

## FROM THE HOUSE OF GERA



“ Our real estate journey started 46 years ago.

Over the decades, the industry, customer needs, product, specifications, amenities, laws etc. have all changed. The one constant has been our commitment to earning the trust of our contractors, vendors, customers, employees, partners, consultants and all stakeholders.

As we reflected on our delivery of the past, the continuous improvement was captured in one word, OUTDO.

To us, OUTDO is an ongoing quest to do better each time. OUTDO is a spirit of competition against yourself. You vs. You. When the competitor is in the mirror and you work to do better against that person.

We hope you see value in the information contained in this document.

We look forward to your feedback on this, our latest endeavour to OUTDO in keeping you abreast of what's happening at Gera. ”

**Rohit Gera**  
Managing Director

★ 2017 ★  
Happy New Year  
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## UNDERSTANDING HOW RERA HAS IMPACTED THE REALITY OF REALTY

The Real Estate Regulatory (& Development) Act (RERA) is by far the most far-reaching and profound change driver for the real estate sector since the Urban Land Ceiling Act came into force in 1976. RERA will force changes in the industry across all parameters:

- Construction quality (5-year defect liability period is mandatory)
- Construction delivery (penalties for delays in delivery)
- Discipline in marketing promises

The greatest impact however will be on the financing and capital structure for the business in the future. The single most expensive item of the stock in trade for a developer is land. Lack of access to capital and an increasing hunger for a greater return by landlords led to the introduction of the Joint Development model. A model so brilliant, that in good markets and boom times, a person with ₹1 crore could block a land parcel worth ₹20 crores by paying the landlord a deposit. He could then do pre-launch sales to secure additional funds from prospective customers and use the funds to pay the balance deposit to the land owner, secure approvals and then embark upon a 100 crore topline project. The industry shifted to collecting up to 85% in some cases on completion of the structure (RCC) of the project giving cash to the developer to take on the next few projects.

All this is about to change with the advent of RERA.

- Developers cannot sell before all approvals are in place. With the tremendous increase in approval costs, huge sums of money are required before any customer advances can be collected.
- The fact that large projects will be broken up into phases, each being considered as a separate project means all approvals including the TDR for that phase needs to be procured upfront against increasing capital requirements.
- 70% of sale proceeds are to be placed in a

designated account and can only be drawn in proportion to the progress of the project. This again slows down cash flows and negatively affects project IRR further.

- The risk of delays and costs of compensation to be considered will lead to performing contractors being able to command a premium on their rates again pushing up costs for the developers. The risk of title-related liability further adds to the risk and the cost for the developer.

- Increasingly under-capitalised developers will find it hard to punch above their weight.

- The shakeout in the Industry will be good for the consumer in the long run but for transferring all the risk he bears today, he will end up paying a substantial premium.

- The Urban Land Ceiling Act (known as ULCER) never achieved its objective.

The Government seems to be resolute in

implementing RERA. The biggest challenges in this will be how current ongoing projects will be treated. Real Estate continues to be a huge source of Income and a big contributor to the GDP of the states. Unless a pragmatic approach is taken to get from its current state to its future state, capital constraints and consumer activism can create chaos and turmoil for the industry.

One thing though is for sure, these challenging times provide tremendous opportunity to the well capitalized, fiscally prudent developer.

“  
**RERA: A CUSTOMER-CENTRIC MOVE**  
”

# GERA RANKS AMONGST THE TOP 5 REAL ESTATE COMPANIES IN THE COUNTRY WITH A CREDIT RATING LISTING OF A+

There are numerous evaluation metrics in the market. But, none more important than a company's 'CREDIT RATING' to review the risks of investment in the company.

An assessment of the credit rating becomes critical to ascertain the quantum of risk involved while investing money in a particular company.

**Some of the evaluation criteria used to arrive at the credit rating are listed alongside:**

- The quantum of free cash flow that is available consistently over a period of time
- Whether the cash in hand is sufficient to cover both, the principal as well as the interest
- Receivables over construction coverage
- How the business is likely to perform given the market condition
- Internal & External risk of the company
- Track record of whether having defaulted in past or not
- Quantum of Short Term Debt and Long Term Debt



The rating grades range from AAA+ which is the highest to a D, which is the lowest. In Real Estate, some of the major credit rating companies are A) CARE – (Credit Analysis & Research Limited); B) CRISIL – (Credit Rating Information Services of India Limited); C) ICRA – (Investment Information and Credit Rating Agency).

