Performance Pay for Design Consultants

A. Objective

The key goal of the policy is to ensure

1. Design deliverables are given in agreed timelines
2. Design is technically thoughtful and adheres to budgetary goals
3. Design deliverables are of an acceptable quality
4. Specification and BOQ's (where part of scope) are prepared diligently and accurately.

B. Applicability

The Performance Pay for Design Consultants will be applicable for all projects where concept design has started on/after 1.4.12 and to a select list of earlier projects (Casa Royale, Lodha Meridian and Lodha Splendora). Specific projects can be excluded based on exceptions requested by HOD design and approved by director operations.

The Performance Pay for Design Consultants will be applicable to the following categories of consultant, including any local consultants who are playing part of the scope:

a) Architect
b) Structure
c) MEP (& Infra, if project has a separate Infra consultant)

The Performance Pay for Design Consultants will be rolled out to all the consultants (in the defined categories) on a project at the same time. The list of projects, their coverage in the roll out policy and the consultants who are covered in these projects are mentioned in the attached spreadsheet.

C. Document Management(Internal Circulation Only)

1. This document is for Lodha internal use only.
2. An extract of this document suitable for sharing with Design Consultants shall be prepared by removing the sections marked "Internal Circulation Only".

D. Policies Referred

The following Lodha policies are referenced in this document and copied in Annexure to this document. This document shall need to be updated whenever these policies are updated.

1. DMS Timelines (Annexure A, B)
2. Major Change Policy (Annexure E)
3. Plant Definition (Annexure F)

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E. Staffing expectation

1. We expect the consultants to make sure that they have their best teams working on Lodha projects
2. On Very Large projects (BUA > 25 Lakh sqft): Consultants' must have full-time dedicated teams on Very Large projects till FDD completion and thereafter, moderate size onsite full-time teams during construction phase.
3. On Medium/Large projects (BUA between 2 Lakh and 25 Lakh sqft): Consultants must ensure site visits on at least once a week (full day basis) for Medium and Large projects by the key design decision makers.
4. Architect shall have additional responsibility of being the design coordinator of the project and lead and ensure delivery of all other consultants.

F. Performance Feedback

Each consultant's performance shall be appraised every 3 months in the FDD phase and every 6 months after FDD phase by HOD Design, Lodha Group and the outcome communicated to the respective consultants using the report format specified in Annexure D. The appraisal shall focus on the following elements:

1. Timeliness of design
2. Thoughtfulness of design
3. Quality of drawings
4. Responsiveness
5. Intellectual bandwidth and depth
6. Ownership and drive

G. Target setting and achievement

I. Setting of target delivery dates (Design Delivery Schedule or DDS)

a. The standard Lodha timelines for delivering the Concept Design package for projects of different sizes is 6 – 14 weeks from the Project Start Date. Project Start Date is the date on which Land Details are available with Lodha design team along with Survey based on the size of the project.

BUA	< 2 L sft	2-8 L sft	8-25 L sft	25+ L sft
Design Package/Building Type	**Small**	**Medium**	**Large**	**Very Large**
Concept Design	6	7	10	14

b. Once the Concept Design of the project is finalised and approved, Lodha will break up the project into multiple plants (Buildings, Infrastructure, Clubhouse, Parking etc) based

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on the Plant Definition specified in Annexure F and communicate the same to the consultants along with the Design Delivery Schedule.

c. If the consultants have any concerns/ issues with the DDS, they must raise such concerns with Lodha Design within 15 days of receiving the DDS from Lodha Design Team. If the consultants do not respond within 15 days of receiving the schedule, the target schedule will be deemed to be accepted by the consultants.

d. Lodha Design will review the suggestions made by the consultants on the DDS. However, acceptance of any suggested changes will be at Lodha's discretion and with consent of Lodha Planning (who will ensure that such changes do not affect the overall project schedule).

e. The standard Lodha timelines for design delivery for Building plants(Sale building, parking, clubhouse) are specified in Annexure B and for Infra plant in Annexure A. All dates refer to the outer limit for submission of all parts of the package - sub-packages can be delivered earlier.

f. A summary of entire budget for the project will be shared by Lodha with the architect and respective packages with the other consultants within 60 days of closure of concept design.

