MODI PROPERTIES

Letter of Intent

To,

Date: 02-01-2023

Mr. Sheshagiri Rao, Mr. Ravi Kiran & others,
Secunderabad.

Sub.: Offer for development of land admeasuring about Ac. 13-00 gts, forming a part of Sy. no. 65, 66, 67, 71 & 72 of Thimaipalle Village, Keesara Mandal, Medchal-Malkajgiri District, Telangana.

Dear Sir,

We are happy to confirm the terms of development for the said land. The details of the terms and conditions are given in Annexure – A attached herein. A concept note on development management is attached as Annexure -B herein.

The terms given in Annexure – A & B are final and binding on all the parties. Any change in the terms shall be made only on mutual agreement in writing. An amount of Rs. 10 lakhs has been paid as token advance on this day as per the details given below:

Sl. No.	Cheque no.	Date	Drawn on	Amount	Issued to
1	170553	04-01-2023	YES Bank	Rs. 5,00,000/-	Mr. I. Sheshagiri Rao
2	170554	04-01-2023	YES Bank	Rs. 5,00,000/-	Mrs. I. Satyaveni

Other co-owners have agreed to send a separate letter of confirmation certifying their acceptance of these terms within 7 days of this LOI.

Please sign a copy of this LOI as confirmation of having accepted the terms and conditions.

Thank You.

Yours sincerely,
For Modi Properties Pvt. Ltd.,

Soham Modi.
Managing Partner.

Agreed and Confirmed by:

Name	Sheshagiri Rao	Ravi Kumar
Sign	I. Sesh Rao	2/1/2023
Date	2/1/2003	

MODI PROPERTIES

ANNEXURE -A

Date: 3rd day of January, 2023.

1. Development Manager : Modi Properties Pvt. Ltd., (or its nominees). A subsidiary firm/company shall be incorporated for the purpose of developing the Housing Project.

2. Owners : Mr. Sheshagiri Rao, Mr. Ravi Kiran & their family members.

3. Land Area : About Ac. 13-00 gts,.

4. Location : Sy. no. 65, 66, 67, 71 & 72 of Thimaipalle Village, Keesara Mandal, Medchal-Malkajgiri District, Telangana.

5. Proposed Development:
   - 5.1. Land to be developed into a gated community.
   - 5.2. Gated community shall be designed for senior citizen/retirement homes.
   - 5.3. Majority plots shall be of size 160 and 200 sq yds. Villas shall be simplex, duplex or triplex with most villas being of simplex or duplex type with constructed area of 940 to 2,300 sft.
   - 5.4. Estimated of plotted area is 55 to 65% of land area.

6. Design: Emphasis shall be on good design with reasonable size rooms and adequate ventilation. The entire villas and amenities shall be designed to meet the requirements of senior citizens. Features like grab bars, rounded edges, avoiding steps, providing ramps, etc., shall be integral part of the design.

7. Proposed Amenities: Club house of about 10,000 sft with swimming pool, yoga room, gym, recreation room, banquet hall, café/canteen, etc. Sport facilities like open air badminton, basketball, etc. 24 hrs security with CCTV, high compound wall, landscape, gardens, CC internal roads, backup power of 1 KVA for each flat and common area lighting. Additionally, the primary health centre with basic equipment and standby ambulance shall be provided. The primary health centre shall be operated on chargeable basis in collaboration with a reputed health service provider. Food and beverage services will also be provided on chargeable basis through a reputed service provider.

Head Office: 5-4-187/3&4, II Floor, M. G. Road, Secunderabad-500 003. ☎ +91 40 66335551, ✉ info@modiproperties.com www.modiproperties.com

