the lessee has no control but materially affecting the operation of the Project.</p>	<p>The proposed Construction Period is 36 months including 12 months period for obtaining project clearances and 24 months for the Construction of the Project, is included in the proposed reinstatement of 33years Concession Period.</p>
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	<p>Effects of Force Majeure Event</p> <p>As per clause 5.2 (C) of the Lease Agreement Upon occurrence of any Force Majeure Event, the following shall apply:</p> <ul style="list-style-type: none"> • There shall be no Termination of this Agreement except concerning the FM events • Where the Force Majeure Event occurs before COD, the dates set forth in the Project Completion Schedule and the Lease Period shall be extended by the period for which such Force Majeure Event shall subsist; • Where a Force Majeure Event occurs after COD, the dates set forth in the Project Completion Schedule the Lessee shall continue to make all reasonable efforts to operate the Project, but/if it is unable or prevented from doing so, the Lease Period shall, having due regard to the extent of the impact thereof as determined by THE VUDA, be extended by the period for which collection of Fee remains affected on account thereof but however the lessee shall continue the pay the Lease Rentals for the period and also including the extended period. 	
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<p>4) Adjustment of the Lease Rental and ADP paid so far amounting to Rs.7.42 Crores by the Company towards overdue/ future Lease Rental payments and future ADP payable by the Company.</p>	<p>1. Force Majeure Events as per Lease Agreement</p> <p>Effects of Force Majeure Event</p> <p>As per clause 5.2 (C) of the Lease Agreement</p> <p>Upon occurrence of any Force Majeure Event, the following shall apply:</p> <ul style="list-style-type: none"> • There shall be no Termination of this Agreement except concerning the FM events • Where the Force Majeure Event occurs before COD, the dates set forth in the Project Completion Schedule and the Lease Period shall be extended by the period for which such Force Majeure Event shall subsist; • Where a Force Majeure Event occurs after COD, the dates set forth in the Project Completion Schedule the Lessee shall continue to make all reasonable efforts to operate the Project, but/if it is unable or prevented from doing so, the Lease Period shall, having due regard to the extent of the impact thereof as determined by THE VUDA, be extended by the period for which collection of Fee remains affected on account thereof but however the lessee shall continue the pay the Lease Rentals for the period and also including the extended period. <p>2. Clause 2.4 of the Development and Management Agreement-Additional Development Premium (ADP):</p>	<p><u>Lease Rent</u></p> <p>Clause 5.2 (C) of the Lease Agreement provides as follows:</p> <p>1. Whether FM event occurs before COD or after COD, Lease Period shall be extended by the period for which such Force Majeure Event shall subsist.</p> <p>2.If the FM event occurs post COD, Lessee shall continue the pay the Lease Rentals for the Force Majeure period and also including the extended period.</p> <p>Lease Agreement does not provide for Payment of Lease Rent, if the FM event occurs before COD.</p> <p>In this case as Environmental Clearance is not available to commence construction. As discussed above since the inordinate delay in obtaining environmental clearance qualifies as Force Majeure Event, Concessionaire need not pay the Lease Rent during the Force Majeure period.</p> <p>Vaibhav Group has paid Rs.4.37 crore towards Lease Rent as on 31st Dec 2012. This amount if approved can be available for adjustment towards overdue/ future Lease Rental payments.</p> <p><u>Additional Development Premium (ADP):</u></p> <p>Additional Development Premium by definition is linked to commencement of COD and is based upon</p>
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	<p>"The Additional Development Premium payable shall be the minimum Amount as shown in the Schedule D or 3 per cent of the gross revenue less tax, whichever is higher. There shall be One year holiday for payment of ADP. The payment of ADP shall commence from the first day after availing of One year holiday from COD Irrespective of the fact whether the COD took place on the due date or not unless extension for COD, for whatever reasons, is obtained in writing from the VUDA by the developer."</p> <p>3. COD definition in the Development and Management Agreement</p> <p>"COD" means the commercial operations date of the Project which shall be the date on which the VUDA issues the Completion Certificate or the Provisional Certificate upon completion of construction of and trial run successfully of the Project and which shall be subject to the provisions of this Agreement.</p>	<p>the Gross Revenue earned by the Concessionaire. Since in the project none have been achieved so far, ADP need not be paid to VUDA by the Concessionaire.</p> <p>Further Development and Management Agreement provides for ADP holiday during construction period and one year post construction period.</p> <p>Since Project has not achieved COD Vaibhav Group need not pay ADP.</p> <p>Even though Project has not achieved COD, Vaibhav Group in good faith has paid Rs.3.05 Crore towards ADP. This amount if approved by VUDA can be made available for adjustment towards future Lease Rents and/or ADP payments to VUDA.</p>
<p>5) Construction period including Project Development period: 36 months from the date of signing of the Supplementary/Amendatory Agreements.</p>	<p>Clause 7.2 (b) of the Development and management Agreement Project Completion</p> <p>(b) The Developer guarantees that the Project Completion shall be achieved in accordance with the provisions of this Agreement on a date not later than 18 months from the Commencement Date ("the Scheduled Project Completion Date").</p> <p>"Commencement Date" means the date of this Agreement or the date on which the physical possession of the Project Site is delivered by the VUDA to the Developer whichever is later.</p>	<ul style="list-style-type: none"> Prasad Group submitted that considering the current administrative, economic and political scenario 12 months would be necessary for Project Approvals and Clearances and also completing Financial Closure once again. Considering the combination of multiple Project Components in one Project, a minimum Construction Period of 24 months is required. Considering the Construction Period of