II. Internal process for setting target dates first time or at the start of the Project (Internal Circulation Only):

a) Pre-Concept Design stage:
   a) Director –Ops/HOD design will inform Lodha Planning team and Lodha Project Architect of the Project Start Date. Project Start Date is the date on which Land Details are available with Lodha Design team along with Survey
   b) Lodha Planning, will upload the Project Start Date and Concept Design target date (based on the timeline specified in Annexure A) on DMS

b) Post Concept Design stage:
   a) When the Concept Design is finalized, CMD will specify the plants that will be created for the project.
   b) The Lodha Planning team will then create a target DDS for each plant and share it with the Project Architect, who in turn will share it with the consultants. This must be done within 15 days of Concept Design finalization
   c) Since this policy with Lodha standard timelines would already be a part of the consultant's contract, there should not be any major objections by the consultants to the target DDS.
   d) If the consultants still do have concerns or suggestions about the target DDS, the Project Architect (with approval of Lodha Planning) should try and accommodate them by making minor adjustments to the target DDS without pushing out the delivery dates significantly.
   e) If absolutely necessary to achieve closure, Lodha Planning can modify the schedule using the following policy for each trade. The sum of the changes requested for all packages cumulatively cannot be more than the number of weeks given below:

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Height above ground	< 30 m	30-70 m	70 - 150 m	150 m+
Max Permissible Change in number of weeks (cumulative) requested by	**Low Rise**	**Mid Rise**	**High Rise**	**Super High Rise**
Architecture	4	6	6	8
Structure	2	3	3	4
MEP	2	3	3	4

If a package date is agreed to be changed, the linked package dates will get updated automatically by Lodha Planning and such increase will not be counted multiple times in calculating the max. permissible change.

c) The finalized DDS should be uploaded by Lodha Planning onto the Design Management System (DMS) within 35 days of Concept Design finalization and notified via email to internal stakeholders and consultants

d) Any changes in target dates due to Major Change in design will be handled using theChange Request process given below. Apart from this, no other changes to the finalized DDS shall be permitted.

III. Achievement of delivery dates by the consultant

a. Lodha will track the delivery of approved packages based on the DDS

b. Target date for packages will be deemed to be met only when the package is completed before the target date. No credit will be given for delivery of part packages.

c. The consultant can submit and get feedback on sub packages at any time

d. For FDD packages

i. **Consultant must keep in mind that the timeline defined in DDS includes 2 weeks Lodha Design Review Period and 4 week (2 weeks for Civil FDD) Lodha Cost Management review &value engineering period. The consultant will have to make sure they keep the Lodha times in mind while submitting their package.**

ii. A package will be deemed to be completed only post validation by Lodha Cost Management that it is within budget / acceptable deviations.

iii. A notification should be sent to the consultant by Lodha within 8 weeks after submission confirming the status of the package as Approved or Rejected. If approved, the date of notification will be considered as the date of approval for the purpose of computation of timeliness of delivery.

iv. If the consultant does not hear a response on their package within 8 weeks, the same shall be treated as accepted.

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e. For VFC Packages
   i. Consultant must keep in mind that the timeline defined in DDS includes a 1 week Lodha Design review period. The consultant will have to make sure they keep the Lodha times in mind while submitting their package.
   ii. The Construction Management team shall also have a period of 2 weeks after Lodha Design team has handed over the package to them, to study it and raise any concerns wrt quality or completeness. This review will form part of the assessment as to whether the package is complete or not (but is not part of the DDS timeline goals).
   iii. A notification should be sent to the consultant within 6 weeks after submission, confirming the status of the package as either Approved or Rejected. If approved, the date of notification minus 5 weeks will be considered as the date of approval for the purpose of computation of timeliness of delivery.
   iv. If the consultant does not hear a response on their package within 6 weeks, the same shall be treated as accepted.
   v. If a VFC package submitted by a consultant is found to be incorrect or incomplete (minor deviations shall be accepted based on request of Consultant and approval of HOD-Design) upon further review by Lodha, the target date for that package will be deemed to have been missed. In addition, an amount equal to the bonus that the consultant would have been eligible for, had the target date for this package been met, would be debited to the consultant as penalty, for submitting an incomplete or incorrect VFC package.