MODI PROPERTIES

8. Development Management – Revenue Sharing:
   8.1. The cost of building permit including incidental expenses shall be borne by the DM and Owners equally. The DM shall bear the entire cost at the time of obtaining permit. The DM shall recover 50% of the said cost from the consideration payable to the Owners for the purchase of the first 50 plots on a pro-rata basis in 5 equal instalments.
   8.2. The cost of developing the layout including roads and amenities shall be borne by the DM and Owners as given herein. The DM shall bear the entire cost of developing the layout. The Owners shall be compensate the DM for the cost incurred by at the rate of Rs. 1,000/- per sq yd for the plotted area. The DM shall recover the said cost from the consideration payable to the Owners for the purchase of the first 100 plots on a pro-rata basis in 5 equal instalments.
   8.3. The DM shall pay the Owners sale consideration for purchase of each plot at the rate given under:
      8.3.1. For plots purchased in calendar year 2023 - Rs. 17,500/- per sq yd.
      8.3.2. For plots purchased in calendar year 2024 - Rs. 20,000/- per sq yd.
      8.3.3. For plots purchased in calendar year 2025 - Rs. 22,500/- per sq yd.
      8.3.4. For plots purchased in calendar year 2026 - Rs. 25,000/- per sq yd.
      8.3.5. For plots purchased in calendar year 2027 - Rs. 27,500/- per sq yd.
   8.4. From the sale of each villa to prospective customers the DM shall be entitled to the following consideration:
      8.4.1. For Villas sold in calendar year 2023 - Rs. 2,500/- per sft of constructed area towards construction cost of Villa and development of layout + Rs. 500/- per sft as Development Management Charges (DMC).
      8.4.2. Similarly, for Villas sold in calendar year 2024 the amount shall be revised to Rs. 2,750/- per sft + Rs. 500/- per sft.
      8.4.3. Similarly, for Villas sold in calendar year 2025 the amount shall be revised to Rs. 3,000/- per sft + Rs. 500/- per sft.
      8.4.4. Similarly, for Villas sold in calendar year 2026 the amount shall be revised to Rs. 3,250/- per sft + Rs. 500/- per sft.
      8.4.5. Similarly, for Villas sold in calendar year 2027 the amount shall be revised to Rs. 3,500/- per sft + Rs. 500/- per sft.
      8.4.6. The DM undertakes to purchaser a minimum of 50 plots per year irrespective of sales made to prospective customers. For this purpose each year shall be calculated from date of obtaining RERA registration.

9. Security Deposit : The Developer shall pay the Owners an interest free security deposit of Rs.15 lakhs per acre. Rs. 10 lakhs shall be payable on signing this LOI. The payment terms of the interest free security deposit are mentioned in Annexure -B. The Owners shall refund the security deposit to the DM on pro-rata basis i.e., within 30 days from receipt of the last/ 5th instalment of sale consideration for each plot of land.

10. Time Line :
  10.1. Due diligence to be completed and MOU to be signed in 4 weeks from LOI.
  10.2. Application for building permit – 6 weeks from MOU/obtaining required NOCs.
  10.3. Sanction for construction – 3 to 6 months from application.
  10.4. Commencement of construction – 30 days from building permit.
  10.5. Completion of construction shall be in phases. Minimum 50 villas shall be developed/ completed every year. Entire project is expected to be completed in 4 years from building permit (with 6 months grace period).

11. Specifications : In general specification shall be similar to the specifications in our project Silveroak Villas at Cherlapally, Hyderabad. For materials where branded products are available, well known / top brands shall be used. As a marketing strategy, from time to time, special offers will be made which may include providing of modular kitchen, furniture, soft furnishings, false ceiling, air-conditioners, etc., free of cost to prospective buyers. The cost of providing such furnitures and fixtures shall be borne by the Owners for their share of flats. Details of specifications are:

11.1. Structure:	RCC
11.2. Walls:	4"/6" solid cement blocks
11.3. External painting:	Exterior emulsion
11.4. Internal painting:	Smooth finish with OBD
11.5. Flooring:	48" x 24" vitrified tiles in drawing, dining.
11.6. Flooring:	48" x 8" wood finish vitrified tiles in bedrooms.
11.7. Door frames:	WPC
11.8. Main door:	Polished panel door
11.9. Other doors:	Painted panel doors
11.10. Electrical:	Copper wiring with modular switches
11.11. Windows:	Powder coated aluminum sliding windows with grills
11.12. Bathrooms:	Branded ceramic tiles – 4 / 7 ft height
11.13. Plumbing:	CPVC & PVC pipes
11.14. Sanitary:	Branded sanitaryware
11.15. CP fittings:	Branded quarter turn ceramic disc type.
11.16. Kitchen platform:	Granite slab with 2 ft dado and SS sink
11.17. Grab bars:	SS grab bars to be provided in toilets and other key areas.
11.18. Panic button:	One panic button per villa.
11.19. Fire detector:	Smoke/heat detector to be provided in kitchen with alarm.

