

File No. 8-1/2018-Asset Mgmt.
Ministry of Communications
Department of Telecommunications
(Asset Mgmt. Section)

Sanchar Bhawan, 20 Ashoka Road
New Delhi - 110001
28/06/2021

To,
CMD, BSNL
H.C. Mathur Lane
Janpath, New Delhi - 110001

Sub: Policy for Monetization of Land and Building Assets in BSNL Through Outright Sale/Transfer.

The policy for monetization of land and building assets in BSNL through Outright Sale/transfer has been formulated in compliance to directions issued by Group of Ministers (For Revival of BSNL/MTNL) in its meeting dated 21.12.2020.

2. BSNL will follow the policy for monetizing its land and building assets through outright sale/transfer.
3. The Policy is issued with approval of Hon'ble Minister of Communications.


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Copy to:

- I. PPS to Secretary, Telecom, New Delhi.
- II. PPS to Member F/Member T/Member S, DCC, New Delhi.
- III. PS to Advisor (F) DoT, New Delhi.
- IV. PS to CVO, DoT, New Delhi.
- V. PS to AS T/ JS A/ DDG AM, DoT, New Delhi.
- VI. JS, DIPAM.
- VII. CGCA, NICF Campus, Ghitorni, New Delhi 110047.
- VIII. Pr. CCA/CCA/Jt.CCA- DoT Field Offices.

POLICY
FOR
MONETIZATION OF LAND AND BUILDING ASSETS IN
BSNL
THROUGH OUTRIGHT SALE/ TRANSFER

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1. INTRODUCTION

1.1. PURPOSE OF MONETIZATION-

- (i) Monetization of Land and Building Assets is an important component of any revival plan or Financial Restructuring Plan particularly for any sick or loss making company. It is preferable to unlock the value of unutilized immovable assets and bring more revenue to the Company by way of sale or lease of such assets.
- (ii) BSNL has a vast bank of immovable properties inherited from erstwhile Post & Telegraph Department, Department of Telecommunications as well as acquired by the Company over a period of time at various locations in India. Many of these properties are unutilized or underutilized due to reduction in staff strength and miniaturization in Telecom Technology. This gives an opportunity to the company to monetise such properties by way of sale, putting it on rent or even developing it as a joint venture to raise considerable revenue. The revenue so generated can be utilized to improve its fiscal health and balance sheet.

1.2. BACKGROUND-

- (i) The Union Cabinet, in its meeting held on 23.10.2019, had approved the proposals of DoT for 'Revival of BSNL and MTNL' vide its Cabinet Note dated 22.10.2019. It was informed vide DoT OM No. 30-04/2019-PSU Affairs dated 29.10.2019 that the Cabinet, inter-alia, approved the Monetization of land/building assets following DIPAM guidelines for asset monetization. The proceeds of asset monetization will be credited to BSNL/MTNL to service the debt, CAPEX and other requirements.
- (ii) The Department of Investment and Public Asset Management (DIPAM) is the nodal department for Asset Monetization of CPSEs/CPSUs/Other Government Organizations. The procedure and mechanism for Asset Monetization of these organizations have been laid down in OM no. F.No. 3/3/2018/ DIPAM-II dated 8th March 2019. It is stated in Para 4.1.4 of Annexure-1 of the said OM that- *'As may be needed from time to time and on case to case basis, AM (Alternative Mechanism) may set a threshold based on the value of asset(s) and/or any other criteria to be recommended by IMG/CGAM which would determine the assets that would be monetized through this mechanism. Assets below this determined threshold would be disposed off by the concerned Administrative Ministry/CPSE/CEPI as per prescribed/laid down process.'*
- (iii) DIPAM has issued OM no. 3/2/2019-DIPAM-II(AMC) dated 21.10.2020 stating that *'it has been decided that assets having value of INR 100 Crores and above would be monetized by DIPAM framework, and assets below value of INR 100 Crores would be monetized by the owner (CPSE/Administrative Ministry/ Department) following their extant process.'*
- (iv) Regarding the 'extant process', the DIPAM has further clarified vide OM no. 7/22/2019-DIPAM-II Vol II(part) dated 06.11.2020 that –
 - a) *DIPAM framework is not mandatory and can be used with the approval of the competent authority. Other frameworks exist for managing and monetizing assets, an example being Ministry of Railways (RLDA). As such, a unique process has neither been envisaged nor enforced by DIPAM.*
 - b) *It is expected that extant process would define the appropriate authority for approving monetization transactions.*
- (v) Regarding the 'criteria for fixation of threshold value' also, the DIPAM has clarified vide OM no. 7/22/2019-DIPAM-II Vol II(part) dated 06.11.2020 as under –