H. Bonus Payout

Lodha Group will provide a bonus to consultants for timely delivery of quality drawings within budget. The details of such payout and the mechanism of implementation of such payment are outlined in this section.

I. Bonus Eligibility (based on timeliness of design)

a. A consultant will be eligible for bonus if he delivers a package within the schedule mentioned in Design Delivery Schedule, of good quality and within the budget. Otherwise, he will be charged a penalty

II. Bonus Value Computation (Internal Circulation Only)

i. The bonus and the penalty numbers are:

	Projects where less than 20% of construction work is completed as on 31.3.13		**Projects where > 20% of construction work is completed as on 31.3.13but which are not likely to be completed before 30.9.13**	
	Bonus	**Penalty****	**Bonus**	**Penalty ****
Architect	20% of the Allocated Fee for the relevant	½ of the Bonus value	10% of the Allocated Fee for the relevant phase for that plant.	½ of the Bonus value
Structural Consultant				

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MEP Consultant*	phase for that plant			

* Shall also apply to separate Infra consultants, if playing part of the MEP design role

** In case of submission of VFC packages which are incomplete (and yet submitted as complete), penalty amount will be equal to the bonus amount.

ii. Fee adjustment for infra: Since the 'Infra' plant generally does not have any fee allocated to it, 20% of the total fee for the project shall be assumed to be allocated to 'Infra' for the purpose of the bonus amount calculation

iii. For Arch and Structure consultants:
   a. Adjusted Fee for Building (/Parking/Clubhouse/ Other Key Common Area) Plant: Fee for this plant as per contract * 80%
   b. Adjusted Fee for Infra Plant: Fee as per Contract for the Project * 20%

iv. For MEP/Infra Consultant:
   a. If there is no separate infra consultant, the Adjusted Fee computation for MEP consultant will be same as for Arch and Structure consultants above
   b. If there is a separate infra consultant for the project,
      1) Adjusted fee for the Building (/Parking/Clubhouse/ Other Key Common Area) Plant – applicable to MEP consultant: Fee for this plant as per contract * 100%
      2) Adjusted Fee for Infra Plant - applicable to Infra consultant: Fee as per Contract for the Project * 100%

v. Allocated Fee computation (for FDD/VFC):
   a. If a consultant has full scope, the Adjusted fee computed above shall be further allocated as follows:
      - Allocated Fee for FDD phase = Adjusted Fee for Plant * 60%
      - Allocated Fee for VFC phase = Adjusted Fee for Plant * 40%
   b. If a consultant only has either FDD or VFC phase in their scope,
      - Allocated Fee = Adjusted Fee
   c. The fee allocation and adjustments done in (a) and (b) above shall only be for the purpose of calculating the bonus amount that the consultant is eligible for, and shall have no other commercial or other significance

vi. The allocated fees for FDD/VFC will be further split in the following manner for the various consultants for a Building plant:

Consultant type / Package	Architecture	MEP	Structure

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Civil a.	30%	15%	70%
Services	10%	55%	10%
Façade	20%	0%	10%
Finishing	40%	30%	10%

In case there is a separate Interior Designer for the project, Architect's weightage of 40% will be reduced to 0% for Finishing package and Civil will become 50%, Services 15% and Façade 35%.

vii. The allocated fees for FDD/VFC will be further split in the following manner for the various consultants for an Infra plant:

Consultant type / Package	Architecture	MEP / Infra*	Structure
Roads, Path & Pavings	20%	10%	30%
External Services & Drainage	20%	50%	40%
Landscape & External fixtures	40%	20%	10%
Minor Building Works (having individual cost < 5.5 cr.*)	20%	10%	20%