		36 months, VUDA is requested to consider our request for restoration of Lease period of 33 years from the date of signing of the supplementary Lease Agreement on induction of Prasad Group.
<p>6) Waiver of Lease Rentals and ADP during construction period.</p> <p>7) Reinstatement of waiver of ADP for the first two years of operation prospectively.</p>	<p>1. Clause 2.4 of the Development and Management Agreement- Additional Development Premium (ADP):</p> <p>"The Additional Development Premium payable shall be the minimum Amount as shown in the Schedule D or 3 per cent of the gross revenue less tax, whichever is higher. There shall be One year holiday for payment of ADP. The payment of ADP shall commence from the first day after availing of One year holiday from COD Irrespective of the fact whether the COD took place on the due date or not unless extension for COD, for whatever reasons, is obtained in writing from the VUDA by the developer."</p> <p>2. As per Clause 8.13 of the Lease Agreement - Effective Date</p> <p>"This Lease Agreement shall be deemed to have come into force from 16.02.2008 with retrospective effect and the Lease Period shall also be deemed to be effective from 01.07.2007 with retrospective effect in all respects with reference to Lease Period/ Payment of Lease, Commencement Date (Zero Date), Implementation Period, Commercial Operations Date (COD) and all other related Terms & Conditions of this Lease Agreement.</p>	<p>As per Development and Management Agreement ADP need not be paid during the Construction Period and for one year post COD.</p> <p>Vaibhav Group is seeking for waiver of ADP for one more year after first year of operation and adjustment of ADP paid towards the future ADP payments</p> <p>Vaibhav Group seeking for the waiver of Lease Rentals during Construction Period. However if VUDA could consider adjustment of Lease Rentals paid during the FM Period against these Lease Rentals the project viability improves.</p> <p>Vaibhav Group is seeking waiver/adjustment of payment of Lease Rents during construction period and adjustment of Lease Rents paid Rs.2.97 crore towards the future Lease Rents and adjustment of ADP paid Rs.3.05 crore towards the future ADP payments. Detailed calculations are given below :</p>