"The approved DIPAM framework provides that the owner of the asset (CPSE/ PSU/ CEPI/ other Government Organizations) may estimate the indicative value

of the asset earmarked for monetization. The framework suggests that the following metrics may be used to arrive at the indicative valuation of the assets:

- *Circle rate and/or*
- *Average value of the transactions (only an indicative value is needed at this stage) in last 1-3 years and/or*
- *CPWD/PCs may also be engaged for the same and/or*
- *Any other criteria as decided by the CPSE/Adm. Ministry*

It is suggested that the same mechanism be followed for estimating value of assets while benchmarking it against the threshold of ~ 100 crore. It may also be kept in view that the estimated value is indicative and the actual value will be discovered through the asset monetization process. It is expected that the flexibility in methodology would facilitate the process for the asset owners."

- (vi) A Group of Ministers (GoM) was constituted in the matter of "Revival of BSNL and MTNL" vide Cabinet Secretariat OM No. 93/1/5/2019-Cab dated 27.12.2019. As conveyed by DoT vide OM No. 20-14/2020-PR dated 05.01.2021, the GoM approved the following in its meeting held on 21.12.2020 –

"Monetization of assets of value below the DIPAM prescribed threshold and for sale/transfer of assets to Gol controlled Trusts/Registered Societies with the approval of Group of Ministers under its delegated powers:

The GoM constituted for revival of BSNL/MTNL will approve the transactions relating to -

- a) *sale/lease/alienation/transfer of land & buildings of BSNL/MTNL having value below threshold approved by the AM of DIPAM and to*
- b) *sale/transfer of BSNL/MTNL assets to Registered Societies/Trusts fully controlled by Government of India (Gol). The Gol controlled Trusts/Registered Societies and other such entities should be under the administrative, financial and supervisory control of Government of India.*

The GoM also decided that for any property with value Rs.10 crores or less, BSNL/MTNL will not require approval of GoM and can monetise such property themselves.

Accordingly, monetisation of property with value more than Rs.10 crores and up to Rs.100 crores will be with the approval of GoM constituted for the revival of BSNL/MTNL. For monetization of property valued Rs. 100 crores and beyond, approval of GoM under the DIPAM mechanism will be required."

- (vii) Thus there is a need to lay down a process/policy to monetise the unutilised/ surplus Immovable Assets of BSNL below the threshold of Rs.100 crores, over the next few years. This requires putting in place a transparent and credible mechanism detailing all the finer aspects of the proposed monetisation procedure along with relevant rules and instructions. The mechanism would also have to define the appropriate authority for approving the monetization transactions.

- (viii) Monetization of Immovable properties can be done through various models as under –

- a) *Outright sale of freehold land or Transfer of lease of leasehold lands.*
- b) *Long-term and short-term leasing of lands and buildings.*
- c) *Joint development of asset on PPP model and subsequent sale/leasing.*
- d) *Leasing of Built-up space.*

Each of the above models needs a separate detailed policy as the procedures involved differ widely. BSNL already has a well laid out policy for leasing of built-up space.

Considering the acute need to generate revenue in BSNL to service the debt, CAPEX and other requirements, the preferred mode of monetization is Outright sale of freehold land or Transfer of lease of leasehold lands.

- 1.3. With the above background, the policy for 'Monetization of land and Building in BSNL through Outright Sale/Transfer' has been prepared.
- 1.4. Efforts have been made to include all relevant CVC, Ministry of Finance and other Government guidelines in this policy. However, this policy details the general process to be followed for monetization and due care is required to be taken during actual monetisation of a particular immovable asset on the basis of relevant rules and regulations in vogue, including the rules of relevant Local/ State Govt, at the time of taking a decision. Transparency and credibility however, shall remain the key to the successful monetisation process.

2. ROLE AND RESPONSIBILITIES OF DIFFERENT BODIES/UNITS –

2.1. GROUP OF MINISTERS (GoM)

- (i) To approve the assets having indicative value more than Rs.10 Cr but less than Rs 100 cr for sale/transfer/alienation.
- (ii) To approve the acceptance or rejection of highest bid received for sale/transfer of land & buildings of BSNL having indicative value more than Rs.10 cr and upto Rs.100 cr., on the recommendation of the Board of Directors of BSNL and Department of Telecommunications.