*If separate Infra consultant

viii. Since Civil VFC package is broken into 4 packages, the weightage for Civil VFC will be distributed as follows:

i. Excavation VFC: 10%
ii. Substructure VFC: 30%
iii. 50% Superstructure VFC: 30% (add to 100% Superstructure VFC for buildings < 30 m)
iv. 100% Superstructure VFC: 30%

III. Bonus Payment Terms

i. Bonus/penalty shall be computed on plant wise basis, unless a group of plants is agreed upon to be tracked as a combined unit between consultant and Lodha Design, prior to completion of civil FDD.
ii. Bonus payments will be made after notification goes out from Lodha for each package delivery as per the terms agreed in the contract. Penalty will be set off against the next payment due to the consultant

a.

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I. Change requests

a. Any changes to the project post completion of Concept Design shall be classified as Major or Minor based on Lodha Major Change Policy
b. Lodha shall make payment of design rework costs associated with Major changes separately on actual cost basis (derived on basis of what % of overall work was needed to be redone, not a time based rate).
c. Major changes can push out timelines for each linked package. The quantum of impact on timelines will need to be agreed between Lodha Project Architect and the External Consultant within 2 weeks of the request being made.
d. [Internal Circulation Only] The timeline impact can vary by each package impacted but in no case should it exceed 8 weeks.
e. No additional fees and no change in timelines shall be applicable for minor changes.

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Annexure A – Infra Plant

The standard Lodha timelines for Concept Design for the project, and FDD and VFC stages for Infra Plant for projects of different sizes are specified below.

All figures are in weeks.Start Date is the date on which Land Details are available with Lodha Design team along with Survey

	BUA	< 2 L sft	2-8 L sft	8-25 L sft	25+ L sft	
No.	**Design Package/Building Type**	**Small**	**Medium**	**Large**	**Very Large**	**Linked to No.**
1	Concept Design*	6	7	10	14	
2	Schematic Design for Infra elements**	18	19	22	26	1
3	Roads+ FDD	42	48	56	56	2
4	External Services+ FDD	42	48	56	56	2
5	Landscape+ FDD	50	56	64	64	4
6	Roads+ VFC	48	54	62	62	3
7	External Services+ VFC	48	54	62	62	4
8	Landscape+ VFC	58	64	72	72	5
9	Minor Building Works FDD	56	62	70	70	5
10	Minor Building Works VFC	64	70	78	78	9

* Concept design includes architecture, structure, mep and landscape concepts. Director – Operations approval needed for closing the concept design.
** Includes road routing + MEP routing

1. For concept drawings, the timelines includes of Lodha review time of 1 week for small and medium projects and 2 weeks for large and very large projects
2. For FDD drawings, this includes a 2 weeks Lodha Design Review Period and 4 week Lodha Cost Management review period.
3. For VFC drawings, it includes a 1 week Lodha Design review period.
4. Env clearance details (if applicable) are expected within 6-8 weeks of Concept Design.
5. Any building or infra plant can be broken into separate plants if the delivery dates of such "plants" is > 18 months apart. Such phasing needs to be done at finalization of Concept Design & will require Lodha internal teams (Design+CostMgmt+Planning+Const) to agree about the components of each phase in writing and seek approval of Lodha Director-Operations/COO. Once so decided, it should be ensured that such 'phased' plants which are to be completed prior in sequence are not dependent on the 'phased' plants which will be completed thereafter. The design, procurement and construction of these 'phased' plants needs to take such phasing into account.
6. For infra plant, the concept and the schematic deliverables (nos. 1 and 2 of the Infra plant) will be for the entire infra plant. Rest of the deliverables (nos. 3 to 10 of the Infra plant) will be separate for each phased plant.
7. [Internal Circulation Only] If there are multiple phased infra plants in a project, Design Start Date of each of the phased plants except the first one for DMS purposes can be staggered

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based on phasing. This needs to be done with Director-Operations approval at time of concept design finalization for the project.

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Annexure B –Building Plant

The standard Lodha timelines for FDD and VFC stages for Building plants of different heights are specified below.

