A. Comparative Study of 'Previous vs Current' Wadala Project

1. Earlier proposal of construction was for 10,35,722 SQM, currently it is for 325622 SQM.

2. Earlier proposal was based on the assumption that we would avail 4 and 5 FSI for residential and commercial spaces respectively along with setback benefit of 1,16,000 SQM totalling to 10,35,722 SQM.

Current proposal is based on Zonal basic 1.33+ Setback of 1,16,000 SQM totalling 3,25,000 SQM... (Comparative Statistics on two hypothesis of projects is attached as annexure **A1, A2, A3**)

3. Original concept was based on, that any additional FSI availed by us will be free of any premium charges. This idea got a major hit once the draft DCPR published in May 2018 imposing premium on additional FSI, premium on Staircase, lift lobby, fungible area and development cess.

4. From November 2017 onwards, Customs started pursuing the state authorities first, for seeking permission on sale of 1/3rd built up area and then June 2018 onwards for exemption from all the new charges introduced. The entire exercise involved as many as 15 meeting and communications including, meeting with CM, State of Maharashtra. Despite supportive gestures during all these meetings spanning over 11 months, the letter dated 23.10.2018 from MUD, Govt. of Maharashtra however, is categorical in conveying that state will not be able to extend any waiver of premium in respect of project.

5. As end effect, a total of 2205 cr. was going to be incurred over and above the Gross total construction cost of 8339 cr. if, we chose to go after the original outline of project. Most of these charges had to be paid in advance to the state even before the project gets commencement certificate.

How the Previous Proposal Went on Becoming Unviable

1. Because the model was self sustaining one, there was no provision of investor pillar in the project hypothesis. NBCC alone could not afford to invest this amount to secure commencement certificate from local authorities. NBCC being only in the role of Consultant, as conveyed by them time and again, they were supposed to invest 5% of project cost as per draft DIB, which worked around Rs 300 cr. (5%@ 6000 cr, the basic construction cost) towards site development and advertising, the key players in attracting bookings.

2. RERA, a dreaded concern for builders and developers could mid way lead to failure of the project. This dreaded possibility could turn real in case of lesser amount of booking by flat buyers. As per extant provisions of RERA, in case of lesser booking of flats, no booking proceeds could have been diverted for govt. office and staff residences until the saleable part was fully constructed and handed over to the common buyers. The customs department being land owner could have been subjected to some answerable circumstances.

3. In case of extra liability of the financial implication, the rate of sale had to be revisited to peg at a higher rate, which could lead our sale spaces much costlier than the Lodha and Ajmera projects nearby. Inputs from the nearby projects is that despite their rates being closer to our current proposed sale rate is not fetching enough bookings and multiple constructed units are lying unsold.

How the Current Plan Could be the Only Way Out

1. The current project hypothesis is also on a self-sustainable model having no investor pillar and construction is based on available FSI without payment of premium & charges. The additional charges are only the mandatory fees payable to state that works out to almost 119 cr., which seems affordable by NBCC, if vide DIB report they are mandated to peg their initial investment to Rs. 300 cr in the current proposition also.

2. Further, in the current proposition only 1,08,000 SQM built up area is required to be sold in contrast to earlier 3,27,000 SQM approx. In a market condition of real estate which is flooded with supply and is cash strapped to describe at its best, selling 600 units (instead of earlier 1900 Units plus a 50 storey commercial tower) would be lot easier and RERA may not affect us much because of scaling down the project.

3. Best part of the present hypothesis is that 600 units are all of residences, whose booking is anticipated lot faster and at higher sale rate as compared to the earlier proposition of sale that involved a 50 storey commercial tower also, apart from 1900 units of residential units. Experts suggest that site of project, is not currently having that much attraction for business spaces and instead it is better suited for residences.

B. Essence of feasibility report dated 26.10.2018

Para 8 of the feasibility report forwarded by NBCC features cost summary sheet, wherein project cost/expenditure including 30 years maintenance cost has been pegged at Rs. 2779.37 Crores, while fund realization from sale proceeds has been worked out to Rs. 2789.46 Crores, thereby giving rise a surplus of Rs. 7.09 Crores.

Further, Para 15 of the said feasibility report reads as, “The project is technically and economically viable for construction on self sustainable model and it is recommended for in principle approval by the competent authority of Department of Revenue, Ministry of Finance, Govt. of India”.

Plain reading of these two crucial Paras mentioned above are indicative of the project being feasible based on proposed model and assumptions thereon.