2.2. ADMINISTRATIVE MINISTRY (DoT)

- (i) To obtain presidential approval for monetization of individual assets above the indicative value of Rs.10 crores on recommendation of the Board of Directors of BSNL.
- (ii) To recommend to the GoM, the acceptance or rejection of highest bid received for monetization of an asset having indicative value more than Rs.10 cr and upto Rs.100 cr.
- (iii) To appoint a representative for signing of sale deed, registration documents, NoC or any other documents for sale/transfer of assets in case of properties which are in the name of P&T, DoT in title documents.
- (iv) To periodically supervise and monitor the Asset Monetization Programme.

2.3. BOARD OF DIRECTORS OF BSNL (BoD)

- (i) To recommend to the DoT, the 'Policy for monetization of Land and Building Assets in BSNL through outright sale' for approval.
- (ii) To consider amendment in the policy/ transaction process, within its powers.
- (iii) To recommend to the DoT, any such desired change in this policy, which is beyond the powers of the Board of Directors.
- (iv) To approve the monetization model and reserve price for auction of asset(s) having indicative value of upto Rs.100 crores.
- (v) Nomination of members for Oversight Committee and deciding the remuneration payable to the members.

- (vi) To recommend to the DoT, the proposals relating to grant of Presidential Approval for monetization of asset(s) above the indicative value of Rs.10 crores.
- (vii) To recommend to the DoT, the case for acceptance or rejection of highest bid for monetization of asset(s) above the indicative value of Rs.10 crores.
- (viii) To approve monetization of assets having indicative value upto Rs.10 crores.
- (ix) To accept or reject the highest bid for assets having indicative value of upto Rs.10 crores.
- (x) To periodically supervise and monitor the Asset Monetization Programme.

2.4. MANAGEMENT COMMITTEE OF BOARD OF BSNL (MCB)

- (i) To suggest model of monetization of an asset (Sale / Lease / Joint development etc.)
- (ii) To approve the Fair Market Value of an Asset.
- (ii) Selection of such reputed firms providing Real Estate Advisory services, which are already empanelled by a Government Department / CPSU/ Government Organisation for inclusion into the BSNL panel.

3. OVERSIGHT COMMITTEE (OC)

3.1. NEED FOR OVERSIGHT COMMITTEE- DIPAM has laid down the procedure and mechanism for Asset Monetization vide its OM no. F.No. 3/3/2018/ DIPAM-II dated 8th March 2019. On similar lines as given in Para 4.5 of Annexure-1 of the said OM, there shall be an Oversight Committee (OC) in order to have transparency in all the deals and to oversee the entire process of monetisation.

3.2. ELIGIBILITY CRITERIA FOR MEMBERS OF OC-

- (i) The OC shall consist of three members. The members of the OC shall be eminent personalities of high integrity and reputation.
- (ii) Age of OC member shall not be more than 75 years at the time of appointment/extension of tenure.
- (iii) The persons who have retired from or have held the following posts shall be eligible for nomination to the OC –
 - a) Judge of Supreme Court of India or a High Court
 - b) Comptroller and Auditor General/ Dy.CAG
 - c) Chairman/Members of the UPSC
 - d) CVC/ VC of the Central Vigilance Commissioners
 - e) Secretary/ Ex-officio Secretary/ Secretary equivalent officer to the Govt. Of India
 - f) CMD of Group 'A' CPSE's.
 - g) Any other person/category of persons approved by BoD of BSNL.

3.3. APPOINTMENT OF OC MEMBERS -

- (i) BSNL shall invite applications from such persons who are eligible to be appointed as OC member.
- (ii) The members of the committee shall be nominated by the BOD of BSNL from among the willing persons. The duration/term for appointment of a member will be initially two years extendable further in stretches of one year each.



- (iii) All OC members shall sign non-disclosure agreements with BSNL. They would also be required to sign a declaration of absence of conflict of interest. In case of any conflict of interest arising at a later date from an entity wherein he is or has been a consultant, the OC shall inform the CMD, BSNL and recuse himself/herself from that case.
- (iv) If a member of OC needs to be removed/ replaced before the completion of his/her term, the case shall be put up to BoD with full need and justification for the same. However, if a member of OC himself/herself withdraws his/her willingness to continue in OC, the permission of BoD will not be required.

3.4. TERMS OF REFERENCE- The role of OC is advisory, would not be legally binding and it is restricted to examining the process integrity. The terms of reference of the Oversight Committee shall be as under-

- (i) To oversee the transaction process for sale of immovable assets and advise BSNL on the same.
- (ii) To verify that the process of valuation of asset and fixing of Reserve Price for bidding is carried out as per the laid down policy.
- (iii) To examine and give recommendations for addressing such grievances/ complaints received, as are referred to the committee by the CMD, BSNL.
- (iv) To give recommendation on any other matter that is referred to the committee by the CMD, BSNL regarding monetization of asset.

