

**SELF-REDEVELOPMENT MODE
V/S
DEVELOPER (BUILDER) MODE**

Saraswat Suburban Co-operative Housing Society Ltd.

Santacruz West, Mumbai-400054

13th April 2024

DISCLAIMER

- All views stated are those of the RSC/MC. They are not binding on Members of the Society & are expressed based on our understanding of the subject.
- Members are requested to go through the Feasibility Reports of the PMCs representing both modes [Self-Redevelopment mode and Developer /Builder mode]
- Illustrations provided are mentioned in the various presentations by the PMCs in their Feasibility Reports and offers by the builders in their tenders.
- The Feasibility Reports from PMCs/offers from builders are subject to revision/negotiation/Final Bids.

SELF-REDEVELOPMENT MODE

- Its a process in which members of the C.H.S. themselves take on the responsibility of redevelopment of the residential premises rather than the Developer/Builder.
- Self-Redevelopment can be done by hiring relevant and experienced professional consultants in the field.

PROS OF SELF-REDEVELOPMENT

- **Control Over the project**
- **Corpus (Received only at the end of the project)**
- **Social Fibre**
- **Transparency**
- **Time lines**
- **Quality Standards**

CONS OF SELF-REDEVELOPMENT

- Complexity & Management
- Statutory Permissions
- Expertise & Experience
- Financial Risk
- Time & Efforts
- Legal & Regulatory Compliance
- Conflicts and Disputes
- House Rent
- Precedents in Self Mode
- Member contributions