12. Other Charges : The DM shall bear the entire cost of development including building/layout permit charges. Owners/prospective purchaser shall pay proportionate charges for water and electricity connection, GST, stamp duty and registration charges, mutation charges, corpus fund, etc. The Owners shall obtain approvals or NOC from statutory authorities that may be required for developing the land into housing project at their risk and cost (however, the DM shall obtain NOCs from fire department, PCB and environment board at its cost). In particular the Owners shall obtain NOC from revenue department under the NALA Act at their cost.

13. Other issues:
   13.1 Both parties shall ensure that they are compliance with rules of RERA. Both parties shall cooperate each other to ensure that the rules of RERA are followed. Both parties shall indemnify each other against any loss caused to one party due to actions attributable to the other party. The DM shall endeavor to ensure that the Owners are exempt from provisions of RERa by appropriately drafting the DMA.
   13.2 The DM shall not be entitled to mortgage any portion of the land of the Owners except for the following:
      13.2.1 Obtaining building permit wherein 5% of plots/villas need to be mortgaged till development work is fully completed.
      13.2.2 Where the Owners have executed an irrevocable AGPA (or sale deed) in favour of the DM.
      13.2.3 Penalty clause for default by the DM in meeting timelines to be specified in the DMA on mutual agreement.
      13.2.4 The prices for land and construction payable to the Owners and DM as given herein are fixed and there shall be not by any further change on account of inflation/ escalation in cost.
      13.2.5 Original documents pertaining to the Owners land shall remain with the Owners. However, they shall produce it for verification for purposes of title verification by the DM, its representatives and financial institutions providing loans to prospective purchasers. These documents shall be made available for inspection with one days advance notice.

MODI PROPERTIES

Annexure -B

Concept note on Development Management.

Development of Villas in Layouts.

January, 2023.

Concept note on Development Management.

Development of villas in layouts that are already developed.

1. Overview.
   1.1. The Development Manager (DM) shall develop the layout into a gated community of villas/ independent houses under a Development Management Agreement (DMA).
   1.2. The total land that is proposed to be developed into plots + villas proposed to be constructed thereon + amenities + utilities + layout development, etc., is hereinafter referred to as the Housing Project.
   1.3. A plot of land (divided by metes and bounds) along with a house/villa constructed thereon is hereinafter referred to as the Villa. The prospective purchasers of the Villas shall share the common amenities and facilities of the Housing Project.
   1.4. The DM shall obtain permits for construction of villas at its risk and cost. The DM shall finance the construction of villas and development of a gated community.
   1.5. The DMA exploits the strengths of each party under an arrangement that is a win-win situation for both the parties.
   1.6. Under the DMA the DM shall sell all the plots along with villas constructed thereon to prospective purchasers.
   1.7. Under the DMA the DM shall be entitled to Development Management Charges (DMC) of Rs. 500/- per sft on area of each villa proposed to be constructed for services provided by it. This shall include cost of overheads, sales, marketing, interest on loans, ROI, etc.
   1.8. For every plot + villa sold to prospective purchasers the DM shall pay a fixed price to the Owner for each plot. The DM will also receive a fixed price for the construction of the villa on the plot + DMC.
   1.9. The sale consideration received over and above the plot cost payable to the Owner and the construction cost + DMC payable to the DM shall be divided equally between the Owner and the DM. Under this water fall structure, payments will be made to the Owners and the DM as per their entitlement and additional cash flow from sales of Villas will be equally shared between the Owner and DM as and when such amounts are received from prospective purchasers.
   1.10. Under the DMA the Owner and DM will be able to maximise their returns under the waterfall structure, with a minimum guaranteed price for the land/construction. It de-risks both the Owner and DM.
   1.11. The DM shall be entirely responsible for financing the Housing Project.
   1.12. The DM shall make payment to the Owner on sale of each plot + villa based on a schedule agreed in advance.
   1.13. The minimum price for land/construction payable to the Owner/DM shall be enhanced on a yearly basis which shall be agreed to in advance.
   1.14. The DM shall obtain permit for layout along with villas to be constructed thereon along with other facilities and amenities. The DM shall develop the Housing Project at its risk and cost.

1.15. The DM shall bear the cost of obtaining building/layout permit for the layout + villas, however, 50% of the total cost + incidental expenses shall be debited to the account of the Owners. The DM shall recover the cost of building/layout permit from the amount payable by the DM to the Owners for sale of the plots. The said amount shall be adjusted in the first 50 plots that are sold by the Owners to the DM.