3.5. ALLOWANCES AND PERKS OF OC MEMBERS-

- (i) The remuneration payable to OC members shall be Rs.25000/- per sitting.
- (ii) The TA/DA payable to outstation Members shall be same as that payable to a Secretary to the Government of India.
- (iii) The above remuneration payable to the OC members can be changed by the BoD. However, the remuneration being paid to existing OC members may not be changed to their detriment for the duration of their tenure.

4. TRANSACTION ADVISOR (TA)

4.1. NEED FOR TRANSACTION ADVISOR: The monetization process shall require the inputs of a transaction advisor because a professional firm associated as the technical advisor adds value to the process by-

- (i) Bringing in their experience in similar transactions and protecting against costly, avoidable mistakes.
- (ii) Providing technical strength to the BSNL's own team.
- (iii) Bringing additional legitimacy to the monetization process and placing an external stamp of endorsement on the proposals, increasing investor and public confidence.
- (iv) Providing an opportunity for knowledge transfer to the BSNL.

4.2. ROLE OF TRANSACTION ADVISOR: The transaction advisor (also referred to as the 'Consultant' in this document) shall provide the end-to-end transaction advisory services required for monetization proposal. The transaction advisor will complete a feasibility study to a standard that will enable BSNL to make an informed decision on the monetization model and establish the commercial attractiveness of the proposal. During the pre-bidding phase, the transaction advisor will advise and assist BSNL by preparation of all the necessary documentation for bidding.

4.3. ELIGIBILITY FOR EMPANELMENT AS TA: -

- (i) BSNL shall maintain panel(s) of reputed firms providing Real Estate Advisory services. Panels can be maintained in different categories/classes depending on the value or location of assets.
- (ii) The consultant for monetization of a particular asset shall be selected from the applicable panel(s) through financial bidding.
- (iii) The panel(s) shall be formed as under -
 - a) The Consultancy Firms empanelled by DIPAM for monetizing the land and properties of CPSEs/PSUs/Other Government Organisations shall ipso-facto be eligible to be included in the panel(s).
 - b) The MCB, BSNL shall be empowered to include into the panel(s), such reputed firms providing Real Estate Advisory services, which are already empanelled by a Government Department / CPSU/ Government Organisation for rendering similar services.
 - c) As the value of assets to be monetized may range from few lakhs rupees to Rs.100 crores, the Board of Directors, BSNL shall be empowered to lay down suitable eligibility criteria for empanelment of consultants through a Request for Proposal (RFP) or formulate Enlistment rules for empanelment of consultants as an ongoing process. While laying down eligibility criteria CVC guidelines and other relevant guidelines on the subject shall be kept in view.

4.4. BROAD SCOPE OF WORK FOR TA-

- (i) The appointed consultancy firm will be required to prepare the 'Feasibility Report' for each of the assets allocated to it, provide end to end transaction advisory services and assist BSNL to conclude those transactions. The detailed scope of work of the TA shall be defined in the RFP invited for appointment of TA for a particular asset, from among the firms empanelled for the purpose. The scope of work would include, but not be limited to:
 - a) Preparation of Inception Report after site visit and initial review of documentation. The Inception report shall set out the conceptual framework to be used in the feasibility study, the key evaluation questions and methodology, including information on data sources and collection, sampling and key indicators. The inception report shall also include a timeline for the evaluation of subject property and completion of monetization process.
 - b) Exploring possible alternate models for monetization, detailing the pros & cons of each model and suggesting the preferred model for maximum returns.
 - c) Carrying out market valuation of asset (both land and buildings) for current allowed land use, the permissible land use as per master plan, and also for any other land use which may yield higher returns. To also advise on the feasibility of conversion to such other land use along with expected timelines.
 - d) Preparation of a comprehensive Feasibility Report for the asset containing all the above details.
 - e) Assisting in finalization of transaction structure.
 - f) Preparing the bid documents (Request for Proposal (RFP), Concession Agreement, Lease Agreements, Preliminary Information Memorandum (PIM) for each project, etc.)
 - g) Assisting BSNL / Auctioning Agency in conducting the bid process.
 - h) Ensuring completion of transaction i.e. assisting in legal documentation for



transfer of ownership, physical handover of the asset, till the stage of transfer of funds into BSNL account is complete.