The rating grades straddle across

both, public listed as well as private listed companies. In Real Estate, the highest rating obtained is an AA+ by Oberoi Realty Ltd. followed by Tata Housing and Hiranandani Builders with a AA.

To provide a relevant contextual frame of reference, **Gera Developments Pvt. Ltd. is the 'HIGHEST non-listed real estate brand' with an A+ rating.** Some

of the other 'public listed real estate brands' in the A+ listing include, Sunteck Realty Limited, Prestige Estates Projects Limited, Kolte-Patil Developers Limited, Mahindra Lifespace Developers Limited and Indiabulls Real Estate Limited.

Some of the other Real Estate brands at a notch lower with an 'A' rating include DLF Limited, Salarpuria Properties Pvt. Ltd.,

Brigade Enterprises Limited, Peninsula Land Limited and Lodha Developers Limited. Other real estate brands that straddle the 'A-' rating include Mangalore SEZ Limited, Bengal Ambuja Housing Development Limited, Ashiana Housing Development Limited, Starlight Systems Private Limited, Devbhumi Realtors Private Limited and Mangalam Build Developers Limited.

## Our Long-standing Series of Firsts moves the Credit Rating pendulum in our favour.

- The foremost is the long and **impressive track record** of the promoters in the Real Estate space.
- The reputation and heft of the **Advisory Board comprising some of the most eminent names** in the industry such as Deepak Parekh, Ganesh Natarajan and Farhad Forbes.
- The comfortable capital structure with flexibility due to low financial leverage and limited repayment obligations.
- All project executions largely depend on internal accruals vis-à-vis being dependent on customer advances which is mostly dependent on the market sentiment.
- **Strong sales momentum vis-à-vis the construction schedule** coupled with high collection efficiency providing considerable revenue visibility.
- An **exceptionally strong brand presence** in a specific segment with the availability of a sizeable land bank for future developments.
- One of the best track records in the industry in **servicing its debt before time.**

In the Rating World, there is nothing more critical than its rating being consistent vis-à-vis a YOY growth in terms of the Debt that it can service. Some very clear contributing criterion that have put Gera Developments in an extremely sound situation are its **low leverage of debt coupled with planning mostly on long term debt, maintaining a consistently healthy Debt Equity Ratio, generation of adequate cash flows to service debt on time and a consistent track record in reducing the borrowing cost.**

## PROJECT INFORMATION UPDATE



3.5 & 5.5 Bedroom Villas & 4.5 Bedroom Apartments at Bavdhan  
Villas: 3400 - 5400 sq. ft.  
Apartments: 3100 sq. ft. onwards

GERA'S ISLE ROYALE PHASE 1

**Possession being handed over in the 4<sup>th</sup> quarter of 2016**



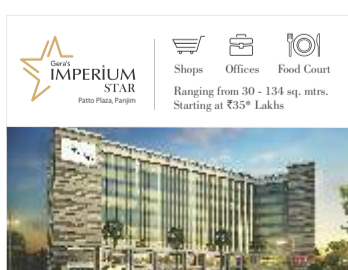
Gera's **Song of Joy**  
2 & 3 Bedroom ChildCentric<sup>SM</sup> Homes at Kharadi  
1221 - 1670 sq. ft.

GERA'S SONG OF JOY PHASE 1  
**Possession being handed over by end of 3<sup>rd</sup> Quarter 2016**



Gera's **IMPERIUM GRAND**  
Office and Retail Spaces  
540 sq. ft. onwards at Patto, Panjim

GERA'S IMPERIUM GRAND  
**90% units sold**



Gera's **IMPERIUM STAR**  
Shops Offices Food Court  
Ranging from 30 - 134 sq. mtrs.  
Starting at ₹35\* Lakhs

GERA'S IMPERIUM STAR  
**70% units sold**

## Testimonial



We take pride to have an association with Gera Developments Pvt. Ltd., for the last 4 years as the Civil Contractors of their two Prestigious Projects, which is still continuing. As a Client, the Management as well as the Chairman of the group, Mr. Gera, always extended all the support to

us in the smooth functioning of the projects. It is to be mentioned that as a leader of the realty sector of Pune, Gera Developments India Pvt. Ltd. is very particular in maintaining the quality of construction. Our experience tells that the Group is always committed to its customers, and that is the secret of its business success. We are looking forward for a long business association with the Group, and we wish all the success to the company in their future endeavours!