1.16. The DM shall develop the entire layout, including amenities and facilities like roads, compound wall, amenities block, utilities, parks, etc., at its risk and cost. However, the DM shall recover the cost of developing the layout, at the rate of Rs. 1,000/- per sq yd on the plotted area of land, from the amount payable by the DM to the Owners for sale of the plots. The said amount shall be adjusted in the first 100 plots that are sold by the Owners to the DM.

1.17. The DM shall provide water and electric power supply to all the villas/houses proposed to be constructed in the Housing Project at its cost. However, the DM shall have exclusive right to recover these costs as a lumsum amount from prospective purchasers of each villa.

2. Proposed development.
   - 2.1. Gated community of Villas with amenities like roads, utilities, compound wall, clubhouse, swimming pool, etc.
   - 2.2. The development shall cater to the needs of senior citizens and shall be exclusively marketed as retirement/senior citizens homes.
   - 2.3. The layout shall have plots bearing sizes, with most plots of size 160 and 200 sq yds. Simplex and duplex Villas of size 940 sft to 2,300 sft are proposed to be constructed. However, based on demand triplex villas of larger sizes may also be constructed.
   - 2.4. On mutual agreement, a small part of the land can be developed into an apartment complex. Such a development can be done under a Joint Development Agreement (JDA), wherein the Owner will receive a part of the proposed construction in lieu of the land.

3. Expertise of Development Manager (DM).
   - 3.1. Ability to finance the project.
   - 3.2. Ability to raise additional finances by debt, equity partners or investors.
   - 3.3. Market research to optimise type of development to maximise returns at low risk.
   - 3.4. Design of flats/villas for that market.
   - 3.5. Determining price point for sales form to time.
   - 3.6. Sales, marketing and brand building.
   - 3.7. Co-branding with Owner.
   - 3.8. Customer relations – from post sales till handover.
   - 3.9. Quality control.
   - 3.10. Scheduling of construction.
   - 3.11. Legal and due-diligence.
   - 3.12. Taxation.
   - 3.13. Documentation.
   - 3.14. Bulk purchase of building material.
   - 3.15. Construction.
   - 3.16. Obtaining permits for layout, building, fire, environment, pollution control board, utilities.
   - 3.17. Obtaining OC and other statutory permits after completion of development.

4. Expertise of Owner.
   4.1. Acquisition of land.
   4.2. Knowledge of local area.
   4.3. Dealing with local authorities and local leaders.

5. Responsibility of Development Manager.
   5.1. Financing the entire project.
   5.2. Sales and marketing.
   5.3. Post sales customer relations upto handing over of the unit.
   5.4. Documentation with customer.
   5.5. Quality control.
   5.6. Scheduling of construction.
   5.7. Master plan and type design of units in the proposed development.
   5.8. Maintaining the data base of sales and collections.
   5.9. Construction as per design and schedule.
   5.10. Additions and alterations based on customer requirements.
   5.11. Maintenance of site till association in formed and handed over to elected representatives.
   5.12. Develop the land into a layout.
   5.13. Providing utilities like water & power.

6. Responsibility of Owner.
   6.1. Land acquisition.

7. Joint responsibility of Development Manager and Owner.
   7.1. Obtaining building permits.
   7.2. Due-diligence.
   7.3. Obtaining NOCs that may be required for application for building permit.

8. Expenses to be borne by Development Manager.
   8.1. Sales and marketing including flyers, brochures, digital marketing, website, etc.
   8.2. Advertising.
   8.3. Salaries and expenses of sales, QC and CR staff.
   8.4. Architects fees for master planning.
   8.5. Interest on cost of project loans.
   8.6. Fees of all consultants, architects, structural engineers, landscaping, MEP, etc.
   8.7. Cost of all statutory approvals including building permit for villas, building cess, etc., along with incidental expenses.
   8.8. All construction expenses including men and material.
   8.9. All overhead costs related to construction.
   8.10. Salaries of construction and admin staff.
   8.11. Maintenance of accounts.
   8.12. All types of taxes including income tax, GST, stamp duty, registration charges, etc., related to development/sale of villas.
   8.13. Cost of all statutory approvals for development of layout/Villas/Housing Project along with incidental expenses.

