

31st July, 2021

WRITE UP OF VALUATION UNDERTAKEN OF A PROPOSED RECLAMATION PROJECT

We have undertaken valuation of a proposed reclamation project which is to the extent of 15 Hectare equivalent to 37 Acres approximately. During the site inspection it was specifically observed that on visual judgment or assessment, the present filling status does not seem to the extent of 15 Hectares. On the inquiry, it was reported that the said reclamation work is in progress. We were supplied with a photo indicating the extent of filling by confirming the same and for the purpose of reclamation. Hence, by assuming that the said reclaimed land shall comply with the total requirement of 15 Hectares, the valuation is arrived at.

This is the uncommon scenario of valuation wherein the land is not in existence but the same is created by reclamation. There exists a separate independent island in the nearing vicinity having accessibility by launch. The land is unique & it cannot be cultivated. The surrounding Geology & Geography of the surrounding was well studied & a reasonable solution was arrived to cultivate the additional land which in turn helps out problem of accumulation of debris.

In the circumstances, it is not possible to access the land rate with the help of Ready Reckoner rates published by the Government. Moreover, the reclaimed land being of unique nature & the work of reclamation is in progress, the comparable instances of any transaction do not exist. It is also pertinent to note that the owner of the said land a Government Undertaking & the proposed Lessee is Public Sector Undertaking, wherein the Government is having substantial stake & the accessibility of land is restricted.

Apart from the said fact, it is equally important to estimate the cost of reclamation which includes the construction of Dyke Wall, Water Retaining Structures, Cost of prevention of land erosion structures, Tetrapod, Piles, Sheet piles etc. as well as the cost of filling. All these elements for the cultivation of suitable reclaimed land are going to occur the substantial

cost, which shall govern the land cost factor for the reclaimed land. The cost so involved is going to the capital investment for the owner which perhaps in future may require some additional cost towards repairs, wear & tear which needs proper provisions in the capitalized value of the said acquired land.

As explained, the nature, its use & the commercial exploitation of the property, the probable transactions pertaining to the said land are of exclusive nature, wherein the ordinary use of land is excluded.

Hence, on the basis of the data compilation, Use & User of the land, considering the concept of Highest & Best Utilization (HABU) followed by the SWOT Analysis, based on my personal experience & knowledge, I am of the opinion that the land rate adopted for the Valuation of the Property under reference should be Rs.16,400/- per Sq.mtr which is Fair and Reasonable.

The work of reclamation being in process and the detailed constructions plans nor drawings being available, for the determination of the cost of Reclamation, the following costs are worked out on the basis of the reasonable assumptions such as height of filling, cost of construction of dyke wall, sheet piles (Requirement as assumed), other constructions for the prevention of the erosion of the filling etc and the same are listed as under:

1. Filling : - Rs. 60,20,00,000/-
2. Dyke wall : - Rs. 75,25,00,000/-
3. Piling : - Rs. 25,00,00,000/-
4. Prevention of erosion : - Rs. 14,00,00,000/-
5. Other civil construction : - Rs. 20,00,00,000/-
6. Add 10% for contingencies: - Rs. 19,44,50,000/-

Total Rs. 213,89,50,000/- (i)

The said cost is distributed over the entire land of 15 Hectares.

Further, the other additional charges such as administrative expenses, incidental expenses, legal expenses are added to the extent of 15%, shall work out the cost of reclaimed land to the extent of Rs. 32,08,42,500/-

(ii) Thus, the cost of the said reclaimed land so worked out is (i) + (ii) - Rs. 245,97,92,500/-

say Rs. 246,00,00,000/- (Rupees Two hundred Forty Six crore)

RENTAL CALCULATIONS FOR VALUATION: -

Total cost of Reclamation of 15 Hectares (1,50,000 Sqmtrs) = Rs. 246,00,00,000/-

Annual Rate of Return adopted = 4.00%

Rental Value Per Annum Rs. 246 Crores @ 4.00% P. A. = Rs. 9,84,00,000/-

Rental Value Per Month Rs. 9,84,00,000/- (\div) 12 = Rs. 82,00,000/-

Rental Value per sq. mtrs Per Month Rs. 82,00,000/- (\div) 1,50,000sq.mtr. = Rs. 54.667/- per sq. mtr.

SAY Rs. 55/- Per Sqmtr Per Month

Present Fair Market Valuation:

Value of the property at which it can be sold in the open market at a particular time, free from forced value or sentimental value. The market value need not be the same as the present value. Market value may be less than the present value. Market value of the any property gets affected at least by the ten factors: Economy, Physical, Legal, Social, Utility, Marketability, Transferability, Scarcity, Location and the most important factor 'Demand'.
