

Real estate star rating - Introduction

Dated January 21, 2020



What is Star Ratings?

- ❖ **Comment on the quality of the real estate project as per the agreed specifications**
 - Different from credit rating and bank loan rating
 - It is not an audit, but an evaluation of key input parameters
- ❖ **City-specific rating; benchmarks a real estate project against other projects in the city**
- ❖ **Star rating – 7 star (highest) to 1 star (lowest)**
- ❖ **Can be undertaken for soon-to-be-launched projects as well as for completed projects.**
- ❖ **The rating and report are widely disseminated**
 - Through CARE Ratings website & vast email database,
 - Ratings scan circulated nationally amongst lenders, corporates and investors,
 - Property websites, property exhibitions and
 - Opinion pieces released in the press and various real estate magazines.

Criteria



Project Developer quality

- Track record of developer
- Financial strength
- Organizational structure and systems



Project Legal quality

- Clarity of land title
- Status of statutory approvals from authorities



Project Construction quality

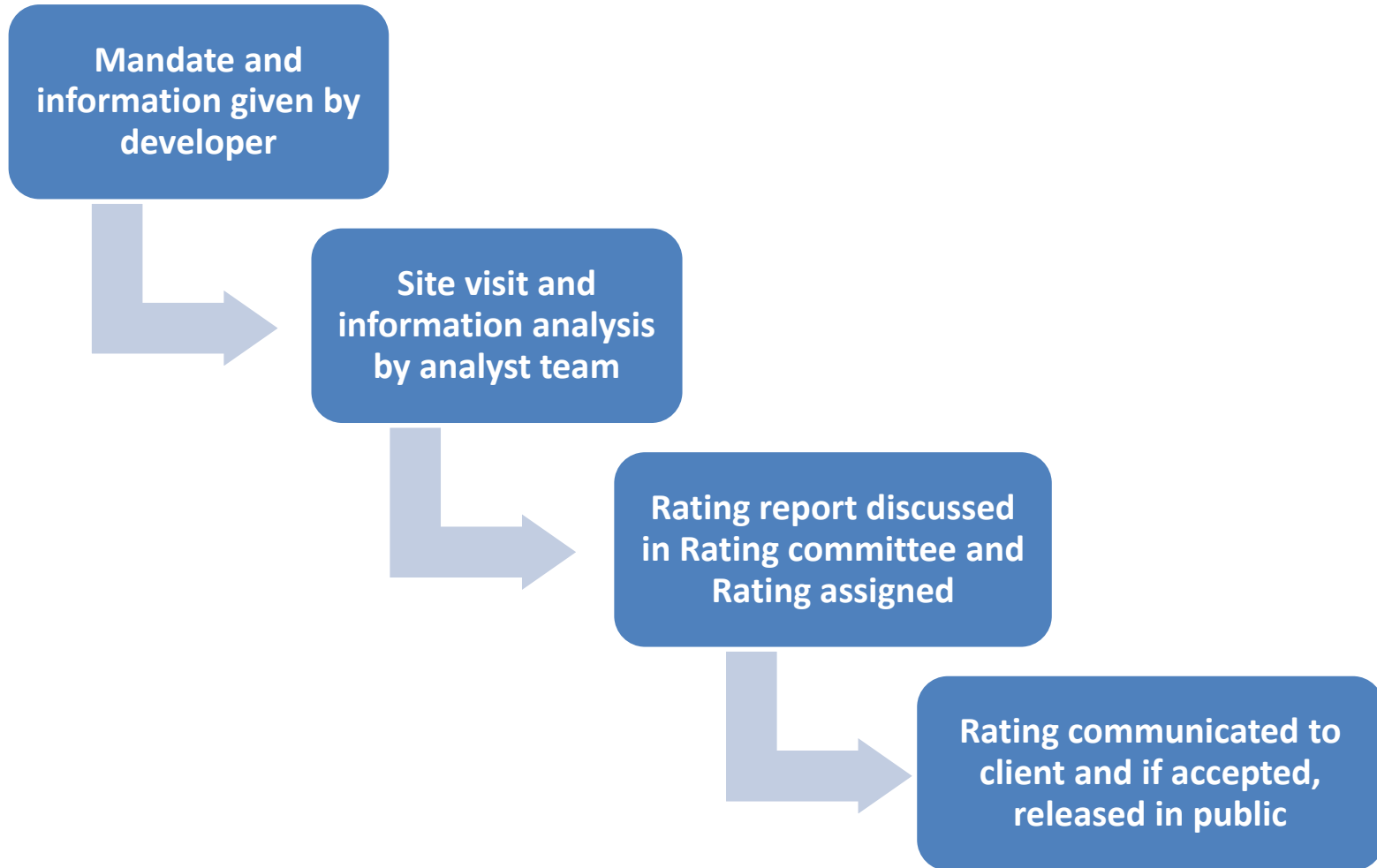
- Construction technology and quality control processes
- Quality of architect, structural engineer and contractors
- Extent of expected delay