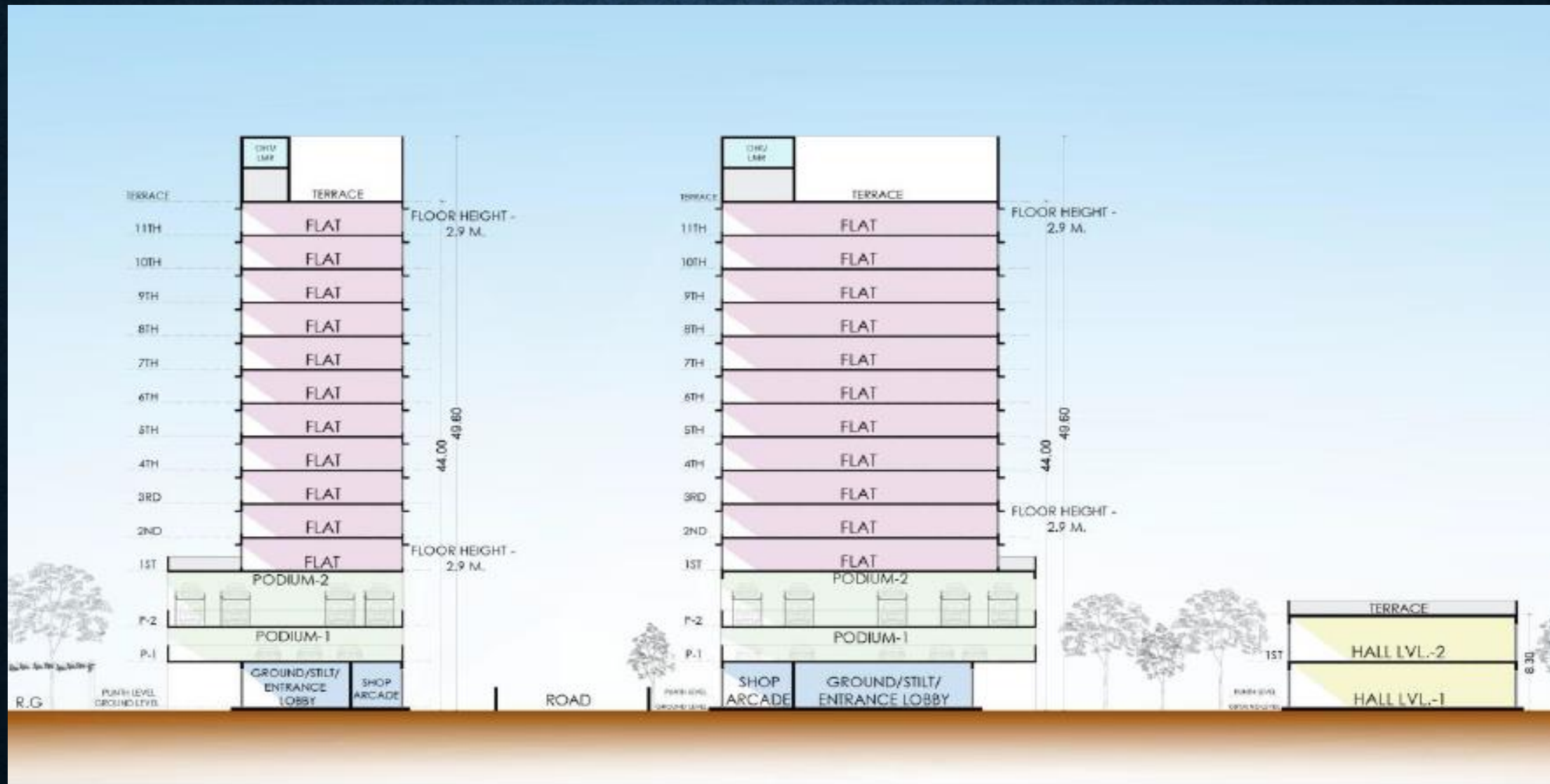
CHALLENGES OF SELF-REDEVELOPMENT

- Members' Involvement & Accountability
- Exposure to frequent Audits
- Consent from Members
- Liasoning
- Stamp Duty
- Sale of New Flats
- Brand
- Managing Committee's Org Structure
- Reliability of hired Professionals
- GST Compliance
- Change of Mode

ILLUSTRATIVE LIST OF PROJECT APPROVALS REQUIRED

- Town planning remarks, D. P. remark
- Property tax assessment N.O.C. (M.C.G.M— Assessment Dept)
- Purchase & utilization of TDR
- Civil aviation N.O.C (Airport Authority of India)
- Tree authority N.O.C (M.C.G.M)
- Intimation of disapproval (I.O.D) / (M.C.G.M)
- NOC from CZMP
- Commencement certificate (MCGM)
- Hydraulic engineer N.O.C (M.C.G.M)
- Storm water drainage N.O.C (M.C.G.M)
- Sewerage N.O.C (M.C.G.M)
- Water connection certificate (under sec. 270-A M.C.G.M)
- Drainage completion certificate (M.C.G.M water department)
- Chief Fire officer's N.O.C (Fire Department)
- Pest Control N.O.C (M.C.G.M)
- Traffic department N.O.C
- Lift inspection N.O.C (Inspector of Lift —P.W.D)
- Telephone line N.O.C (M.T.N.L)
- Building completion certificate (M.C.G.M)
- Occupation certificate (OC by M.C.G.M)

INTIMATION OF DISAPPROVAL - IOD



SCHEMATIC SECTION

ILLUSTRATIVE LIST OF PROJECT CONSULTANTS REQUIRED

- Principal Architect
- Structural Consultant
- Legal Consultant
- C.A or Finance Consultant
- Sale / Marketing Consultant
- Traffic Consultant
- MOEF Consultant
- Liasoning Consultant
- MEP Consultant
- Elevator Consultant
- Proof Consultant-Structural+ MEP
- Interior Designer
- Landscape Consultant
- Facade Consultant
- Lighting Consultant
- Signage & Graphics Consultant
- Rain Water Harvesting
- BIM Consultancy and Training and License
- Quantity Surveyor
- Safety and Quality Audit
- Vaastu Consultant

DEVELOPER MODE (BUILDER)

The C.H.S. selects a reputed Developer who takes the entire responsibility of raising of funds/obtaining statutory approvals/licenses and permissions, constructing/sale of flats/consideration to members.