- (ii) During call of financial bids from among the empanelled TAs for a particular asset, the scope of work may be modified, if required.
- (iii) The scope of work of TA shall generally exclude the physical technical work (survey, demarcation etc.) and specialized legal work (Legal due-diligence, title search, obtaining NoCs, permissions etc.) required for monetization of the asset. If such a requirement arises, the TA shall suitably advise BSNL and BSNL may appoint separate Consultant/ Surveyors/ Experts/ Law firms for the same. The TA shall however assist BSNL in preparation of RFP or other documents for engagement of such consultants and also coordinate with such external consultant to obtain the deliverables.

5. AUCTIONING AGENCY (AA)

- 5.1. **AUCTIONING AGENCY:** The Auctioning Agency shall normally be a CPSE or a Government Organisation engaged by BSNL to dispose of immovable assets through e-auction in a transparent manner. However, the BoD of BSNL shall be empowered to approve any private agency also for conducting the auction. It shall however be ensured in accordance with CVC guideline no. 010/VGL/035/161731 dated 12.01.2012, that the e-Auction solution meets the requirements notified by Deptt. of Information Technology (DoIT) under the title "Guidelines for compliance to quality requirements of e-procurement systems", published on e-governance portal: <http://egovstandards.gov.in>, or any other CVC guideline in this regard.
- 5.2. **DIRECT AUCTION BY BSNL:** BSNL may also choose to directly put up the immovable properties for forward e-Auction through the approved portal of the Government or a CPSU. In such a case, BSNL itself will function as the Auctioning Agency.
- 5.3. **FUNCTION OF THE AUCTIONING AGENCY:** The auctioning agency shall dispose the assets earmarked for monetization by e-Auction through a transparent process. The fee for providing auctioning services shall be paid as mutually decided between BSNL and the Auctioning Agency.
- 5.4. **APPROVED AUCTIONING AGENCIES-** The following agencies are approved for carrying out the e-Auction for monetization of land and building of BSNL-
 - (i) Metal Scrap Trade Corporation Limited (MSTC)
 - (ii) Any other agency approved by BoD of BSNL.

- 6. **OPTIONS AVAILABLE FOR DISPOSAL OF LANDS:** Considering that land of BSNL may be leasehold or freehold or a conditional Land Grant with restricted rights of occupation and use, the following options may be explored for monetization of land in consultation with State Government(s)/ Lessor, wherever required. However, any land parcel retained by DoT/Central Government for its own use will not be considered for disposal of land. Further disposal of any land parcel, jointly held with DoP on which latter has made any claims or raised any dispute, may be considered only after taking prior permission of DoT. In this background, a copy of detailed proposal for monetisation prepared by circle office will be shared with concerned Pr. CCA/CCA office for cross checking with their asset registers and sending a report to DoT.

6.1. FOR LEASEHOLD LANDS

- (i) **Leasehold land with conditions:** Some Leasehold lands may have been allotted with specific condition that it will be given back to the allotting agency in case of non-utilisation of land for the purpose for which it had been allotted etc. or there may be no provision of sale in the lease agreement. For such lands, the lease agreement and the

rules of concerned allotting authorities may be scrutinized in detail (if necessary through legal counsel) and effort should be made to get such restrictions removed failing which all options to use the land as a revenue generating asset may be explored. Some of the options (in order of preference) may be –

- a) Whether the land can be put to use for operations of BSNL, especially if using the leasehold land results in vacating of some other freehold land that can be subsequently monetized.
 - b) Whether the land can be developed on joint venture/ PPP model where the partner develops the property and BSNL can use a part of property for its intended use.
 - c) Whether the land can be rented out by BSNL (with the approval of competent authority) without violating the conditions of lease.
 - d) If none of the above options is possible and the land is only a drain on the resources of BSNL by way of lease rent, penalty etc. then such land may be returned to the allotting authority, after due approval of the competent authority in lieu of financial compensation determined as per the terms and conditions of the Lease or Land Grant Agreement.
- (ii) **Other Leasehold land:** In case the terms and conditions of the Lease do not contain any restrictive conditions regarding the use/ disposal of such land, and/or do not confer any pre-emptive rights in favour of the State/ lesser in the event of closure of the BSNL, the subject land may be treated akin to freehold land and dealt with in the same manner as prescribed for the freehold land, subject to any specific terms and conditions of the Lease