Project Financial quality

- Financial viability and break-even point
- Marketing & Pricing strategy
- Funding strategy

Process



Key benefits – Star ratings as project sales booster

- ❖ **Enhances credibility among customers (mainly home buyers), investors (both individual and institutional) and corporate lessees (in commercial buildings) by showcasing certification from an independent rating institution**
- ❖ **Increases pricing power by establishing the quality perception in the minds of customers**
- ❖ **Increases sales velocity by creating the pull factor for customers; our survey shows that customers are willing to pay higher for rated projects.**

Key benefits – Star ratings as Project magnifier

- ❖ **Star rating can be a key component of marketing strategy of the developer for:**
 - Inviting participation from private equity funds
 - Road-shows during IPO
 - Attracting MNC customers for leasing out
 - Attracting NRI customers
- ❖ **It is particularly useful for the developer showcasing its signature project in the city**
 - Quality certification can be a key feature to be showcased in new projects.
- ❖ **It can be a part of entry strategy for the established developer in the new city**
 - Star rating can complement the entry strategy by highlighting the developer and project.



Key benefits – Star ratings as Loan benefactor

❖ **Positively impacts the lending decision of banks & NBFCs**

- Lenders are concerned about the overall project quality – mainly construction and legal aspects because it impacts the quality of the loan mortgage.

❖ **Star rating process is similar to project appraisal process of lending agencies; accordingly many banks have accelerated sanction process for star rated projects**

- Banks prefer rated projects over unrated ones, due to the validation by an external agency

❖ **Star rated projects have the benefit of initial risk assessment as well as periodic surveillance by CARE**

- Banks benefit from periodic surveillance and hence get updates on project



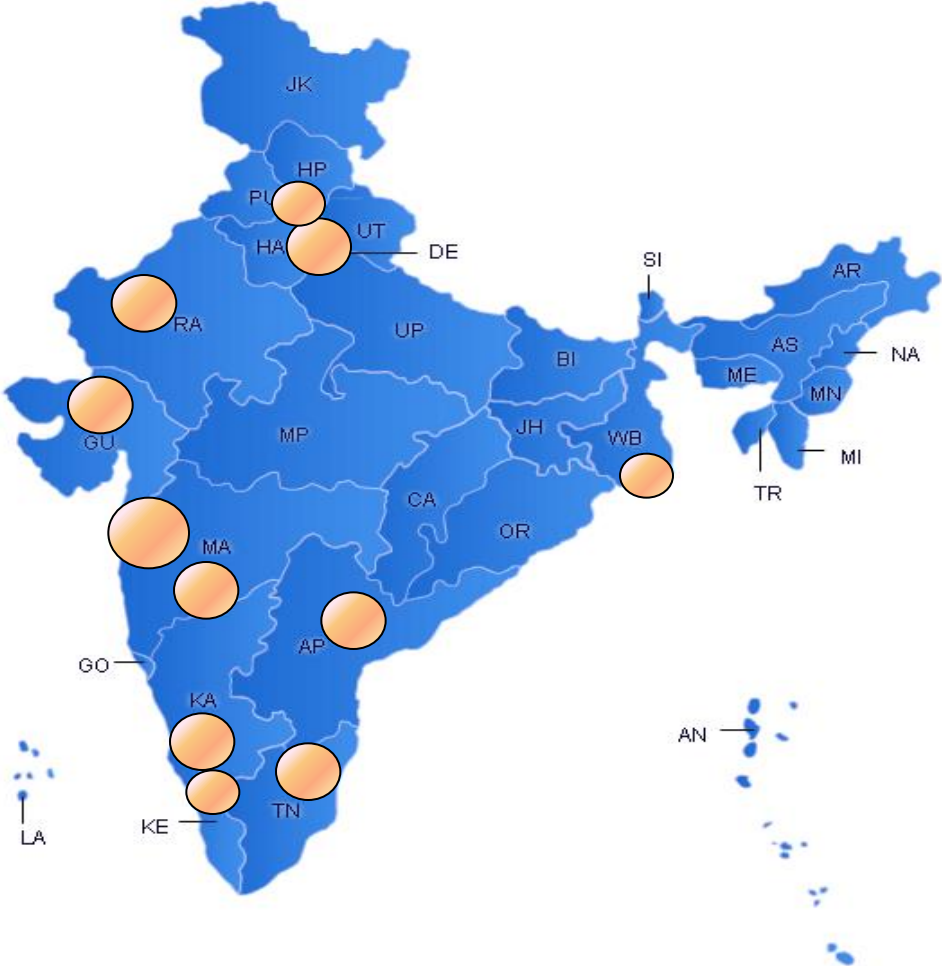
Key benefits – Star ratings as Loan benefactor



