DEVELOPMENT FEASIBILITY · INVESTMENT COMMITTEE MEMO

Luxury Group Housing Golf Course Ext. Rd, Gurugram

~5.0-acre residential development · NCR

Go / no-go assessment for land acquisition & build-out

DECISION	
CONDITIONAL GO	
GDV MARGIN	22.9%
PROJECT IRR	~24%
HURDLE	20% / 22%

SITE AREA	SALEABLE AREA	GDV (BASE)	TOTAL COST
~5.0 acres	~6.3 L sqft	₹1,764 Cr	₹1,360 Cr
PBT (BASE)	MARGIN ON COST	PROJECT LIFE	BASE PRICE
~₹404 Cr	29.7%	~4.5 yrs	₹28,000/sf

Jay Kapoor · Project & Operations

March 2025 FEASIBILITY WORK SAMPLE

I Summary & recommendation

At the underwritten land basis, the project clears our return hurdle — but **only inside a narrow band**. The base case delivers a ~23% GDV margin and ~24% project IRR; the entire margin of safety sits in two variables: the price paid for land and the achievable sales rate. **Recommendation: Conditional Go** — proceed to term sheet subject to the land and pre-sales conditions in §VI.

This corridor has re-rated sharply — Golf Course Extension Road (GCER) new-launch rates moved from ~₹24,900/sqft in 2024 to ~₹37,900/sqft in 2025 — so the demand backdrop is supportive. We deliberately underwrite at a conservative ₹28,000/sqft (well below peak new-launch pricing) so the decision does not depend on the cycle staying hot.

II Project parameters

REPRESENTATIVE BUILD ASSUMPTIONS

PARAMETER	ASSUMPTION	BASIS
Site area	5.0 acres	GCER, Sectors 63–65 belt
Effective FAR	~2.0	Base + purchasable (DTCP)
Saleable area	~6.30 L sqft	FAR area × ~1.45 loading
Product	3 / 4 BHK luxury	Branded-residence positioning
Achievable price (base)	₹28,000/sqft	Conservative vs ₹37,900 new-launch
Gross Development Value	**₹1,764 Cr**	**6.30 L sqft × ₹28,000**

III Cost stack & returns

BASE CASE — FULL PROJECT (₹ CR)

LINE ITEM	₹ CR	% OF GDV
Land acquisition	600	34.0%
Construction (6.3 L sqft @ ₹5,000)	315	17.9%
Approvals, EDC / IDC, licensing	120	6.8%
Design & consultants	35	2.0%
Marketing & selling (~5%)	88	5.0%
Finance cost	110	6.2%
Contingency (~3%)	52	3.0%
Admin / overhead	40	2.3%
Total development cost	**1,360**	**77.1%**
Profit before tax	**404**	**22.9%**

Profit before tax of **~₹404 Cr** equates to a **22.9% margin on GDV** and **29.7% on cost**. Levered by customer-advance collections (residential projects fund a large share of construction from pre-sales), the project IRR works out to **~24%** — above our ~20% GDV-margin / ~22% IRR hurdle, but not by a wide margin.

IV Where the decision actually sits

The go/no-go is not a single number — it is a surface. The grid below stress-tests GDV margin against the two variables that move the outcome: **achievable sales price** and **land cost**. Everything in teal clears the hurdle; the amber and red cells are where the project should be repriced or declined.

GDV MARGIN SENSITIVITY — PRICE × LAND Hurdle: 20% GDV margin

	LAND ₹550 CR	LAND ₹600 CR	LAND ₹650 CR
Price ₹30,000/sf	30.3%	27.7%	25.1%
Price ₹28,000/sf · base	25.7%	22.9%	20.1%
Price ₹26,000/sf	20.4%	17.3%	14.3%

Clears hurdle (≥20%) Marginal (17–20%) Below hurdle (<20%) Base case

Read-through: the project survives a full ₹2,000/sqft price cut or a ₹50 Cr land overrun — but not both at once. The single most important discipline is the entry land price; everything downstream is leveraged off it.

V Key risks

K1 **Land basis is the swing factor.** Every ₹50 Cr on the land cheque moves GDV margin ~2.8 points. Above ₹650 Cr without pricing upside, the project drifts to the hurdle.

K2 **Price / absorption risk.** GCER has run up fast (₹24,900 → ₹37,900/sqft in a year); a cyclical cool-off toward ₹26,000 breaks the hurdle at higher land cost. Underwrite conservatively, do not chase peak rates.

K3 **Approvals & statutory charges.** Haryana DTCP licensing and EDC/IDC quantum and timing can move materially; front-load due diligence and budget a real contingency.

K4 **Build & cost inflation.** A ~4.5-year luxury high-rise carries delivery and input-cost risk; fix major works early where possible.

K5 **Funding velocity.** The ~24% IRR leans on pre-sales collections; slow launch velocity raises finance cost and compresses returns faster than the P&L suggests.

K6 **Competitive supply.** The corridor is crowded with branded launches (DLF, Smartworld, Birla, M3M); pricing power is positioning-dependent, not guaranteed.

VI Decision & conditions

CONDITIONAL GO — economics clear the hurdle in the base case, but approval is contingent on protecting the two variables that carry the return.

Proceed to term sheet **only if**:

- → Land is secured at **≤ ₹600 Cr** (≈ ₹120 Cr/acre); re-trade or walk above ₹650 Cr.
- → Underwriting holds the **conservative ₹28,000/sqft** base — peak new-launch pricing is upside, not the plan.
- → A phased launch validates pre-sales velocity within the first **6–9 months** before committing full construction capital.

Otherwise: decline, or return with a renegotiated land basis. The deal does not justify stretching on entry price.

Prepared by **Jay Kapoor** · jak581@pitt.edu · linkedin.com/in/jay-kapoor7