<div>3. Clause 9.1 of Request for Proposal (RFP)- Objective of Financial Bid Evaluation (Commercial Offer).</div> <div>The evaluation of the Financial bid is to ascertain the bidder offering the highest present value of the financial offer, who will be considered for selection for awarding the Project. The Additional Development Premium offered by the bidder for the lease period as part of his financial bid will be discounted at 12% for the purpose of the evaluation</div>					
	Payments	Period	Lease Rentals (LR)	ADP	Total
	Before Site handing over (Jan 2008) [A]	Jul 2007 - Jan 2008	0.35	-	0.35
	After Site handing over and receipt of Environmental Clearance (Sept 2011) [B]	Feb 2008 - Sept 2011	3.14	1.34	4.48
	Payments after receipt of Environmental Clearance and up to sad demise of Late Sri Manoj Kumar [C]	Oct 2011 - Dec 2012	0.43	0.28	0.71
		Mar 2012 to Mar 2013(LR) &Mar 2012 - Mar 2013 (ADP)	0.45	1.43	1.88
	Total Payments		4.37	3.05	7.42
	Less: Amount Payable till March 2014 [D]	Mar 2013 – Mar 2014 (LR)	1.40		1.40
	Amount sought to be adjusted [(A+B+C)-D]		2.97	3.05	6.02
Waivers and adjustments sought are presented below:					
Prospective Concession Period Payments		Amount Rs. Crore			
		Lease Rents	ADP	Total	
Waiver (LR Year - 1,2,3, ADP Year - 4,5)		2.24	2.17	4.41	
Adjustment (LR Year - 4,5,6,7 ADP Year – 6,7,8)		2.97	3.05	6.02	
Future Payments to VUDA (Year 7-33)		51.56	75.15	126.71	
Total as per Agreement		56.77	80.37	137.14	
Vaibhav Group submitted that even after waivers and adjustments, in Present value terms at a discount rate of 12%, payments to VUDA is in favourable position. (Calculations are presented).					
Vaibhav Group presented original payment schedule and 2 scenarios as mentioned below					

	<p><u>Original Schedule of Payments to VUDA</u></p> <p>As per the original schedule, total Lease Rentals payable to VUDA is Rs. 56.77 crore and ADP payable to VUDA is Rs. 80.37 crore. Present Value of the Lease Rentals and ADP at a discount rate of 12% works out to Rs. 8.92 crore and Rs. 9.72 crore respectively.</p> <p><u>Scenario 1 - Amount payable for the reinstated period of 33 years without waivers and without adjustment of amount paid so far</u></p> <p>Considering the amount paid so far, in this scenario Present Value of the Lease Rentals and ADP at a discount rate of 12% works out to Rs. 13.29 crore and Rs. 12.77 crore respectively.</p> <p>It may be noted that total payments to VUDA in Present Value terms are more as compared to the Original Schedule because of the amounts already paid by the Concessionaire.</p> <p><u>Scenario 2 - As per waivers requested by Vaibhav (with Adjustment of ADP & Lease rentals already paid)</u></p> <p>Considering the amount paid so far, waivers and adjustments, in this scenario Present Value of the Lease Rentals and ADP at a discount rate of 12% works out to Rs. 9.87 crore and Rs. 10.05 crore respectively.</p> <p>Summary</p> <table><tr><th></th><th>Payments as per Original Schedule</th><th>Scenario 1: Amount payable for the reinstated period for 33 years without waivers and without adjustment of amount paid so far</th><th>Scenario 2: As per waivers requested by Vaibhav (with Adjustment of ADP & Lease rentals already paid)</th></tr><tr><td>PV @ 12% of Lease Rents for 33 years period (INRCrs)</td><td>8.92</td><td>13.29</td><td>9.87</td></tr><tr><td>PV @ 12% of ADP for 33 years period (INR Crs)</td><td>9.72</td><td>12.77</td><td>10.05</td></tr></table>		Payments as per Original Schedule	Scenario 1: Amount payable for the reinstated period for 33 years without waivers and without adjustment of amount paid so far	Scenario 2: As per waivers requested by Vaibhav (with Adjustment of ADP & Lease rentals already paid)	PV @ 12% of Lease Rents for 33 years period (INRCrs)	8.92	13.29	9.87	PV @ 12% of ADP for 33 years period (INR Crs)	9.72	12.77	10.05
	Payments as per Original Schedule	Scenario 1: Amount payable for the reinstated period for 33 years without waivers and without adjustment of amount paid so far	Scenario 2: As per waivers requested by Vaibhav (with Adjustment of ADP & Lease rentals already paid)										
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PV @ 12% of ADP for 33 years period (INR Crs)	9.72	12.77	10.05										

The Sub Committee constituted as per the decision of the Board, met on 18.3.2014 with following members. The other two members from the Hyderabad - DTCP and Additional Secretary to Finance Department have not attended due to preoccupation

1. Chairman of the Sub Committee - District Collector
2. GVMC Commissioner - Member
3. VC, VUDA- member with following

HODs

- a. Secretary,
- b. CE
- c. CUP
- d. CAO

In the meeting, after detailed discussions, following clarifications are sought by the Members of the Sub Committee.