PROS OF DEVELOPER REDEVELOPMENT

- Complexity and Management
- Statutory permissions
- Expertise and Experience
- Financial Risk
- Time and Effort
- Legal and Regulatory Compliances
- Conflict and Disputes
- Brand
- Rent
- Economies of Scale

CONS & CHALLENGES OF DEVELOPER REDEVELOPMENT

Challenges

- Quality Standards
- Monitoring
- Change in Govt Regulations

Cons

- Hardship Allowance
- Social Fabric
- TDR

DEVELOPER OFFERS AT A GLANCE

Sr. No.	Name	Corpus	Area	Rent	Duration	Comments
1	Oberoi Realty Ltd.	3,500	45%	125	48	Not Specified from when
2	Runwal Group	3,200	47%	130	65	Not Specified from when
3	Lodha Developers	3,000	36%	125	-	Not Specified
4	Rustomjee	3,000	35%	125	42	From vacant possession of site
5	Narang Realty	3,000	50%	126	48	Not Specified from when
6	Kolte Patil Developers	3,000	30%	125	56	Not Specified from when
7	Wheelabretor	3,000	40%	125	48	Not Specified from when
8	Sunteck Realty	3,000	40%	125	66	Not Specified from when
9	Purvankara	2,000	33%	110	42	Not Specified from when
	Average	2,967	40%	124	51	
	units	on existing	MOFA	Per Sq.Ft.	Months	

FINANCIALS OF SELF-REDEVELOPMENT MODE BASED ON FEASIBILITY REPORT

PMCs	Sumedha	Disha	Verite 2021	Verite 2024
Corpus (Per Sq.Ft.)	7,969	4,257	28,265	11,030
Post Tax (Per Sq.Ft.)	4,885	2,610	17,326	6,761
Free Area	35%	30%	35%	49.50%
Rent (Per Sq.Ft. per month)	125	110	110	140
Estimated Duration	5 years	5 years	4 years	3 years

FINANCIALS OF SELF-REDEVELOPMENT MODE BASED ON FEASIBILITY REPORT

PMC's	Sumedha (2021)	Disha (2021)	Verite (2021)	Verite (2024)	Profit Sharing	Profit
Free Area	35%	30%	35%	49.50%	-	-
INR	Rs. in Cr.	Rs. in Cr.	Rs. in Cr.	Rs. in Cr.	Rs. in Cr.	%
Revenue	858.08	856.62	1358.58	1110.08	-	-
Cost	727.46	807.77	1065.67	748.51	-	-
Margin	130.62	48.85	292.91	361.57	235.02 126.55	0.65 0.35
TAX @38.7%	50.55	18.90	113.36	-	48.97	-
Post Tax	80.07	29.95	179.55	-	77.58	-



CURRENT & NEW AREAS

CURRENT FLAT CONFIGURATIONS WITH PROPOSED ESTIMATED AREAS

MOFA Area In Sq. ft.	No. of flats	Total MOFA	Percentage of Free Area				
		1.0	1.35	1.4	1.45	1.5	
840	7	5,880	1134	1176	1218	1260	
802	7	5,614	1083	1123	1163	1203	
750	48	36,000	1013	1050	1088	1125	
680	5	3,400	918	952	986	1020	
642	1	642	867	899	931	963	
592	23	13,616	799	829	858	888	
540	15	8,100	729	756	783	810	
520	27	14,040	702	728	754	780	
503	42	21,126	679	704	729	755	
492	1	492	664	689	713	738	
400	1	400	540	560	580	600	
352	7	2,464	475	493	510	528	
302	4	1,208	408	423	438	453	
	Total	1,12,982	1,52,526	1,58,175	1,63,824	1,69,473	

CORPUS REQUIRED TO MEET MAINTENANCE

Calculation [A] =

Corpus in INR	3,500	Area	520
Corpus * Area			18,20,500
Post Tax Fixed income RBI Bond @5.6% p.a.			98,588
Monthly Income			8,493

Reckoner [B] =

Existing house size	352	520	640	750	820
Corpus per sq. ft.					
3500	5,749	8,493	10,453	12,250	13,393
4500	7,392	10,920	13,440	15,750	17,220
5500	9,035	13,347	16,427	19,250	21,046

Estimated
outgoings/ sq. ft
[C] =

	352	520	640	750	820
New House size 35%	475	702	867	1013	1107
actual @15/sq.ft	7,125	10,530	13,005	15,195	16,605
actual @20/sq.ft	9,500	14,040	17,340	20,260	22,140
actual @25/sq.ft	11,875	17,550	21,675	25,325	27,675

