

MUMBAI PORT TRUST

PROCEEDINGS OF LAND ALLOTMENT COMMITTEE ON 25.07.2018

Sub : Allotment of Mb.P.T. Workshops and Clerk Basin area to MDL on long term lease

Ref : Letter No. CH/07/MbPT/19 dated 21.02.2018 of Chairman & Managing Director, Mazagon Dock Shipbuilders Limited (MDL) enclosing their proposal for leasing of subject property.

Members Present : 1) Shri. Yashodhan Wanage, Dy. Chairman
2) Shri. R. Murugadoss, Chief Engineer & HOD (Estate)
3) Shri. A.K. Bose, Traffic Manager
4) Shri. K.G. Nath, FA & CAO

Also present: Shri. R. Nagarajan , CME (I/c) ,
Shri. H.P.Kulkarni, EM (I/c)

1. LAC met at 5 p.m. in the chamber of Dy. Chairman to consider allotment of MbPT Workshops and Clerk Basin based on the request of CMD, MDL.
2. Mazagon Dock Shipbuilders Limited (MDL) have proposed for taking over subject land along with Clerk Basin on long-term lease / outright purchase and is willing to make a payment at par with the Government notified rates or at a mutually agreed rate for the said area (Annexure-I). As per their proposal, MDL is ready to occupy on lease Clerk Basin, Slipways, Open areas, Workshops, covered spaces, office spaces of MbPT Workshops and a portion of Old COS premises adjoining Clerk Basin on "as is where is basis" for a cumulative period of 30 years.
3. Regarding the parcel of land admeasuring 1638 sq. Mtr. space in the MbPT Workshop premises already allotted to the ICG i.e. Indian Coast Guard's PRT (W) unit on licence / lease basis for 5 years, MDL have stated in Para. No.7 of their proposal, quote, "In the event MDL acquiring the entire Land portion, this lease can be operated by MDL directly with ICG on the same terms & conditions", unquote.
4. LAC noted that on receiving this proposal, number of site visits and discussions were held by the concerned officers of MEED and MDL for examining the feasibility of MDL's proposal looking into the various aspects of MbPT Workshops.
5. Moreover, in the deliberations held during the site visit on 06.04.2018 with the Secretary, Shipping by the Chairman & MD of MDL, Chairman and Dy. Chairman of MbPT and concerned officers of MDL and MbPT, it was

observed by the Secretary, Shipping that for the better utilization of the Workshop land, in principle, the proposal of MDL merits consideration if MDL pays, the price as per the policy of MbPT.

6. Accordingly, a detailed proposal no. MEED/E/2-G(Estate)/1888 dated 23.04.2018 (Copy enclosed as Annexure-II) was jointly submitted by Advisor Port Planning and MEED through CE & HOD (Estate), DC, TM, FA & CAO and Dy. Chairman to the Chairman of MbPT proposing as follows:

- i) To instruct the Estate Division to expeditiously carry out the valuation of the proposed area to be handed over to MDL as per enclosed land area parcel drawings i.e. Map "A" with SBI Branch building included and the other drawing i.e. Map "B" without the SBI branch building after due vetting by the Civil Engineering Department.
- ii) Preparation of draft MOU with MDL broadly similar to the recent MOU between MbPT and CSL (for long leasing of HDD) by the Estate, MEED and Legal Division after this valuation.
- iii) DC to decide about the land requirement of MbPT for Repairs of vessels and Buoys.
- iv) Put up the proposal for the recommendation of LAC and for Board's approval.

7. On receiving Chairman's approval vide Window No. 2924 dated 17.05.2018 on the FA & CAO's comment note sheet dated 15.05.2018 (Annexure-III), CE & HOD (Estate) appointed M/s Patwardhan Consultants Pvt. Ltd., Mumbai-400 024 for carrying out the valuation of the Complete MbPT Workshop premises and part of the Old Controller of Stores yard and building and to arrive at fair market value of these assets as per the annexed Scope of Work.

9. The Valuer has since submitted his Valuation Report No. V.10153.2018 dated 26th June 2018, received on 24.07.2018 (Annexure-IV) considering the subject area (excluding SBI Building in the Workshop) to be leased to MDL as demarcated in drawing no. W-578 (Annexure-V). The Valuer has considered Fair Value as per State Government Ready Reckoner and sale transaction is upto 3 kms radius from the plot and potential use for use land along with value of existing infrastructure facilities. According to the Valuer Fair Market Value of MbPT Workshops land & buildings, portion of old COS premises, old structures in the workshop, Clerk Basin and waterbody in front of Slipway No.2 works out to be Rs.937,36,03,735/- (Rupees Nine Hundred Thirty Seven Crores Thirty Six Lakhs Three Thousand Seven Hundred Thirty Five) only.

This include:-

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|--------------------------------------|---------------------|
| i) Fair market value of land | Rs. 735,10,74,218/- |
| ii) Depreciated Cost of Construction | Rs. 1,56,83,837/- |



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iii) Fair Market of Clerk Basin	Rs. 173,50,92,814/-
iv) Fair Market Value of Water Body 2	Rs. 27,17,52,866/-

Total =	Rs. 937,36,03,735/-

The Valuer has considered only 30% discount for Clerk Basin and the Water Body over the land value, as against the normal 50%, as the subject property will be used for Dock or Ship Building Industry.

10. After considering all relevant facts, LAC decided:-

- (1) To accept the valuation report submitted by M/S Patwardhan Consultants Pvt. Ltd., valuing the property mentioned therein @ Rs.937,36,03,735
- (2) To recommend the value of Rs.937,36,03,735 for approval of the Board.
- (3) To recommend the lease of the area to MDL for a period of 30 years with a renewal clause for another 30 years at the rate prevailing after the initial 30 years.
- (4) To calculate upfront amount for 30 years payable by M/s MDL on taking over the property on lease based on the value of Rs.937,36,03,735 @ 6% as annual rentals with annual escalation of 4% and applying a discounting rate of 8.1% as per RBI bulletin for longest period of G.Sec, which works out to Rs.944,16,35,500.45 (Annexure VI). However, as the upfront fee for lease cannot be more than outright purchase value of property at present, it is considered that the upfront fee may be capped at this market value only. This matter was also discussed by the Chairman with MD, IPA, during the HODs' meeting held on 25.07.2018. It was decided that this matter shall be taken up by IPA with the Ministry. Subject to the final decision of the Ministry, LAC recommends the above proposition.


CHIEF ENGINEER
(HOD ESTATE)


FA & CAO


TRAFFIC MANAGER


DY. CHAIRMAN

26.7.18.

