



M/S. SS ESTATES

Detailed Project
Report of
Commercial Project in Zirakpur

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For SS Estate
Sehaj Saini
Proprietorship

1. ABOUT THE FIRM

M/s. SS Estates is a proprietorship firm of Mr. Sehajbir Singh Sidhu, it is duly registered with the registrar of firm, Chandigarh, having its registered office SCO 145, Second Floor, Sector 32-D, Chandigarh. The firm has been founded on the vision to put its extensive experience in real estate and construction to good use and provide an exemplary commercial building venture. This is where smart planning plays a very crucial role. Inspired by this understanding, their legacy is quality construction and professional expertise in micro and macro projects planning. SS Estates is conceived to deliver unparallel office and commercial space at optimum cost.

M/s SS estates is coming up with a five story commercial project fulfill your aspiration of owning a perfect commercial space in Zirakpur, equipped with top-notch amenities amidst breath-taking landscapes. The commercial project is positioned at a prime location - Village Singhpura, Ambala-Chandigarh National Highway, Zirakpur. The project is spread over an area of 3800 Sq. Yd, about 34200 Sft. with a covered area of 71,000 Sft. These smartly planned office spaces meet every need to make it an ideal workspace for the aspiring business leaders of tomorrow. The project being a perfect blend of corporate elegance, business efficiency and aesthetic appeal, is ideal to raise your business to new heights.

Promoters of the Firm

	Name	Experience
1	Mr. Sehajbir Singh Sidhu (House No. 9, Sector 7 A, Chandigarh)	<ul style="list-style-type: none">• A B.com Honors graduate, with impeccable Management & marketing skills.• A far sighted individual with excellent business development skills with hands on knowledge of directing the activities of all projects.• Excellent knowledge of supporting the company's strategic alliances and participating in marketing strategies.• Hands on experience of supervising employees across different departments in order to facilitate the process of production and marketing.• Boosted the company's efficiency in the first year alone by employing excellence in planning and marketing activities.

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2. PLANNING ANALYSIS

Having assessed the existing situation within Zirakpur, this section of the report presents the synopsis of the strength, weakness, opportunity and threats (SWOT), which sets the context of the master planning approach for Zirakpur region. A review of the local and global trends has provided an outlook for Zirakpur in terms of its strategic market positioning. The SWOT analysis provides an opportunity to impartially assess the competing operating environment.

Strength and Opportunities

Opportunities are the factors or conditions which allow positive change or increase development options or alternatives. The following are the list of strengths and opportunities as set in the context of the vision and strategies for the local planning area.

Location

The project is located at Ambala-Chandigarh National Highway, Adjoining GBP Central Mall, Zirakpur, District Mohali. The project holds a strategic advantage that it is centrally located to Chandigarh, SAS Nagar (Mohali), Panchkula, Zirakpur. Zirakpur is strategically situated immediately to the south - west of the capital for the state of Punjab and Haryana near Chandigarh, which is also an administrative centre for both the states of Punjab and Haryana. The location of the proposed international airport in Chandigarh within close proximity to Zirakpur is seen as the catalyst for growth and a major economic boost to the area. Due to the large amount of committed projects in this area, all with substantial industrial component, there is likely to be a high degree of competition between projects and differentiated market positioning. Zirakpur will need to have a unique brand identity and offer investors something 'different' in order to achieve the vision it has set for itself.



