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No.A-507/2

August 06, 2009

To

All beneficiaries of Chennai Ph-II Scheme

Sub: Revised costing of Chennai Ph-II project

Sir,

Please refer to our letter no.A-507/2 dated 29.10.2007, vide which you were informed about the anticipated increase in costs. A number of beneficiaries, thereafter, requested for revised costs so that they could approach their financial institution for revision in loan amounts. The same has been informed vide our letter no.F-224/1 dated 21.05.2009.

2. This is to inform you that the interim costing has been carried out to make the beneficiaries aware of the increase in cost of DU due to requirement of provisioning of cast-in-situ driven piles, increase in the cost of cement and steel, increase in the Whole Sale Price Index etc. Over and above, some other factors also have resulted into the increased costs.

3. As you are aware, the area of DUs have gone up as under (as also intimated through the 'Technical Brochure') :

Type	Announced area (Sft)	Built-up area as per Technical Brochure (Sft)	%age increase
A	550	614	11.6%
B	950	1055	11.1%
C	1250	1353	8.3%
D	1500	1672	11.5%

4. Accordingly, the adjusted announced cost shall work out to:

Type	Announced cost (Rs. in lacs)	Revised Announced cost (Rs. in lacs)
A	5.75	6.42
B	9.90	11.00
C	13.05	14.13
D	15.65	17.45

5. Further, vide our letter no.F-224/1 dated 21.05.2009, the provisional cost has been intimated to you as under:

Type A	-	Rs. 8,28,900/=
Type B	-	Rs.14,24,250/=
Type C	-	Rs.18,26,550/=
Type D		Rs.22,57,200/=

6. Thus, it may be seen that there is an increase in the cost of DUs as under, over and above the adjusted price as per the area being constructed:

Type A	-	29.11%
Type B	-	29.48%
Type C	-	29.27%
Type D	-	29.35%

7. Thus, the increase in cost is mainly due to the following reasons:

- a. Pile foundations - 9%.
- b. Labour and material escalation
as per Whole Sale Price Index - 14.5%
- c. Cement and Steel - 6%

8. We are hopeful that, considering present market trends towards the Whole Sale Price Index and cost of cement and steel, we will be able to complete the project, within the above cost by mid 2010.

Yours faithfully,
Sd/-

(N K Wadhwa)
Director (Admn)
for Chief Executive Officer