All figures are in weeks from completion of Concept Design (as per timelines specified in annexure A) or Design Start Date, whichever is later.

	Height above ground	< 30 m	30-70 m	70 - 150 m	150 m+	
No.	**Design Package/Building Type**	**Low Rise**	**Mid Rise**	**High Rise**	**Super High Rise**	**Linked to No.**
1	Excavation VFC	6	8	12	14	1 of Infra plant
2	Civil FDD	8	12	18	20	
3	Civil sub structure VFC	10	14	22	24	2
4	Civil 50% superstructure VFC (100% for < 30 m)	14	18	28	30	3
5	Interior design concept ***	14	18	28	30	2
6	Facade FDD*	22	26	34	40	2
7	Services FDD^	22	28	36	38	5
8	Civil 100% superstructure VFC	NA	29	40	42	4
9	Finishing FDD#	28	37	48	50	8
10	Finishing VFC#	36	46	56	58	9
11	Services Construction Documents approval**	44	52	64	70	7, Tender Award
12	Façade Construction Documents Approval**	40	46	72	82	6, Tender Award
13	Fitout of key common areas within building line FDD	42	52	66	68	11
14	Fitout of key common areas within building line VFC	50	60	74	76	13

^ Add 4 weeks for office/retail building, which shall also be added to the due date of the related shop drawings/VFC.

* includes windows and external painting. Add 4 weeks for office/retail building, which shall also be added to the due date of the related shop drawings/VFC.

**Assumed that contractor appointment will take 8 weeks (6 weeks for < 30 m).Refer to 'Construction Document Submission & Approval Process' policy. These target dates may move earlier if mutually agreed between Contractor, Lodha CM and Lodha Design at Contract Kick-off meeting

Add 8 weeks if the project is done by a branded designer.

*** Should include electrical layouts, lighting, and plumbing fixture locations

Notes

1. All dates refer to the outer limit for submission of all parts of the package - sub-packages can be delivered earlier.

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2. All tender details/drawings shall be part of the respective FDD package.
3. For FDD drawings, this includes a 2 weeks Lodha Design Review Period and 4 week (2 weeks for Civil FDD) Lodha Cost Management review period.
4. For VFC drawings, it includes a 1 week Lodha Design review period.
5. [Internal Circulation Only] If there are multiple non-infra plants in a project, Design Start Date of each for DMS purposes can be staggered based on phasing. This needs to be done with Director-Operations approval at time of concept design finalization for the project.
6. Start date of Key Common Area Plant will be 6-9 months after start of 1st building plant.
7. High Rise Clearance (if applicable) details are expected along with Civil FDD, including Wind Tunnel Testing results (for all building > 250 m or with aspect ratio > 8 for building height > 150 m).
8. 3 weeks/level below ground are to be added to all deliverables after Civil Substructure VFC, if the structure has 1 or more basements.
9. Any building or infra plant can be broken into separate plants if the delivery dates of such "plants" is > 18 months apart. Such phasing needs to be done at finalization of Concept Design & will require Lodha internal teams (Design+CostMgmt+Planning+Const) to agree about the components of each phase in writing and seek approval of Lodha Director-Operations/COO. Once so decided, it should be ensured that such 'phased' plants which are to be completed prior in sequence are not dependent on the 'phased' plants which will be completed thereafter. The design procurement and construction of these 'phased' plants needs to take such phasing into account.
10. The deliverables of the Civil sub-structure package may be broken into upto 3 subsets (listed below) by Planning (based on agreement with Design) and each of the 3 deliverables subsets shall be tracked separately:
    a. Foundations/Piling/Rafts
    b. Upto level below ground
    c. Balance Civil sub-structure

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Annexure C – Definition of FDD/ VFC

A. Definition of FDD

1. FDD package completion will be determined on the basis of compliance with the FDD checklist (attached in Annexure C)and compliance with the budget specified in the Project Brief
2. FDD is defined as the stage where
    a. No further design decisions are required to be made, other than those that are dependent on the submissions of shop drawings by appointed contractors. Exception is permissible in relation to the following attributes of materials under following L1 headers (Building – Finishing, Building – Common Amenities, Infra – Landscape): colour, size, strength, output, brand, finish.
    b. The FDD package budget of the project is within overall budget as specified in the project brief in totality with a contingency not exceeding 5%.
    c. Any mock ups that are required for purposes of finalizing design decisions have been completed (except those required for exception items under a. hereinabove).
    d. All tender related documents (BOQ, equipment schedule, specifications etc.) are available for the said package.

