

PRESIDENT
Nayan A. Shah

IMMEDIATE PAST PRESIDENT
Mayur Shah

PRESIDENT-ELECT
Deepak Goradia

VICE PRESIDENTS
Boman Irani
Harish Patel
Nainesh Shah
Domnic Romell

ADDL. VICE PRESIDENT
Sukhraj Nahar

HON. SECRETARY
Bandish Ajmera

TREASURER
Mukesh Patel

SPECIAL PROJECTS
Parag Munot
Sandeep Raheja
Jayesh Shah
Sanjay Chhabria
Rasesh Kanakia

HON. JOINT SECRETARIES
Navin Makhija
Sandeep Runwal
Shailesh G. Puranik
Dhaval Ajmera
Pratik Patel

JOINT TREASURERS
Nayan Bheda
Munish Doshi

CO-ORDINATORS
Tejas Vyas
Shailesh Sanghvi
Pritam Chivukula

COMMITTEE MEMBERS
Jagdish Ahuja
Jitendra Jain
Deepak Gundecha

INVITEE MEMBERS
Praful Shah
Raajesh Prajapati
Sachin Mirani
Nikunj Sanghavi
Rajeev Jain
Shyamal Mody
Digant Parekh
Rushank Shah
Samyag Shah
Jayesh C. Shah
Sunny Bijlani
Sahil Parikh
Naman Shah
Suhail Khandwani
Ricardo Romell
Harshul Savla

PAST PRESIDENTS
Dharmesh Jain
Vyomesh Shah
Paras Gundecha
Pravin Doshi
Moham Deshmukh
Mofatraj Munot
Rajnikant Ajmera
Late G. L. Raheja
Late Lalit Gandhi
Late Babubhai Majethia

CREDAI-MCHI UNITS
PRESIDENT, THANE
Ajay Ashar

PRESIDENT, KALYAN-DOMBIVLI
Deepak Mehta

PRESIDENT, MIRA VIRAR CITY
Ashit Shah

PRESIDENT, RAIGAD
Kiran Bagad

PRESIDENT, NAVI MUMBAI
Prakash Baviskar

Ref. No.: MCHI/PRES/19-20/089

December 17, 2019

To,
Hon'ble Shri Balasaheb Thorat
Minister for Revenue
Government of Maharashtra
Mantralaya, Mumbai - 400 032

Handwritten signature and text:
23/12/19
श्री श्री (म)
श्री-च दायिनी

Sub: Measures for boosting demand within the real estate industry

Respected Sir,

The real estate industry is said to be the engine of growth in most developed countries, including in the USA and China. The Indian real estate industry which was in its nascent stage at the beginning of the 21st century has now become an industry that contributes heavily to the growth and development of the Indian Economy. As per the current statistics, the real estate industry's turnover is estimated to be equivalent to 13% of overall GDP & 26% of Industry GDP by 2025.

Further, it is important to appreciate the sector's multiplier effect on the nation's economic activity. If the industry functions as per its potential, it could generate employment of over 67 million people, directly and indirectly, by 2022.

However, in the current context, the real estate has still not recovered from the triple tsunami of RERA, Demonetization & GST. As per the latest research study carried out by ANAROCK, there has been almost 44% reduction in the launch of new projects from 2014 till 2019.

Over the past 6 months, we have been continuously appraising the various Ministries within the Government like MoHUPA, MoEF, MoCA, MoD, MoF, etc regarding the above facts. It is pertinent to highlight that the industry requires the Government's support by providing an atmosphere that facilitates growth. It is also in the interest of the Government to continue with the relief measures announced over the past 2 months as this will help increase volumes and garner additional tax revenue for the Government.

On behalf of CREDAI-MCHI, we would like to express our sincere gratitude for announcing the Rs.25,000 Crores AIF, which shall bring relief to the Real Estate projects stuck for last mile funding.

However, several real estate companies are unable to participate in the growth of the real estate industry and creation of additional housing supply as their capital and bandwidth is stuck in their respective existing real estate projects with ready sizable inventory, which is not selling due to low consumer sentiments and high transaction cost. It is our humble suggestion that some booster needs to be provided to the real estate industry on the demand side, by incentivizing the consumer which would bring additional traction to the sale of residential units (both ready and under-construction). The moment the residential sales pick up momentum, a big proportion of the liquidity issues ailing the current real estate developers shall by itself be taken care of. Sale of inventory will also reduce the

risk perception associated with the real estate industry while evaluating new proposals for financials by banks and other financial institutions.