6.2. FOR FREEHOLD LANDS

- (i) Freehold land is generally allotted to Central Govt/BSNL by the State Government after acquisition or purchased by Central Govt./BSNL directly. There may or may not be conditions of land use attached to such land. In case of freehold land with conditions of land use attached, best possible use of such land may be worked out in the light of the original land-use of the land or the current land-use of the area as per the Master plan of the locality. Such land can be sold on “as is where is” basis as per the permissible land use, restrictions, FAR and other applicable conditions.
- (ii) BSNL has the following options for disposal of such lands-
 - a) Direct sale to Central Govt. Department/ CPSU/ Statutory Bodies with the approval of the BoD (for properties with indicative value upto Rs.10 crores) or the President (for properties with indicative value above Rs.10 crores). The approval of Union Cabinet is not required in such case.
 - b) Direct sale to Registered Societies/Trusts fully controlled by Government of India (Gol) with the approval of GoM constituted for revival of BSNL/MTNL. The Gol controlled Trusts/Registered Societies and other such entities should be under the administrative, financial and supervisory control of Government of India.
 - c) Sale to other Central Government organisations, State Government, State PSUs etc. with the approval of competent authority as per extant guidelines issued by the Government of India from time to time.
 - d) Monetization by sale to highest bidder through Public Auction through DIPAM, for properties with indicative value of Rs.100 crores or above.
 - e) Monetization by sale to highest bidder by BSNL through Public Auction under the provisions of this policy, for properties costing below Rs.100 crores. Monetisation of property with indicative value more than Rs.10 crores and up

to Rs.100 crores will be with the approval of GoM constituted for the revival of BSNL. For any property with indicative value Rs.10 crores or less, BSNL will not require approval of GoM and can monetise such property with the approval of the Board of Directors.

7. BROAD OPERATING PROCEDURE FOR MONETIZATION OF AN ASSET

This section lays down the broad procedure for monetization of an asset from Identification stage to the final alienation stage. It is not intended to delineate all the procedural finer points expected to be encountered in implementation. BSNL may issue detailed operating instructions and additional guidelines for implementation of this policy under Section-8 as and when required.

7.1. IDENTIFICATION OF ASSETS FOR MONETIZATION

- (i) BSNL shall identify the assets for monetization based on following criteria –
 - a) The asset or the part of asset to be monetized should not be required for use of BSNL in foreseeable future.
 - b) BSNL should have ownership rights of the asset and the lawful right to dispose of the same.
 - c) There should be no encroachment, encumbrance or legal dispute on the property.

7.2. INDICATIVE VALUE OF THE ASSET

- (i) BSNL shall get the initial valuation of property done through a reputed and competent asset valuer (also called Independent Valuer or IV in this policy).
- (ii) The asset valuer shall carry out detailed valuation of the property, taking into consideration the following aspects-
 - a) **Realizable value based on covenants:** The realizable market value of the property may be determined, assuming a non-distress sale scenario. The value may be assessed after taking into account any defects/ restrictions/ encumbrances on the use/ lease/ sublease/ sales etc. of the properties or in the title deeds, etc.
 - b) **Nature of ownership rights:** Conditions of lease including conditions for its transfer, lease rent and provisions for revision, total period of lease, remaining period of lease, conditions for renewals etc may be considered while valuing the property apart from encumbrances, if any and land usage restrictions.
 - c) **Capital works-in-progress:** Capital works-in-progress shall be taken into consideration for valuation of assets.
- (iii) The mechanism for estimating the indicative value of the asset while benchmarking it against the threshold value of Rs.10 crores/ Rs.100 crores shall be as under -
 - a) The indicative value of land will be equal to its market value as approved by the Board of Directors of BSNL, based on valuation done by an approved valuer. However, the indicative value shall not be less than the circle value/guideline value prevailing on the date of such approval by the board.
 - b) The indicative value of buildings/structures shall be the depreciated value of building/structures as ascertained on the basis of CPWD guidelines.

7.3. COMPETENT AUTHORITY TO APPROVE MONETIZATION OF ASSET

- (i) The competent authority for monetization of assets shall be as under –
 - a) If the total indicative value of an asset as determined under 7.2(iii) above is Rs.10 crores or less, it can be monetized with the approval of the Board of Directors of BSNL.
 - b) If the total indicative value of an asset as determined under 7.2(iii) above is more than Rs.10 crores and up to Rs.100 crores, it can be monetized with the approval of Group of Ministers constituted for the revival of BSNL/MTNL.
 - c) If the total indicative value of an asset as determined under 7.2(iii) above is Rs. 100 crores and beyond, approval of GoM under the DIPAM mechanism will be required. In such case, the provisions of this policy will not apply and monetization shall be done as per DIPAM guidelines.
- (ii) The competent authority for monetization of an asset once decided at the time of approval by the Competent Authority as above, shall remain same even if the H1 bid or the final sale price goes beyond the threshold of Rs.10 cr/Rs.100 cr or vice versa.
- (iii) The Board of Directors is empowered to review and modify the indicative price in second or subsequent calls of tenders/auction. For such second or subsequent calls, the indicative value can be fixed below the circle/guideline value also.