Location of the Project

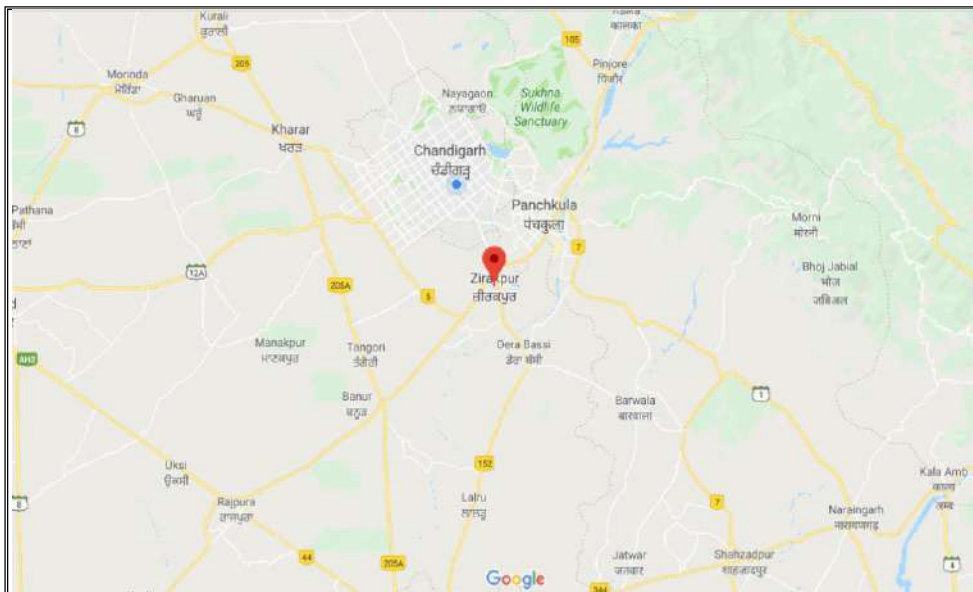
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Topography and View Lines

The site is covered with gently sloping land traversed by two streams Patiala Ki rao & Jayanthi Devi Ki rao. This gentle undulating topography is sloping from north-east to south-west as it is situated at the foothills of the Shivalik hills. This gentle sloping terrain that is varied in parts and ranged from 305 m to 335 m sets up opportunities for minimum land leveling and allow creative design responses, especially in the residential areas. In certain places, the built form will be able to put the topographic features to maximum use, creating focal points, and enhancing views and vistas.

Accessibility

Zirakpur is well linked to the surrounding region by a satisfactory network of National Highway, State Highway and other major district roads. NH-5 and NH-7 runs along the periphery of Zirakpur connecting to the other districts in Punjab and neighboring states. SH 12b connects to Fatehgarh Sahib and Sirhind. NH-152 connects Zirakpur to the Northern part of the State of Haryana such as, Ambala, Derabassi etc. The National highway NH152 also connects it to the State of Haryana and further to Delhi which is 244 km away. NH 152 is being upgraded to dual 3 lanes which would increase the road capacity and shorten travel time to three hours. The highway will bring about speedy economic growth to the region as New Delhi and the Gurgaon corridor have become saturated and land prices are soaring. Besides the relatively good road connectivity; there is a vital rail link which is currently linking Chandigarh to New Delhi via Ambala. There is a new rail link which connects Chandigarh to SAS Nagar and further to the rest of Punjab. The rail line forms the southern border of SAS Nagar and is on a raised embankment. This railway line is completed and waiting for it to be commissioned.



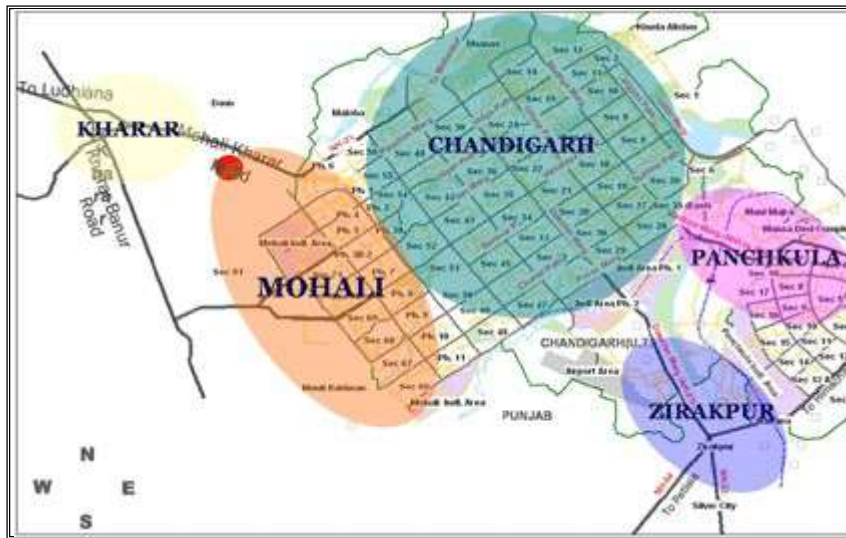
Highways surroundings Zirakpur

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Proximity to Chandigarh

In relation to its proximity and good linkages with the Union Territory, residents of Zirakpur are able to enjoy good educational and social facilities/ amenities of Chandigarh whilst the town is growing. As most of the land in the Union territory are developed; Zirakpur also serve to accommodate the spill-over housing demand from Chandigarh. The planning of Zirakpur is a repeat of Le Corbusier grid pattern and the 2 towns are very well connected and integrated. In recent years, the combined population of the tri city, of Chandigarh, SAS Nagar and Panchkula, is growing very fast due to the cheaper land and property prices here as compared to the 1st tier cities.