**- M. B. Nambiar**

Chairman - (Millennium Engineers & Contractors Pvt. Ltd.)

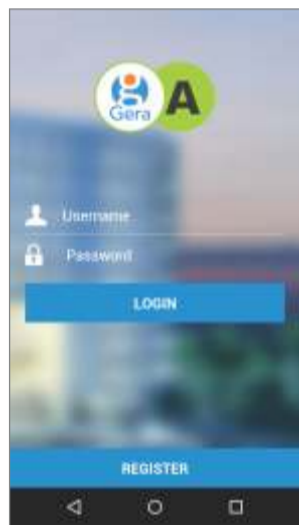


# A HASSLE-FREE EXPERIENCE FOR VENDORS & CONTRACTORS

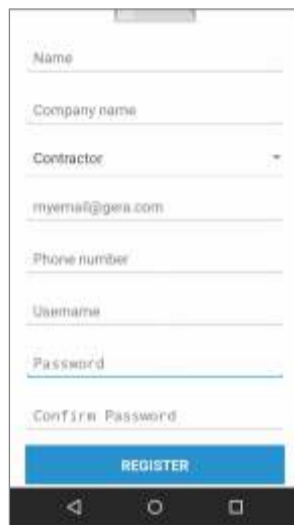
Gera Advantage is our proprietary construction, quality, safety and billing mobile application developed by Gera Developments Pvt. Ltd. for all contractors and vendors associated. Gera Advantage provides hassle-free contractor/vendor interaction with Gera thereby simplifying their experience.

The key functionalities of the App are in the areas of A) Tracking Safety, B) Quality and C) The Invoice Management process for all those contractors and vendors who are registered with Gera Developments Pvt. Ltd.

There is a stringent induction of the working norms and processes whenever a new contractor is being introduced to the systems and processes. The GERA SOPM on safety is handed over.



Gera Advantage – Log in



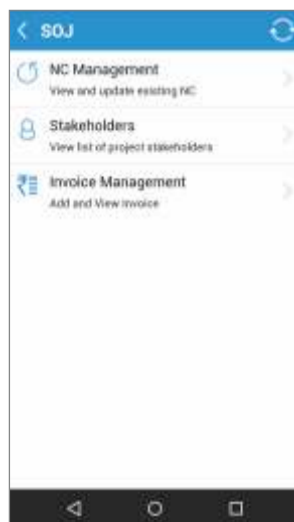
Registration Screen

There is an activity wise safety plan that details out almost 30 different types of construction activities, the associate hazards, risks, safety / preventive action plan. In the case of a fire or personal mishap or an earthquake, there is an emergency response team put in place.

The quality engineer takes a photograph of the incident and raises a NC (Non Compliance) on the GERA ADVANTAGE mobile app stating that these are the specific areas that need immediate attention and rectification. The severity of the problem is ascertained and graded under various sub categories such as naked wires if the board is open, then this falls under functional severity. Once the work that needs attention to is done, the contractor takes a photograph of the rectification done and uploads it indicating that the NC is closed. The Project In-Charge will then examine the NC.



Project Selection



Main Menu

The **GERA ADVANTAGE APP** clearly takes the user through the following stages of usage:

- Being able to select the 'Root Cause'
- Whether the checklist was implemented or not
- Whether the problem and the NC raised is due to negligence
- Whether the vendor has ignored the problem or not supervised, for e.g the allowance of bad material

## TRAINING & INCIDENT PREVENTION

Focus on training of how to avoid hazards, enforcing PPE and the safety rules and regulations have led to a reduction of work-related injuries and consequently to a dramatic reduction in penalties for non-compliance.

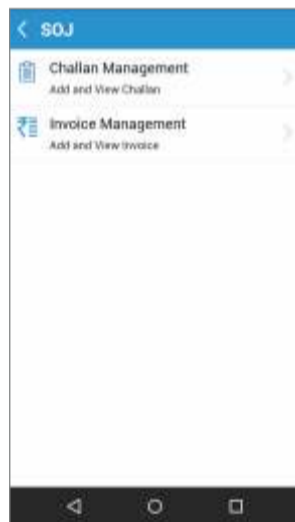
The MIS reports that are generated every month point out to the following levels of quality, workmanship and effectiveness being raised:

- Setting performance goals
- Increased productivity and reduced absenteeism
- Reduced workers' compensation claims and reduced insurance cost
- Lower employee complaints, improved employee morale and satisfaction

## INVOICE MANAGEMENT

The invoice management section is probably one of the 'most utility oriented functions' for the contractor/vendor as it allows them to create/ manage and track their invoices.