B. Definition of VFC

VFC package completion will be determined on the basis of

a. Compliance with VFC checklist (attached in Annexure C)
b. Acceptance of completion and accuracy of that package by Lodha Design team.

For detailed checklists, please refer to **Annexure C.1** (attached separately with this document).

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Annexure D – Performance Feedback

Project: _____

Start Day: __.___.20__

Summary for period from 1.__.20__ – 31.__.20__

Consultant: _____ Discipline: Architecture / Structure / Services

Parameter	Rating	Comment
Timeliness of design / drawings		
Thoughtfulness of design		
Quality of drawings		
Responsiveness		
Intellectual bandwidth and depth		
Ownership and drive		
Overall Score:		
Overall comment:		

_____ _____

Project Lead - Architecture / Structure / Services HOC - Architecture / Structure / Services**Ratings:**

- Ratings will be from 1 to 5 on each of the above parameters, where 5 is best and 1 is worst.

Overall score:

- Overall score will be computed as the simple average of the ratings on these parameters.
- Possible scores will be 'Exceeding expectation' (score of 4+), 'Acceptable, but could be better' (score of 3-4) and 'Below expectation' (score of <3)

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Annexure E - Lodha Major Change Policy

5.3.13

Lodha Major Change Policy

Following changes, if made after the approval of concept design, shall be classified as a Major change for a given plant:

a. Change in the no. of levels of any building exceeding 2 levels.

b. Change in the user of a saleable building or part thereof (>10% of the BUA of the building).

c. Change in the footprint of the building by > +/- 5% (in terms of BUA).

d. For Infra Package - Addition of a new plant to the layout

Classification of any other modification as a major change shall require approval of HOD-Design OR Director-Design

Any item classified as a major change shall impact the target dates of the linked drawing packages by upto 8 weeks. The major change and the list of packages affected (FDD/VFC) shall be agreed in writing/online by the HOD-Design and the Project Architect (external and internal), within 2 weeks of such major change request being made.

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Annexure F – Plant Definition

28.3.13

Project is any physically contiguous development, comprising of usable wings (viz. capable to being used for human habitation e.g. residential, office, retail, school, hospital etc.) which share significant infrastructure (other than access roads).

Wing is any structure with its own exclusive staircase(s) which are not shared with any other wing.

It is important to ensure that costs are budgeted and tracked in a manner which is reflective of the sequencing of works at site. In order to ensure this, budgets for any project shall be broken into following separate plants:

a. Each usable wing will be a separate plant. This includes all areas which fall within the building line, irrespective of their usage.
b. Any Key Common Area outside building line or Parking Area outside building line which has a construction budget => 5 cr. (2011 figures, to be inflated by 10% in 2012 and thereafter 25% every leap year) is defined as a separate Plant.
c. For the overall project, Infrastructure (viz. all items not forming part of a. or b.) is defined as one Plant.

Note:Any area outside the building line attached to the wing physically (upto expansion joint) and having construction budget < 5 cr can be combined with the budget of a., b. or c., as is practical for the purposes of budgeting and tracking.

The naming of a plant shall be such that each plant can be understood clearly without confusion. The syntax shall be 'name of wing (max. 2 words) - marketing name of project (max. 2 words)' e.g.

a. World Crest – Lodha Place
b. Wing A – Venezia
c. Verona C – CR+CRG
d. Parking – Lodha Place
e. Club - Bellissimo
f. GCP – SupremusKanjur
g. Infra - Fiorenza

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