Once the tri city's population has grown beyond the 2 million mark, it will have sufficient critical mass to merit the setting up of a major town centre here to cater to the demand. Zirakpur can be the Central Business district to the tri city as there are 200 hectare of commercial land available in Zirakpur for a comprehensively designed new and modern commercial and business district (CBD).



Proximity to all cities in the Tri-city

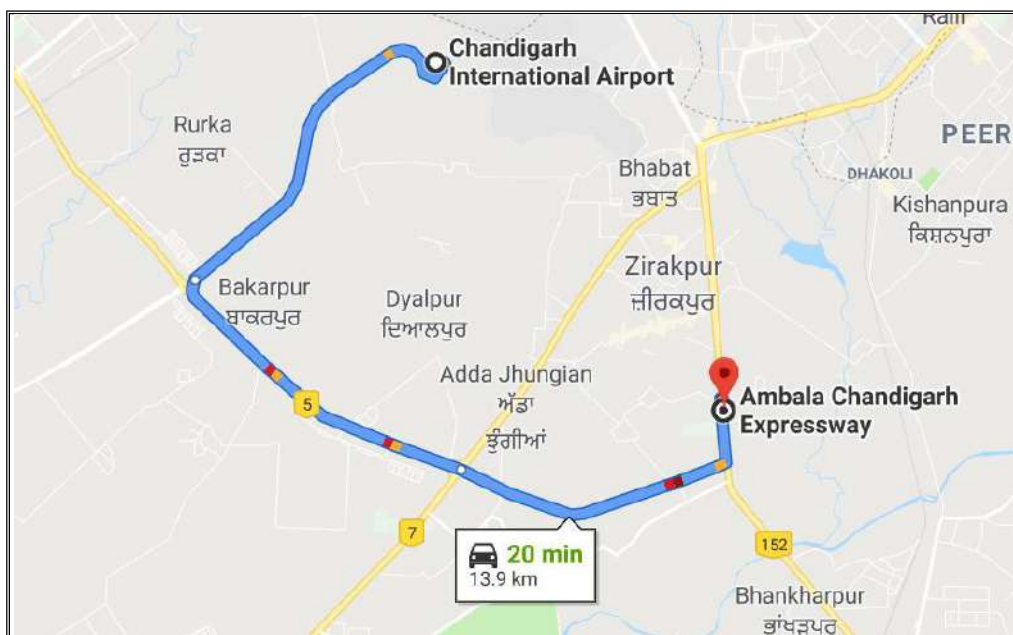
New Proposed Highway

Currently the various towns within the Zirakpur Region area are not directly connected to each other. With the construction of the GMADA expressway; all the six towns within the region will be linked together. Furthermore; the extension into the town of Baddi to the North in the State of Himachal Pradesh will certainly improve the overall travel time. The residents of Baddi would also find it attractive to live, shop and recreate in Zirakpur due to the shorter travel time.

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International Airport and Development of an Airport Hub

The upgrading of the Chandigarh domestic airport to an international airport was announced in 2008. This up gradation is highly likely to have a significant impact to the entire Zirakpur region once the new international airport is operational. As typical of other international airport; it will not only serve as a transport hub but as a major economic driver to the Zirakpur region area since Punjab is a land locked state and the air link is a vital point of contact with other countries. The International airport has been envisaged as the catalyst for growth in Zirakpur and the multiplying effect of this airport is expected to be tremendous. Tourism and airport related activities and time sensitive manufacturing will certainly increase. As about 9 million NRIs from the state of Punjab are residing overseas; the proposed international airport will certainly make travelling easier for NRIs and tourist to visit Punjab. The airport hub will also serve as the catalyst for the aviation and logistics business in Zirakpur region. In addition this will also trigger the establishment of more IT and ITeS companies in the Zirakpur Region, both local and foreign.