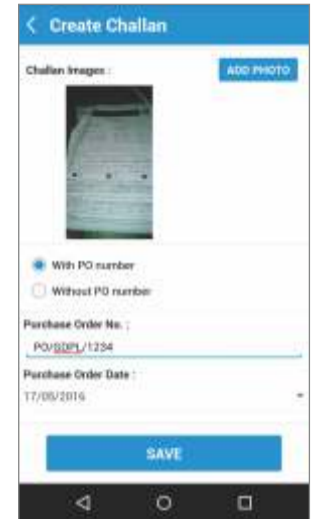
The Gera Advantage App is designed to provide an easy, hassle-free experience to the contractor while raising a challan and a purchase order number. The process is designed to be simplistic enough to



Challan and Invoice Management



Create a new Challan with PO number



Challan created with PO

of quality and effectively defines a higher standard of workmanship.

For Gera, it ensures that the contractor or the vendor involved clears all pending NCs as quickly as possible. Unless 80% of the NCs are closed, the contractor's/ vendor's bill will not move.

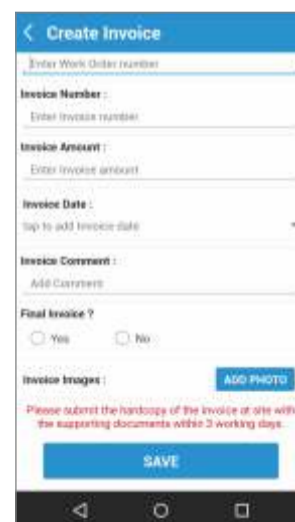
For the contractor, this has resulted in a very systematic and process-driven approach to complete work resulting in higher attention to detail and hence the quality of workmanship has gone up significantly.



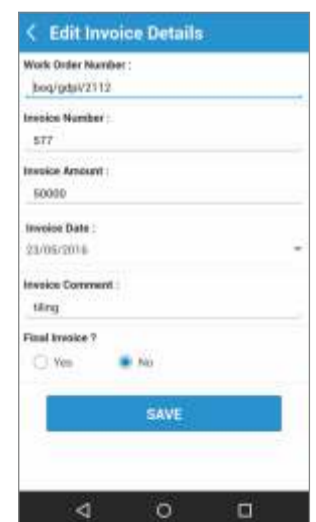
Challan Management



Invoice Management



Create Invoice



Edit / Update Invoice

trace the invoice once it has been raised post generating an RBP (Request for Bill Payment) number. Once the new request for bill payment has been generated, a hard copy of the invoice has to be submitted at the respective sales site office with the relevant supporting documents within 3 working days at the site and then the further tracking of the invoice can be done on this number.

The GERA ADVANTAGE APP incorporates innovative measures that simply ensure that the best practices in the industry are adhered to and followed. Tasks involved in ensuring that all safety procedures are adhered to are taken care off to ensure that there no mishaps otherwise a NC would be raised. This provides a higher assurance

# UNRAVELLING THE EAST AND WEST AT TWO ENDS OF THE PUNE MARKET

Rise in the construction activity at Kharadi in the East and Bavdhan in the West as assessed over the last 8 quarters from August '14 to August '16.

## Kharadi (East Pune)

Over the past 8 quarters (Aug'14 to Aug'16 or 2 years), construction activity in Kharadi has gone up from 7141 residential units being built Aug'14 to 9367 units in Aug'16 which translates to a compounded growth rate of 14.53% p.a. in construction pace. In the same period, prices have appreciated from ₹5594 psf in Aug'14 to ₹6083 psf in Aug'16 which translates to a compounded growth rate of 4.28% p.a.

## Baner (West Pune)

In Baner, construction activity has gone down from 4046 units being built in Aug'14 to 3555 units in Aug'16 which translates to a reduction in construction pace of -6.26% p.a. However, in the same period unsold stock has also gone down from 1039 units in Aug'14 to 970 units in Aug'16 (a reduction of -3.38%). Prices have appreciated from ₹7448 psf in Aug'14 to ₹7960 psf in Aug'16 which translates to a growth rate of 3.38%

## Bavdhan (West Pune)

In Bavdhan, residential units have gone up sharply from 7992 units in Aug'14 to 12587 units in Aug'16 - a very high growth rate in construction activity of 25.50% p.a. In the same period, prices have gone up marginally from ₹5775 psf in Aug'14 to ₹5914 psf - a growth rate of only 1.20% p.a. This market is growing rapidly.