INDICATIVE CORPUS @3500

OLD AREA	840		750		680		592		503		352		302	
NEW AREA	1134		1013		918		799		679		475		408	
Corpus Interest	13,720		12,250		11,106		9,669		8,215		5,749		4,932	
@15/sq.ft.	17,010	3,290	15,188	2,938	13,770	2,664	11,988	2,319	10,186	1,971	7,128	1,379	6,116	1,184
@20/sq.ft.	22,680	8,960	20,250	8,000	18,360	7,254	15,984	6,315	13,581	5,366	9,504	3,755	8,154	3,222
@25/sq.ft.	28,350	14,630	25,313	13,063	22,950	11,844	19,980	10,311	16,976	8,761	11,880	6,131	10,193	5,261

INDICATIVE CORPUS @4500

OLD AREA	840		750		680		592		503		352	
NEW AREA	1134		1013		918		799		679		475	
Corpus Interest	17,640		15,750		14,280		12,432		10,563		7,392	
@15/sq.ft.	17,010	-630	15,188	-562	13,770	-510	11,988	-444	10,186	-377	7,128	-264
@20/sq.ft.	22,680	5,040	20,250	4,500	18,360	4,080	15,984	3,552	13,581	3,018	9,504	2,112
@25/sq.ft.	28,350	10,710	25,313	9,563	22,950	8,670	19,980	7,548	16,976	6,413	11,880	4,488

INDICATIVE CORPUS @5500

OLD AREA	840		750		680		592		503		352	
NEW AREA	1134		1013		918		799		679		475	
Corpus Interest	21,560		19,250		17,453		15,194		12,910		9,034	
@15/sq.ft.	17,010	-4,550	15,188	-4,063	13,770	-3,683	11,988	-3,206	10,186	-2,724	7,128	-1,906
@20/sq.ft.	22,680	1,120	20,250	1,000	18,360	907	15,984	790	13,581	671	9,504	470
@25/sq.ft	28,350	6,790	25,313	6,063	22,950	5,497	19,980	4,786	16,976	4,066	11,880	2,846

OUTGOING COMPARISON - CURRENT VS FUTURE (INDICATIVE)

THE SARASWAT SUBURBAN CHS.LTD.		
REGN NO. 2300 OF 12/03/1919(B7 ON 07/05/1921)		
10/4, Saraswat Colony,, Santacruz West,, Mumbai 400 0054		
Email : saraswatcolony@mtnl.net.in Ph : 022-35122511		
MAINTENANCE BILL		
BILL FOR THE MONTH OF 1-Mar-2024 To 31-Mar-2024		
MR. 01/01 NIRANJAN S NAGARKATTE	BILL NO. : 29519	
FLAT NO.: 01/1	DUE DATE : 25-3-2024	BILL DATE : 1-3-2024
Sr.	PARTICULARS	AMOUNT
1	ADMINSTRATIVE EXP.COLLECTION	1,750.00
2	MUNICIPAL TAXES COLLECTION	985.00
3	WATER CHARGES COLLECTION	672.00
4	SINKING FUND COLLECTION	42.00
5	REPAIRS & FUND COLLECTION	125.00
6	PARKING CHARGES 1 (MEMBERS)	200.00
7	EDU & TRG FUND COLLECTION	10.00
8	CCTV CHARGES	25.00
9	MAJOR REPAIRS COLLECTION (BLDG 1)	1,000.00
10	RECOVERABLE EXPENSES (BLDG 1)	250.00
11	BIODEGRADABLE BAG CHARGES	200.00
TOTAL		5,259.00
PRINCIPAL ARREARS:	ADD: INTEREST	
INTEREST ARREARS:	ARREARS	
	ADVANCE	
	GRAND TOTAL	Rs. 5,259.00
Amount in Words : Rs. Five Thousand Two Hundred Fifty Nine Only		
NOTE:		E.& O.E.
1. Payment should be made in favour of The Saraswat Suburban CHS.LTD. A/C No. STY11		
2. Payment must be made on or before due date of every month. No post dated cheques are accepted.		
3. Interest @18.00% p.a. will be charged on delayed payments.		
FOR THE SARASWAT SUBURBAN CHS.LTD.		

“A” = Current Maintenance payable @Rs.7/sq.ft. for 750 sq.ft. flat, which equals to Rs.5259/month.

If Building repairs are carried out every 5 years, then the expense is approx. 12 lakhs. (inflation/increased cost not included).