Zirakpur to Airport

Demography

Zirakpur has a higher literacy rate as 78% compared to 69.7% for the state of Punjab. The whole region has a higher literacy rate as compared to other states in the country. About 66% of the total population is under the age of 35 years. As the population is young and educated, it offers a valuable skill manpower resource for economic development and sustainability of the city.

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Proposed Development and Business Opportunities

Zirakpur, due to its proximity to Chandigarh has been not only accommodating the spill over of population but also investments from the Union Territory, Hence there are a stream of new proposals emerging in various parts of the town. It is envisaged that with the up gradation of the Chandigarh airport to international status, it will certainly boost the local economy with more Business opportunities inflow in both the tourist and manufacturing and logistics sectors. An international airport will open up the Zirakpur region to the international arena and with the right marketing strategy, more foreign investments will flow into Zirakpur due to its world wide Punjabi NRI network. Apart from this there are also proposals to upgrade SAS Nagar as the Central Business District which will facilitate more investments in the commercial and business sectors.

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3. REAL ESTATE SECTOR IN INDIA

The real estate sector is one of the most globally recognized sectors. In India, real estate is the second largest employer after agriculture and is slated to grow at 30 per cent over the next decade. The real estate sector comprises four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

It is also expected that this sector will incur more non-resident Indian (NRI) investments in both the short term and the long term. India's rank in the Global House Price Index has jumped 13 spots to reach the ninth position among 55 international markets, on the back of increasing prices in mainstream residential sector.

Market Size

Real estate sector in India is expected to reach a market size of US\$ US\$ 1 trillion by 2030 from US\$ 120 billion in 2017 and contribute 13 per cent of the country's GDP by 2025. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs. New housing launches across top seven cities in India increased 27 per cent year-on-year in January-March 2018.

India is expected to witness an upward rise in the number of real estate deals in 2018, on the back of policy changes that have made the market more transparent. Sectors such as IT and ITeS, retail, consulting and e-commerce have registered high demand for office space in recent times. Office space demand in the country increased 23 per cent year-on-year in January-March 2018 with office space absorption at 11.4 million square feet during the quarter. Private equity inflows in office and IT/ITES real estate have grown 150 per cent between 2014 and 2017 backed by a strong attraction towards office sector.

Investments/Developments

The Indian real estate sector has witnessed high growth in recent times with the rise in demand for office as well as residential spaces. Between 2009-18*, Indian real estate sector attracted institutional investments worth US\$ 30 billion. Private Equity and Venture Capital investments in the sector reached US\$ 4.47 billion in 2018 and US\$ 546 million in Jan-Feb 2019.

According to data released by Department of Industrial Policy and Promotion (DIPP), the construction development sector in India has received Foreign Direct Investment (FDI) equity inflows to the tune of US\$ 24.91 billion in the period April 2000-December 2018.

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Some of the major investments and developments in this sector are as follows:

- Housing launches across top eight Indian cities increased 75 per cent in 2018 to 182,207 units.
- In March 2019, Embassy Office Parks, India's first real estate investment trust (REIT) went public.
- Warehousing space in top eight Indian cities increased 22 per cent y-o-y in 2018 to 169 mn sq. ft.
- Around 5.1 million sq. ft. of retail space became operational in top seven Indian cities in 2018.
- In May 2018, Blackstone Group acquired One Indiabulls in Chennai from Indiabulls Real Estate for around Rs 900 crore (US\$ 136.9 million).
- In February 2018, DLF bought 11.76 acres of land for Rs 15 billion (US\$ 231.7 million) for its expansion in Gurugram, Haryana.

Government Initiatives

The Government of India along with the governments of the respective states has taken several initiatives to encourage the development in the sector. The Smart City Project, where there is a plan to build 100 smart cities, is a prime opportunity for the real estate companies. Below are some of the other major Government Initiatives:

- Under the Pradhan Mantri Awas Yojana (PMAY) Urban, more than 6.85 million houses have been sanctioned up to December 2018.
- In February 2018, creation of National Urban Housing Fund was approved with an outlay of Rs 60,000 crore (US\$ 9.27 billion).
- Under the Pradhan Mantri Awas Yojana (PMAY) Urban 1,427,486 houses have been sanctioned in 2017-18. In March 2018, construction of additional 3,21,567 affordable houses was sanctioned under the scheme.