G e r a Developments is among Pune's most prestigious real estate brands and we are proud to be associated with them as the G e n e r a l

Contractor for their Hinjawadi project. With integrity, quality & innovation at their core, brand Gera is synonymous with providing not just best-in-class products to their customer but also providing an unmatched & enjoyable work environment for vendors like us. The professionalism & transparency shown while dealing with their entire team is second to none in the industry. We look forward to being associated with this prestigious group for years to come.

- Saurabh Jangle  
Director, SJ Contracts Pvt. Ltd.



We, on behalf of Ratnarup Projects Pvt. Ltd., highly appreciate and congratulate the team at G e r a Developments in terms of excellent planning and

executing a very corporate way of working right from tender processing, finalising and clearing of bills with advanced technology by giving special attention to quality and safety.



We are much delighted to be a part of their group in the field of developers in our country, and especially in Pune. We wish the

management team every success to become pioneers in this field for all time to come.

- Ajay Thourani  
Director, Ratnarup Projects Pvt. Ltd.

## OUR CORPORATE PHILOSOPHY

**At Gera, we believe in OUTDO - a philosophy of striving to do and be better every single time, by competing with oneself over and over again and continually raising standards.**

We believe our corporate philosophy works wonders in many ways: For oneself in crossing personal boundaries, for one's team as collective might in achieving bigger goals, for one's organisation it means raising the bar and delivering more every single time. Outdo works for each and every one of us as a business, for each of our stakeholders and for society as well.

In our endeavour to OUTDO, we focus on not just products, but practices too. **We have set 'Industry benchmarks' such as the 5-year warranty that was introduced 12 years back, before it even**

**became mandatory by statutory legislation. All customer agreements have a re-measurement clause whereby any carpet area difference of more than half a percent, and we commit to refunding to the customer the money paid proportionately. Yet another is the week-long, free-look period after booking.**

We offer every customer coming to purchase a home a 7-day free-look period - a no-questions-asked cancellation policy so that there is no post-purchase remorse. All of this as an effort of OUTDOING and being 'ahead' of the best 'compliance practices' and 'processes' followed in the industry.



Regarding the Gera Advantage App usage by us, I wish to let you know that me and my staff having been using the same for monitoring the quality of the product at site and also for payment status updating.

We have found these applications to be very convenient and useful for us.

- Deepak Saxena  
Tropical Waters Pvt. Ltd.

The contracts team from Gera and our team have been interacting since long and finally we are now starting a project for them.

During our interaction we have definitely found the bidding process, negotiations and finalisation to be very transparent and clear.

The focus during negotiations was surprisingly (pleasantly of course) on understanding the process of costing and work methodology considered, rather

than focusing only on figures.

We certainly look forward to taking this attitude and spirit into the execution of this project.

We, at Bhate Raje Construction Company Pvt. Ltd. are definitely keen on a long term association with Team Gera.

Thanking you!

- Jaideep Rajee  
Joint Managing Director, Bhate Raje Construction Company Pvt. Ltd



Ever since we have been using the Gera Advantage App, it has helped us a lot in keeping the track of all agendas at site, keeping up with the quality checks, setting up a systematic routine for site requirements, billing and quality control. It has also been very useful to all of us in maintaining co-ordination with all the relevant and concerned teams.

-Mahadev  
VARAD Projects



As we have been using the Gera Advantage App, it has helped us a lot in keeping track and monitoring of all the work on site, keeping up with the quality checks, setting up a routine for site requirements, billing and quality control. It has also been very useful to all of us in keeping good site co-ordination with all the teams.

Thanks.

- Ashish Khandelwal  
Red Air Fire Solutions (I)



We have been using Gera Advantage application, which is based on real estate quality, safety and billing application. This application offers key functionalities in areas of quality, safety, site requirements and billing also we can upload our invoice and can track the status of our invoice. This helps us to keep good site co-ordination, tracking with all concerned teams.

Jagannath Jadhav  
- Director, Ratnarup Projects

Looking forward to hearing from you at [feedback.newsletter@gera.in](mailto:feedback.newsletter@gera.in)

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