1. As per the MoU, there are certain mile stones, such as completion of civil structures by the developer at certain time period, payment of fees like lease rent and ADP, etc.,
 - a. Whether these mile stones are achieved by the developer regularly or defaulting is there.
 - b. If defaulting is there, on what are the mile stones
 - c. Whether the developer has given representation detailing the defaults
 - d. What is the action taken by VUDA on such defaulting.
 - e. What is the decision taken and communicated on the representation given by the developer to VUDA on defaulting
2. What are the legal provisions available in the agreement entered to examine and consider the request of the developer regarding
 - a. The change of the concept including newer items like INOX/ IMAX
3. Provisions available in the agreement to examine the request on re-scheduling the payment of ADP and adjustment of rents paid.

The file is referred to the Standing Counsel Mr Rajasekhar in this regard.

Subsequently, the Managing Director of M/s Vaibhav Sky Scapes (P) Ltd in their letter dt 24.04.2014 has requested to consider induction of M/s Gemini Imaging Services (P) Ltd, Chennai as member into the firm. The Firm has informed that based upon the consent and the related Board Resolution of M/s Gemini Imaging Services Private Limited, they propose the following shareholding in M/s Vaibhav Sky Scapes Limited, subject to the approval by VUDA.

1. Vaibhav Empire – 38%
2. Prasad Group – 38%
3. M/s Gemini Imaging Services Private Limited Chennai – 36% .



Shareholding arrangement is permissible under item 13 of clause 6.6.

Subsequently, the Managing Director of M/s Vaibhav Sky Scapes (P) Ltd in their letter dt 28.04.2014 has requested to consider induction of M/s Gemini Imaging & Industries Limited as member of the consortium of M/s Vaibhav Group & M/s Prasad Group. This request is to facilitate M/s Gemini Industries & Imaging Limited if approved by VUDA to undertake the Collective and joint and Several responsibility of the Developer which is required under the Development Management Agreement (Article-16) executed by Vaibhav Group with VUDA on 16th February 2008.

RFP does not restrict the number of members of the Bidding Consortium.

Hence the matter is placed before the VUDA board for kind perusal and for taking a decision on the request of the developer dated 24.01.2014, 24.04.2014 & 28.04.2014.

Sl. No.	Subject No.	Subject	Resolutions
75	74	VUDA -PPP Project in VUDA -Vaibhav I.T Park- Request of M/s Vaibhav Sky Scapers to consider certain points placed before the Board for perusal and for taking decision- Reg.	<p>The Board has discussed the issues involved in detail and Board advises the following</p> <ol style="list-style-type: none"> 1. As per the Agreement, the equity of the Applicant / Consortium can be brought down to 51% with the approval of the VUDA Authority from 68% of the aggregate shareholding. Hence, the request of the developer is considered till 51% only and their request for diluting further from 51% is not agreed upon. 2. As the Schedule 'C' of the Lease Agreement mention shopping mall, restaurants / Food Courts with Entertainment Zone, the VC, VUDA can take necessary action to have the Multiplex as part of the Project 3. Construction period of 36 months from the date of signing of the supplementary agreement can be examined, duly taking the technical opinion.

Sl. No.	Subject No.	Subject	Resolutions
			<p><u>Lease rentals</u></p> <p>4. There is no adjustment of lease rentals paid; The lease rentals have to paid continuously as per the agreement since the zero date / commencement date of the agreement.</p> <p>5. Waiver of Lease Rentals during construction period cannot be considered</p> <p><u>ADP</u></p> <p>6. The ADP paid can be adjusted against the future dues of ADP</p> <p>7. Waiver of ADP during construction period can be examined</p> <p>8. Waiver of ADP during the first two years of Operation cannot be considered</p> <p><u>Delay in Processing</u></p> <p>9. Against the normal processing time to get the environmental clearance, the claim of the developer of the delay period towards Force Majeure event has to be examined duly sending the relevant records to the APPCB for</p>

[Handwritten signature]
[Handwritten date: 27/5/2014]

Sl. No.	Subject No.	Subject	Resolutions
			<p>opinion / remarks and accordingly, admissible period of concession period can be arrived at.</p> <p>VC, VUDA can take further course of action as per the above instructions to make the PPP Project operational at the earliest so that the intended asset is created for the organization.</p>

[Signature]
 No. 11
 01/11/2017