Note: * - Up to October 2018

Indian Real Estate Industry

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Road Ahead

The Securities and Exchange Board of India (SEBI) has given its approval for the Real Estate Investment Trust (REIT) platform which will help in allowing all kinds of investors to invest in the Indian real estate market. It would create an opportunity worth Rs 1.25 trillion (US\$ 19.65 billion) in the Indian market over the years. Responding to an increasingly well-informed consumer base and, bearing in mind the aspect of globalization, Indian real estate developers have shifted gears and accepted fresh challenges. The most marked change has been the shift from family owned businesses to that of professionally managed ones. Real estate developers, in meeting the growing need for managing multiple projects across cities, are also investing in centralized processes to source material and organize manpower and hiring qualified professionals in areas like project management, architecture and engineering.

The growing flow of FDI into Indian real estate is encouraging increased transparency. Developers, in order to attract funding, have revamped their accounting and management systems to meet due diligence standards.

Future Expectations

India's real estate market is expected to reach US\$ 180 billion by 2020 from US\$ 126 billion in 2015. Emergence of nuclear families, rapid urbanization and rising household income are likely to remain the key drivers for growth in all spheres of real estate, including residential, commercial and retail. Rapid urbanization in the country is pushing the growth of real estate. More than 70 per cent of India's GDP will be contributed by the urban areas by 2020.

Office space has been driven mostly by growth in ITeS/IT,BFSI, consulting and manufacturing. Office space leasing increased by over 10 per cent to cross 20 million square feet in the first half of 2018. Warehousing space is expected to reach 247 million square feet in 2020 and see investments of Rs 50,000 crore (US\$ 7.76 billion) between 2018-20.

The Government of India has been supportive to the real estate sector. In August 2015, the Union Cabinet approved 100 Smart City Projects in India. The Government has also raised FDI limits for townships and settlements development projects to 100 per cent. Real estate projects within the Special Economic Zone (SEZ) are also permitted 100 per cent FDI. Government of India's Housing for All initiative is expected to bring US\$ 1.3 trillion investments in the housing sector by 2025. Under Union Budget 2018-19, Pradhan Mantri Awas Yojana (PMAY) (Gramin) was allocated Rs 33,000 crore (US\$ 5.10 billion) while the urban programme of the scheme was allocated Rs 31,500 crore (US\$ 4.87 billion). In May 2018, construction of additional 150,000 affordable houses was sanctioned. The scheme is expected to push affordable housing and construction in the country and give a boost to the real estate sector. The government has also released draft guidelines for investments by Real Estate Investment Trusts (REITs) in non-residential segment.

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4. CAPITAL COST OF THE PROJECT & MEANS OF FINANCE

Broadly the capital cost includes the cost of Building, plant and machinery, Raw material, Labor cost and other incidental expenses, margin money for working capital, etc. The project cost is given below:

(Rs. In Lakhs)

A	Cost Of Project	Amount
1	Land for the Project	1,084.00
2	Cost of Building Construction	845.41
3	Plant & Machinery	40.00
4	Misc. Fixed Assets	20.00
	Total	1,989.41

B	Means Of Finance	Amount
1	Partner's Capital	1,500.00
2	Unsecured Loan from Relatives	489.41
	Total	1,989.41

C	Promoter's Contribution	75%
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5. LAND FOR THE PROJECT

The Firm has already purchased the land about 3800 Sq. Yd for commercial project at Ambala-Chandigarh National Highway (Village Singhpura), Zirakpur. The estimated cost of Land and development charges is given as under:

S.No.	Description	Area	Rate	Total
		<i>(In Sq. Yard)</i>	<i>(per Sq.Yd)</i>	<i>(Rs. In Lakhs)</i>
1	Land <i>(at National Highway, Zirakpur)</i>	3800.00	23,684.20	900.00
2	Registration Charges			70.00
3	CLU & Development Charges	3800.00	3,000.00	114.00
	Total Cost			1,084.00