Eg. Bldg. no.1 has 4 members.

12 lakhs/4 = 3 lakhs/member

3 lakhs/5 years = Rs.60,000 per year

60,000 /12 months = Rs.5000/month

5000/750 sq.ft = Rs.7/sq.ft. = **“B”**

“A+B” = Rs.14/sq.ft.

So, basically, current maintenance comes to Rs.14/sq.ft.

IMPACT OF PROJECT DELAY ON CORPUS / HARDSHIP ALLOWANCE

In Self Redevelopment -

- 1. Variable Corpus is available at the completion of the project.**
- 2. Whatever affects the margins affects the Corpus**

In Developer Mode -

- 1. Fixed H.A. is agreed at the beginning of the project.**
- 2. No impact on Hardship Allowance**

Types of Delay in Both Modes

Overtime

Disputes

Negotiations

Law Suits

Litigation

Abandoned

Over Cost

IMPACT OF PROJECT DELAY ON CORPUS IN SELF REDEVELOPMENT MODE

EXAMPLE OF IMPACT ON CASH FLOW

Expected Average Cash outflow is 40 Cr. per year for existing 185 Members.

In case of delay, we can assume that the Corpus impact will be INR 21,62,162/- per member as shown below.

<u>Rate of Corpus Erosion</u>		
Cost of delay	No. of Members	Notional loss per member
40 Cr.	185	21,62,162
50 Cr.	185	27,02,703
60 Cr.	185	32,43,243

INCOME TAX COMPLIANCES

1. PAN & TAN Registrations
2. Maintenance of Books of accounts
3. Income tax returns filing 31st July & 31st October every year – Section 139(1)/ 139(4)/ 139(5)
4. MSME Compliance
5. Updated IT returns If applicable
6. Tax Audit Compliance If applicable on or before 30th September every year.
7. Assessment proceedings u/s 143 (3) , 147 / 148 263 etc.
8. Appeal Proceedings before CIT Appeals, Tribunal, HC & SC.
9. TDS Returns u/s 24Q, 26Q & 27Q on Quarterly basis
10. Issue of TDS Certificates in Form 16/16A etc.
11. Any other compliances.

GST COMPLIANCES

1. GST registration & Display of GST Registration
2. Maintenance of Books of Accounts as well as Tax Invoices
3. Monthly / Quarterly Filings of GST Returns – GSTR1 / GSTR3B
4. Plethora of Reconciliations
5. Yearly filling of GSTR 9/9C if Applicable
6. RCM Compliances - Self Invoice and Payment
7. E-way bill issues and Compliances & Fake Invoices menace & Consequential ramifications
8. Rule 37/37A and section 16 Compliances
9. Assessment, Dept Audit & Adjudication Proceedings
10. Appeal Proceedings CIT Appeals CESTAT Appeals, HC & SC.
11. Visit to POB, Search Seizure and Summons

FOOD FOR THOUGHT

INHERITANCE ISSUES & FAMILY ARRANGEMENTS

1. Demise of existing Member after the execution of Society Redevelopment Agreement.
2. Whether the Deceased person died with or without Will? Genuineness/Authenticity
3. Application of Hindu Succession Law or Indian Succession Law – Probate, Letter of Administration?
4. Legal ownership rights of the Nominee?
5. Formalities to be complied with by the Builder/Developer at the time of giving the possession to the legal heirs?
6. Attachment of under construction property because of some legal reasons.
7. Sale of under construction Property by legal Heir before receiving the OC/CC or First Occupation?
8. Any other issue or if Member is NRI – Power of Attorney (Registration?) FEMA Provisions? DTAA? (A6-IP & A13-CG) & MLI? (A9 CG) provisional Implications

RISK LIBRARY – FOR BOTH MODES

1. Non insurable risk - encashability issues of bank guarantees
2. Project delay risk
3. Litigation risk
4. Brain ocean
5. Real estate Market risk – due to demand supply conditions
6. Taxation issues
 - i. Income Tax Department is actively perusing taxation on monetary benefits received and delay in receipt of possession beyond 36 months to deny benefit under Section 54.
 - ii. No precedent in Self Redevelopment
 - iii. Statutory Compliances on I-tax and GST already covered in separate slide

THANK YOU