Project Costing norms

(replaces 'Summary of Cost norms')

Building Construction:

Type of Project	**Max Cost per sq. ft. of saleable area**
Residential – Luxury	3500 (bare shell); 5600 (finished flat)
Residential – Hi-end	5000
Residential – Aspirational	2750
Residential – Casa	1850
Office – Excelus	4375
Office – Supremus	4375
Office – iThink	2050 (warm shell); 1690 (bare shell)
Experia (Mall)	4375(interior of shops bare shell)
Boulevard (Shopping Centre)	2250 (interior of shops bare shell)

These costs targets cover all costs to be incurred inside the envelope of the building and includes all services upto their exit point from the building.

These guidelines are based on costs as on 1.4.2012 and are to be increased by 25% on 1st April every leap here thereafter. If actual cost budgets are available, same are to be used.

Infra:
The costs guidelines for non-parking infra areas are as follows:
Built Infra

Type of Project	**Built Form (with roof and being habitable) - Cost per sq. ft. of BUA of KCA***
Residential – Luxury	7000
Residential – Hi-end	6000
Residential – Aspirational	5000
Residential – Casa	4000
Office – Excelus	6000
Office – Supremus	6000
Office – iThink	4000
Retail – Experia	6000
Retail – Boulevard	4000

For any structures which are within the footprint of the saleable building, since the KCA costs are fitout costs only (i.e. excluding structure, façade and basic MEP upto one point in the area), budget targets shall be 75% of the aforesaid limits.

Non-Built Infra:

Type of Project	**Non-built form** – Cost per sq. mtr. of Infra Area***
Residential – Luxury	12500
Residential – Hi-end	12500
Residential – Aspirational	5000
Residential – Casa	3000
Office – Excelus	8000
Office – Supremus	8000
Office – iThink	5000
Retail – Experia	8000
Retail – Boulevard	3000

These costs are excluding costs of MEP+OEMS services which may pass through the non-built infra. If the non-built infra is not on natural ground, additional budget of upto 20% of the aforesaid limits shall apply.
**Non-Built Infra Area = Plot Area – Building Plinth Area

* As in April 2015. PCA to increase aforesaid limits by estimated construction inflation on 1st April of each FY starting 1.4.2016. Limits at time of concept budget finalization shall apply.

Parking:

Type of Parking	**Max. cost per sq. ft. of BUA***
Covered – Stilt	1200
Covered – Podium (above ground)	1200
Covered – Basement (below ground)	1800
Open	190

* As in April 2015. PCA to increase aforesaid limits by estimated construction inflation on 1st April of each FY starting 1.4.2016. Limits at time of concept budget finalization shall apply.

Max. BUA per parking:

Segment	**Total No. of Car Parks Required**	**Max constructed area per covered car parking (sq. ft.)**	**Ratio of different types of car parking bays (suggested, +/- 10% permissible)**
Luxury	No. of parkings per unit = no. of bedrooms per unit + 10% guest parking (subject to max. = lower of no. of flats/5,25)	500	100% Regular
Hi-end	No. of parkings per unit = no. of bedrooms per unit (-) 1 + 10% guest parking (subject to max = lower of no. of flats / 10, 50)	500	100% Medium

Aspirational	Studio / 1 BHK – 1 parking / unit 2 BHK - 1 parking / unit 2.5 BHK - 1.25 parkings / unit (allocation shall be 1/unit for the lower 75% units and 2 per unit for the upper 25% units) 3 BHK and larger - no. of bedrooms per unit (-) 1 + 10% guest parking (subject to max = lower of no. of flats / 10, 50)	375 (avoid basements as far as possible)	75% Medium; 25% Small
Casa	Studio / 1 BHK – 1 parking / unit 2 BHK – 1 parking / unit 2.5 BHK – 1 parking / unit 3 BHK – 1.25 parkings / unit (allocation shall be 1/unit for the lower 75% units and 2 per unit for the upper 25% units) 4 BHK or larger – No. of parkings per unit = (no. of bedrooms / 2) + 10% guest parking (subject to max = lower of no. of flats / 20, 100)	Not applicable (no covered parking permissible, except stilt)	50% Medium; 50% Small
Excelus	1 parking per 500-700 sq. ft. of leasable area + 2-wheeler parking (as per availability). Of the parking allocated to each tenant/purchaser, ~ 5% shall be earmarked in a designated guest parking zone.	400	25% Regular; 75% Medium
Supremus	1 parking per 500-700 sq. ft. of leasable area + 2-wheeler parking (as per availability).	450	25% Regular; 75% Medium
iThink	1 parking per 750-1000 sq. ft. of leasable area + 2-wheeler parking (as per availability) + 1 bus parking for every 1,00,000 sq. ft. of leasable area (optional). Of the car parking allocated to each tenant/purchaser, ~ 5% shall be earmarked in a designated guest parking zone.	350 (avoid basements as far as possible)	50% Medium; 50% Small
Boulevard (Shopping Centre)	1 parking per 2000-3000 sq. ft. of leasable area	Not applicable (no covered parking permissible)	75% Medium; 25% Small
Experia (Mall)	1 parking per 350-450 sq. ft. of leasable area	450	25% Regular; 75% Medium;