7.4. MODE FOR MONETIZATION OF ASSET-

- (i) BSNL shall dispose of the Immovable Assets in a transparent manner through online e-Auction and/or tender through the selected Auctioning Agency. BSNL shall lay down the detailed process of forward e-Auction and/or tender in consultation with the selected Auctioning Agency, wherever required, keeping in view the basic principles of transparency, fair play, promoting competition and ensuring highest degree of integrity and probity.
- (ii) Instead of an auction or tender process, BSNL may directly offer the asset for sale to Central Govt. Departments/ CPSUs/ Statutory Bodies and to Registered Societies/Trusts fully controlled by Government of India (Gol). In such a case –
 - a) The Gol controlled Trusts/Registered Societies and other such entities should be under the administrative, financial and supervisory control of Government of India.
 - b) Asset shall generally be offered at the fair market value assessed through an approved valuer, with the approval of CMD, BSNL. However, due to recorded reasons, assets can also be offered at below the assessed market value but not less than the Guideline value declared by the State Government.
 - c) BSNL may also consider issuing a EoI to invite willingness of such Govt. organizations.
 - d) BSNL shall obtain the Approval of the Competent Authority as per extant guidelines of the Government of India before final transfer/alienation of asset.

7.5. APPOINTMENT OF TRANSACTION ADVISOR (TA)

- (i) The list of identified properties shall be put up before the competent authority (BoD or GoM, as the case may be) for obtaining approval for sale/transfer/ alienation.
- (ii) Once the approval of the BoD/ GoM for sale/transfer/alienation of a property is obtained, action will be taken for appointment of one of the empanelled TAs to take the

monetization process forward.

- (iii) Either separate TA shall be appointed for each asset or the assets may be grouped into clusters (for better manageability) and one TA can be appointed for the cluster.
- (iv) TA for the asset/cluster of assets shall be appointed through call of Financial Bids from the empanelled firms. Separate Financial Bid shall be invited for each asset / cluster of assets. The work will be awarded to the TA quoting the minimum fees (as a percentage of actual sale price).
- (v) The TA shall carry out the assigned job as per the Scope of work detailed in the Financial Bid documents and Section 4 of this policy and submit a feasibility report to BSNL. The feasibility report shall broadly include (but not limited to) the following segments-
 - a) Project brief
 - b) Site and location overview
 - c) Review of property documents
 - d) Development control regulations
 - e) Real estate micro-market overview and assessment of various segments
 - f) Possible models for monetization
 - g) Financial analysis of various models
 - h) Recommendation on preferred model and fair market Price.
 - i) Target buyers and list of prospective bidders.
- (vi) **Recommendation on Market Price-** The TA will recommend in his report, the fair market price above which the bid should be accepted. Different Market Price for different models can also be proposed.
- (vii) For properties with indicative value of upto Rs.10 crores, the Board of Directors of BSNL may dispense with the requirement of appointing a Transaction Advisor. In such a case, an additional independent valuation shall be got done through an approved valuer. Moreover, the Board of Directors shall also decide on who will perform the other roles assigned to the Transaction Advisor in the policy.

7.6. FIXING OF FAIR MARKET VALUE AND RESERVE PRICE OF ASSET-

(i) FAIR MARKET VALUE:

- a) In case of real estate transactions, it is very challenging to pre-determine a suitable price for the asset as along with the usual factors such as location, size, market conditions, investor availability etc., the value of the asset also depends on inclination and requirement of individual bidders. All valuation methodologies for Real Estate are based on certain assumptions and therefore hold true only as long as those assumptions are true. The true market value of a real estate asset can only be determined through a transparent competitive bidding. Therefore, initially a Fair Market Value of the property will be estimated from the following valuations –
 - i. Value of property recommended by Independent Valuer.
 - ii. Value of property recommended by the Transaction Advisor.
 - iii. Value(s) recommended by BSNL's Internal Committee(s), if any.
- b) Any other valuations done in the past can also be considered for assessment of Fair Market Value. However, any valuation done more than 2 years prior to the

date of assessment may be ignored or given less weightage.

(ii) **RESERVE PRICE:**

- a) The reserve price will be equal to Fair Market Value and shall be the minimum base price for bidding i.e. the bidders can submit bids only above the Reserve Price. The Reserve price shall be disclosed to the bidders to enable them to submit bid above it.
- b) If no response is received in the Auction, it indicates that the Reserve Price is above the fair market price. In such case, Reserve price may be lowered by 5% or fixed at such other value as decided by the BoD, and re-bidding shall be conducted.
- c) A condition shall be included in the Bid-documents that BSNL shall have the right to reject any or all bids even if they are above the Reserve Price.