About CARE Ratings

- ❖ **Second largest rating agency in India in terms of ratings income**
 - Pan-India network of analysts
- ❖ **Recognized by regulators SEBI & RBI**
 - **Approved by statutory authorities** like Government of India & National housing Bank
- ❖ **Strong track record in real estate**
 - More than 300 ratings assigned so far
 - Established clientele base of 200+ companies
- ❖ **A strong in-house research team**

Strong analyst network across India



Real estate companies with CARE rating/ grading (1)

Agarwal Associates Promoters Limited	Classic Mall Development Company Private Limited	Golfgreen Infra Private Limited
Agile Real Estate Private Limited	Cubatic Shimul Ventures Private Limited	Greenmark Developers Private Limited
Ahluwalia Contracts India Limited	D. B. Malls Private Limited	Hill Crest Resort & Spa Private Limited
Alpha Corp Development Private Limited	Devaloke Developers Ltd	Indiabuild Villas Development Private Limited
Ambattur Group	Dosti Realty Limited	Indiabulls Real Estate Limited
Ambuja Realty Development Limited	DTC Projects Private Limited	Indira Constructions
Aryamaan Developers Private Limited	Eden Realty Ventures Private Limited	Jindal Realty Limited
Ashiana Housing Limited	Eleanor Realty Holdings India Private Limited	Joyville Shapoorji Housing Private Limited
Aswini Apartments	Embassy One developers Private Limited	JP Iscon Private Limited
Bharti Realty Limited	Eon Kharadi Infrastructure Private Limited	KMV Spaces LLP
Brigade Gujarat Projects Private Limited	Express Infrastructure Private Limited	M. S. Ramaiah Developers & builders Private Limited
Calyx Estate	Gera Developments Private Limited	Mangalore SEZ Limited
CHD Developers Limited	Glider Buildcon Realtors Private Limited	Mani Square Limited

Real estate companies with CARE rating/ grading (2)

Xrbia Developers Limited	Princeton Infrastructure Private Limited	Singhania Buildcon Private Limited
N. Rose Developers Private Limited	PRL Agastya Private Limited	South City Projects (Kolkata) Limited
Navayuga Real Ventures Private Limited	Puranik Builders Private Limited	Sugee Developers Private Limited
Navin Housing and Properties Private Limited	Radiance Realty Developers India Limited	Suncity Projects Private Limited
Nexgen Infracon Private Limited	Renaatus Projects Private Limited	Sundew Properties Limited
Nish Developers Private Limited	Riverbank Developers Private Limited	Sunteck Realty Limited
Nyati Housing	Rohan Builders and Developers Private Limited	Tata Housing Development Company Limited
Oberoi Realty Limited	Sands Infrabuild Private Limited	Teemage Builders Private Limited
Omaxe Limited	Serveall Land Developers Private Limited	TRIF Kochi Projects Private Limited
P S Group Realty Limited	Shalimar KSMB Projects	Tulip Infratech Private Limited
Panch Tatva Promoters Private Limited	Shrimarc Mall LLP	Unique Estates Development Company Limited
Paramount Propbuild Private Limited	Shriram Properties Limited	Urban Tree Infrastructures Private Limited
Pragathi Group	Siddha Sphere LLP	Wegmans Industries Private Limited

Thank you