6. COST OF BUILDING CONSTRUCTION

The firm plans to build a five story commercial building with basement, with a covered area of total about 71065 Sft. The detail of Cost construction of the same is given as under:

	Particulars	Size	Area	Rate of Construction	Amount
		<i>(In Sq. Ft)</i>	<i>(In Sq. Ft)</i>	<i>(Per Sft)</i>	<i>(Rs. In Lakhs)</i>
1	Lower Ground	180' X78.13'	14063	800	112.50
2	Ground Floor	180' X82.29'	19641	825	162.04
3	First Floor	180' X78.13'	14063	850	119.54
4	Second Floor	180' X78.13'	14063	875	123.05
5	Third Floor	180' X78.13'	14063	875	123.05
6	Basement		25654	800	205.23
					845.41

The abovementioned cost pertains to Cost of Building Material Consumed & Labour.

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Sales Calculations

	Particulars	Area	Avg Price	Amount
		<i>(In Sq. Ft)</i>	<i>(In INR)</i>	<i>(INR in lacs)</i>
	Lower Ground	11769	4000	470.76
	Ground	12069	5000	603.45
	First Floor	12116	4000	484.64
	Second Floor	11769	3500	411.92
	Third Floor	11769	3000	353.07
	Total Sale			2323.84

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7. PLANT & MACHINERY

Several equipments and heavy duty machinery is used in the Construction Industry, for both large and small scale purposes. Various types of equipment are used for Building & structural Construction, Road construction, underwater and other marine construction work Power projects etc. There are various operations that are involved in construction projects, whether it's a large scale or a small scale; Excavation and digging of large quantities of earth, Placement of construction materials (eg:-Bricks, concrete) Compacting and leveling, Dozing, Grading, Hauling etc. Most of the machinery will be taken on hire purchase basis, but some self owned machines and other units which are to be used for the project is given below:

S.No.	Description	No. Of Machines	Rate	Amount
				(Rs. In Lakhs)
1	Concrete Mixture	2	5.80	11.60
2	Material Lifting Machine	2	2.50	5.00
3	Water Tanker	1	1.50	1.50
4	Cutter Machine	3	0.12	0.36
5	Drilling Machine	4	0.08	0.32
6	Welding Machine	4	0.10	0.40
7	Generator Set 500 KW	1	16.00	16.00
8	Other Machinery	LS	LS	3.00
				38.18
	Add: Transportation Cost & Taxes etc. @ 5 %			1.82
			Total Cost	40.00

S.No.	Description	Amount
		(Rs. In Lakhs)
1	Fire Fighting Equip.	4.00
2	UPS	2.20
3	Other Furniture & Fitting	12.00
4	CCTV Camera	1.80
	Total Cost	20.00

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8. PROFITABILITY ANALYSIS

The complete financial report showing, profitability statement, statement of profit and loss etc are presented in as under:

Estimates Of Cost & Profitability Statement					
<i>(Rs. in lakhs)</i>					
	Particulars	1st Year	2nd Year	3rd Year	Total
A	<u>Annual Sale Target</u>	<u>35%</u>	<u>35%</u>	<u>30%</u>	
B	<u>Income</u>				
	- Sales Proceeds	813.34	813.34	697.15	2323.84
	Total	813.34	813.34	697.15	2323.84
C	<u>Direct Cost Of Production</u>				
	- Allocated cost of land	379.40	379.40	325.20	1084.00
	- Cost of Construction	295.89	295.89	253.62	845.41
	- Project Overheads	30.00	33.00	36.00	99.00
	- Electricity & Power	3.00	4.00	5.00	12.00
	Cost of Construction	708.29	712.29	619.82	2040.41
D	<u>Gross Margin</u> (B-C)	105.05	101.05	77.33	283.42
E	<u>Indirect Cost Of Production</u>				
	- Administrative Expenses	13.00	14.00	15.00	42.00
	- Advertisement & Commision	25.00	20.00	15.00	60.00
	- Depreciation	9.00	7.65	6.50	23.15
	Total	47.00	41.65	36.50	125.15
F	Net Profit before Tax	58.05	59.40	40.83	158.27
G	Less: Income Tax	17.41	17.82	12.25	47.48
H	Profit after Tax	40.63	41.58	28.58	110.79

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