7.7. APPROVAL OF MONETIZATION MODEL AND RESERVE PRICE -

- (i) The Management Committee of Board (MCB) of BSNL shall suggest the appropriate model of monetization (i.e. Sale/ Lease/ Joint development etc.), the Fair market value.
- (ii) Based on the report of the Transaction Advisor, Independent Valuer, Legal Due-Diligence, BSNL's internal committee(s) etc., the case for monetization containing the proposed model, fair value and reserve price shall be put up for consideration of MCB.
- (iii) If the MCB suggest a model other than outright sale, then the matter will not be taken forward under this policy. The Transaction advisor shall be paid the drop-dead fees, if any, for submission of feasibility report.
- (iv) If MCB suggest the outright sale/transfer model, then it shall deliberate on the valuations put up before it and also approve/recommend the following-
 - a) Recommend Fair Market Value of asset.
 - b) Recommend Reserve Price of asset for auction.
- (v) After recommendation of Fair Market Value by the MCB and approval of Reserve Price by BoD, the case will be sent to OC for vetting.
- (vi) **Vetting by Oversight committee** – After the decision of the MCB, the monetization proposal will be submitted to the OC for examination and approval of the process integrity.
- (vii) After vetting by the OC, clearance shall be given to the TA for preparation of RFP for e-Auction.

7.8. BIDDING PROCESS

- (i) BSNL shall decide the detailed methodology/process for issue of NIT, publicity, site visits, pre-bid conference, bidding process etc., in consultation with the Auctioning Agency, wherever required, so as to ensure highest transparency and realizing of maximum value from monetization of the asset.
- (ii) The RFP/Bid-Documents shall contain all relevant details such as submission and refund of EMD, bidding process, details of asset, reserve price, terms and conditions for deposit of sale proceeds, timelines etc. in unambiguous terms.
- (iii) The RFP/Bid-document shall be approved by the CMD, BSNL and submitted to the Auctioning Agency (AA) for conducting auction.

7.9. ACCEPTANCE OF BID:

- (i) Only the highest valid bid (H1) shall be considered for acceptance. No negotiations shall

- be held with the H1 bidder and the bid shall be accepted or rejected at the quoted price.
- (ii) The Board of Directors, BSNL may approve or reject the H1 bid for those assets for which the indicative value was Rs. 10 crores or less.
 - (iii) If the indicative value of asset was more than Rs.10 crores and up to Rs.100 crores, the Board of Directors of BSNL shall submit its recommendations for acceptance or rejection to the Department of Telecommunications. The DoT will further take up the case for decision of the GoM.
 - (iv) After approval of the Competent Authority (BoD or GoM, as the case may be), the Letter of Acceptance shall be issued to the successful bidder.

7.10. ALIENATION OF ASSET:

- (i) The Sale deed/Transfer deed shall be executed by BSNL only after receipt of complete sale consideration from the successful bidder.
- (ii) The 'Sale Deed'/Transfer deed shall be registered by the buyer at his/her own expense and effort within the stipulated regulatory guidelines. Appropriate support may be provided to the successful bidder in order to successfully consummate the transaction.

8. ADDENDA TO THE POLICY

- 8.1. This document lays down a policy framework and broad procedure for outright sale of freehold land or transfer of leasehold land, below the threshold value in BSNL. This policy is not intended to delineate all the procedural finer points expected to be encountered in implementation.
- 8.2. BSNL may, with the approval of CMD, issue additional guidelines and detailed operating instructions for implementation of this policy. Such addenda may include, but not be limited to –
 - (i) Further detailed procedures under various sections.
 - (ii) Detailed scope of work for TA, Legal advisor, Surveyor, Independent Valuer etc.
 - (iii) Methods and procedure of valuation, standardization of parameters for valuation etc.
 - (iv) Model RFP/Bidding documents for Auction, Empanelment/appointment of consultants/advisors etc.
 - (v) Standardization of various forms and prescribing formats for reports, information etc.
- 8.3. Any such addendum shall not be in contravention of the existing provisions of this policy read with up-to-date amendments.

9. AMENDMENTS TO THE POLICY

- 9.1. The Board of Directors of BSNL shall be empowered to make any amendment in this policy provided that-
 - (i) Any such amendment is not in contravention to the Articles of Association of the Company or any order by the Government.
 - (ii) The matters which required approval of the Government or the President before such Amendment will continue to require such approval.