Definition of Car parking bays:
Small – 4.5 m x 2.3 m
Medium – 5 m x 2.3 m
Regular – 5.5 m x 2.35 m

- Liaison – to be determined in discussion with liaison HOD at time of launch.
- Land – to be confirmed with BD HOD & Director at time of launch. For TDR, latest forecasted rate should be assumed in consultation with Directors, this should be revisited every year and effect should be given accordingly.
- Strategic Alliances – to be confirmed with HOC-Alliances, if applicable for a given project.

Indirect Costs

- **Sales:** 1.5 % of estimated net sales value (Net Agreement Value – NAV). Brokerage and all costs related to sales period customer benefits (eg. gifts to customers etc.) shall be included here. See 'Discount, Promotion and Excess Brokerage (DPEB)' sales policy for clarification.
- **Marketing:** 1.25% of estimated net sales value (NAV).
- **Customer Care:** 0.1% of estimated sales value. All costs related to customer benefits/expenses post-sales and upto possession shall be included here.
- **Sales Office / Sample Flat (as applicable):** if actual data is available, we should consider the same. If not, following to be used:

Type of Project	**Sales Office** (max % of project revenue)	**Sample Flat** (max % of project revenue)
Residential – Luxury	0.25%	0.5%
Residential – Hi-end	0.5%	0.5%
Residential – Aspirational	0.5%	0.5%
Residential – Casa	0.33%	0.33%
Office – Excelus	0.5%	NA
Office – Supremus	0.5%	NA
Office – iThink	0.25%	NA

- **Companywide overheads and salaries:** 5% of sales, subject to following multipliers:

Project Size	**Multiplier to Average Overhead as % of const cost**
Small	1.2
Medium	1.1
Large	1
Very Large	0.9

Discount for FML/significant PMFL Contracts = above number x (1 – (10% if Civil Contract is on FML/significant PMFL basis + 10% if Finishing Contract is on FML/significant PMFL basis)).
Actual company overheads & salaries should be revisited after 6 months (at subsequent quarter end) from launch and should also be recomputed at actuals at project completion end.

- **Project Contingencies:** 2.5 % of Direct costs (viz. Construction + Liaison + Land) or 5% of construction costs, whichever is higher. To be increased by additional 2.5% of Direct costs in pre-launch phase due to various uncertainties – this additional 'pre launch' contingency can be dropped once 45 days have elapsed since pre-launch and any other adjustments to various costs heads have been built into the overall project budget. This is separate from the contingencies which form part of Construction (Building or Infra) budget.
- **Interest cost** to be calculated as following:

  - 1/3rd of actual land cost (including stamp duty & registeration charges & brokerage) will be assumed to be equity of the company in the project. Equity shall be deemed to come in proportionately with debt for the land cost.
  - When project becomes operating cash flow positive, it will be assumed that the surplus cash flows are being used to repay debt.
    Once debt is fully paid off, balance surplus operating cash flow will be assumed to be acting towards company equity in future projects (hence, this will not earn any interest).
  - Interest cost calculation: On actuals, from date of first payments (normally towards land) to the date that entire project debt (as per project cash flow, not based on Financing activities) is repaid; based on company's cost of borrowing (rate shall be informed by MIS and shall be compounded on annual basis) + any interest actually paid on behalf of the customer (eg. under 20:80 scheme).
  - All costs (including land costs) shall be computed on building wise basis so as to ensure that costs of future buildings are not burdened onto earlier buildings. All costs which are common between buildings shall be allocated in proportion to saleable area.
- The company would aim to have a PBT margin, based on aforesaid cost norms, of >= 40% on all projects.
- In case of multi-phase projects (viz. large lands sharing common amenities/facilities, on which launches which happen > 12 months after first launch), the likely profitability of the previous phases shall be analysed at the time of launch of each subsequent phase and if there is any likely profitability shortfall, the makeup for this shall be proportionately (in ratio of FSI / saleable area, MIS to decide) allocated to the next 2 launches under head of '**Previous Phase Profitability Makeup**'.
- All costs stated hereinabove are to be budgeted excluding CENVATable taxes/duties (eg. Service Tax, CVD).
- Other policies to refer to:
  - Business Development Guidelines
  - Pricing Guidelines