9. Expenses to be borne by Owner.
   9.1. Owner shall bear the cost of land acquisition ~~and/or cost for executing a JDA for land~~.
   9.2. Cost of conversion under the NALA Act, other costs related to NOCs required for obtaining layout permit, etc., along with incidental expenses.
   9.3. All types of taxes including income tax, GST, stamp duty, registration charges, etc., related to sale of plots.
   9.4. Settlement with claimants and litigants.

10. Finance and profit sharing.
   10.1. Owner shall bear the cost of land acquisition.
   10.2. The DM shall bear the cost of building/layout permit. However, 50% of the said cost shall be debited to the Owners.
   10.3. The DM shall bear the entire cost of developing the layout + amenities and facilities. The DM shall debit Rs. 1,000/- per sq yd for plotted area to the Owners as its share of cost.
   10.4. The DM shall construct the villas and amenities in the gated community at its cost.
   10.5. The DM shall sell each plot + villa to prospective customers and from such sale proceeds payment shall be made to the Owner in instalments.
   10.6. Payment terms for payment of sale consideration of each plot by DM to Owner: 20% advance at time of signing AGPA for each plot. 20% in 4 by-monthly instalments. Total payment shall be made to the Owners within 8 months. The DM shall be liable to pay the Owner the consideration in instalments, irrespective of payment received form prospective purchasers.
   10.7. After obtaining permit for construction of villas the DM shall pay 20% advance for 10 plots. Thereafter, payment shall be made for each plot based on sales to prospective customers.
   10.8. The DM shall pay an advance to the Owner (as refundable security deposit), on mutual agreement, in instalments. Rs. 10 lakhs on executing LOI, 25% (less Rs. 10 lakhs) on completing due-diligence and executing an MOU, 25% on approval of master plan of layout + villas, 25% on receipt of demand for payment of fees and charges for building/ layout permit at the time of executing a registered DMA and 25% on handing over possession within 15 days of receiving building permit.

11. Payment by DM to Owner – Villa Development – Example for illustration only.
   11.1. Say a typical plot is about 200 sq yds with a 2,000 sft villa constructed on it.
   11.2. Say the sale consideration of plot is Rs. 10,000/- per sq yd i.e., Rs. 20 lakhs. This can be fixed for all sales in 2023 and thereafter it is increased by 10% for each subsequent year.
   11.3. The cost of construction of DM is fixed at Rs. 2,500/- per sft i.e., Rs. 50 lakhs. This can be fixed for all sales in 2023 and thereafter it is increased by 10% for each subsequent year.
   11.4. Say the plot + villa is sold for Rs. 100 lakhs. The Owner shall receive a consideration of Rs. 20 lakhs for the plot in 5 instalments over 8 months. The DM shall receive consideration from the prospective customer based on milestones of construction.
   11.5. Under the waterfall structure, after payment of Rs. 20 lakhs to the Owner and Rs. 60 lakhs to the DM, the balance Rs. 20 lakhs shall be paid to the Owner and DM in equal proportion i.e., Rs. 10 lakhs to the Owner and Rs. 10 lakhs to the DM.

12. Determining price point for sale.
    12.1. This shall be on mutual agreement between DM and Owner. Prices for sale of villas shall be reviewed every 3 months after project launch.

13. Dispute resolution.
    13.1. It shall be by way of arbitration of a sole arbitrator mutually appointed by both the parties in advance.

14. Nature of agreement.
    14.1. The Owner shall continue to remain absolute Owner without encumbrance of all the plots that are not sold to the DM.
    14.2. The DM will become owner of plots sold by the Owner to it by way of an AGPA.
    14.3. A suitable agreement/DMA shall be executed and registered between the Owner and DM outlining the entire proposed arrangement for development management.
    14.4. The DMA shall ensure that the incidence of income tax, GST, long term capital gain tax, stamp duty and registration charges shall be minimised in the hands of the Owner, DM and prospective customers.
    14.5. The DM shall execute a separate AGPA for each plot as and when requested by the DM.

15. Termination of agreement.
    15.1. Once the project starts the DMA will be irrevocable.
    15.2. However, in case of failure to obtain statutory approvals or permits or in case of litigation the DMA can be cancelled on mutually agreed terms.
    15.3. The AGPA for each plot shall be irrevocable.

Anand Mehta.