In this regard, we would like to make the following suggestions for improving demand and sentiments and passing on benefits to the consumer for your kind perusal, consideration and roll out:


1. Any purchase of the property in the last one year by any consumer up to March 2022, the capital value of the property as well as interest paid thereon should be allowed as a deduction over a period of 5 to 7 years as the Government may deem fit.
 - o If it is for the first house, then it should be allowed, irrespective of its use, whether self-use or rented.
 - o If it is the second or the third property in the same individual's name, then that property after being ready, should be compulsorily rented out for creating rental stock in the city. By doing so, a developer while insuring sales is also creating social engineering.
 - o The home buyer in either of the above cases should be allowed to claim deductions under 'any other source of income'. So, effectively this deduction should be allowed under section 80 post computation of the Gross Total Income.
2. To bring the cost of the residential unit down, the GST at the option of the developer should be allowed to be charged as 5% without ITC or at 8% with ITC.
3. For all kinds of home loan, irrespective of LIG/MIG/HIG, interest should be charged at 7% for the next 2 years and the subsidy under the CLSS Scheme under PMAY should still continue to be given to eligible home buyers.

We very strongly feel that the above measures will help boost the housing demand in a very big way and we look forward to your support in rolling out of the above measures.

We, Maharashtra Chamber of Housing Industry (CREDAI-MCHI), as a real estate trade body, would like to seek an appointment with you for a meeting to discuss on the aforementioned issues.

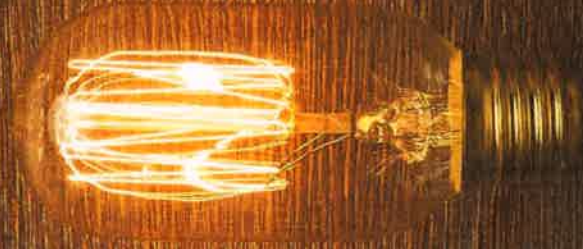
Thanking you,

Yours faithfully,
For CREDAI-MCHI


Nayan A. Shah
President


Bandish Ajmera
Hon. Secretary

ANAROCK
INVESTMENT BANKING



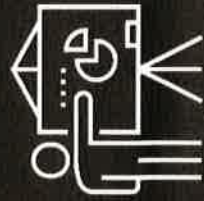
KNOWLEDGE WORKSHOP

MCHI

Saturday, 14 Dec 2019

anarock.com

1. This presentation does not constitute professional advice. The information in this document has been obtained or derived from sources believed by ANAROCK Capital to be reliable but ANAROCK Capital does not represent that this information is accurate or complete. The information has been compiled based on information provided by the Client and is designed as a general outline for the guidance of prospective investors. No guarantee can be provided that the presentation is exhaustive or that it will include all the data that a prospective investor may need. No responsibility is assumed for any inaccuracies in this presentation. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.
2. The presentation does not constitute, nor constitute a part of, an offer or contract or any form of commitment from the Client or ANAROCK Capital to deal exclusively with the recipient or to proceed with any transaction.
3. All information, descriptions, dimensions, references to condition and necessary permissions for use and occupation, and other details are given in good faith and are believed to be correct. Prospective Investors should not rely upon them as statements or representations of fact, but should request their own professional, financial and legal advice, and should conduct their own investigation and independent evaluation. No representation or warranties, expressed or implied, is or will be made by the Client or ANAROCK Capital in relation to the accuracy or completeness of the information provided.
4. Forecasts and projections contained in this presentation must be read strictly in conjunction with the explanations, qualifications and assumptions set out in the text. Any opinions or estimates contained in this document represent the judgment of ANAROCK Capital at this time and are subject to change without notice. All forecasts and projections involve a significant element of subjective judgment and are designed to assist investors in considering possible outcomes. They are not assurances that any particular result or outcome will occur. The assumptions, on which forecasts and projections are based on, are considered reasonable at the time of issue of this presentation, but no assurance is given that they are accurate, exhaustive or that they will continue to be so in the future.
5. ANAROCK Capital neither accepts or assumes any responsibility or liability to any reader of this presentation in respect of the information contained within it or for any decision readers may take or decide not to or fail to take.
6. This presentation may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of ANAROCK Capital.
7. Neither ANAROCK Capital nor any employee of the firm has any authority to make or give any representation or warranty in relation to this project. All currency amounts are in Indian Rupees (INR) unless otherwise specified.
8. All figures in this presentation have been rounded to the nearest one decimal point, where available.
9. The Client reserves the right to change, amend, modify, suspend or terminate the proposed transaction in its sole discretion at any time and without prior notice.



SECTION 1

Physical Market Analysis



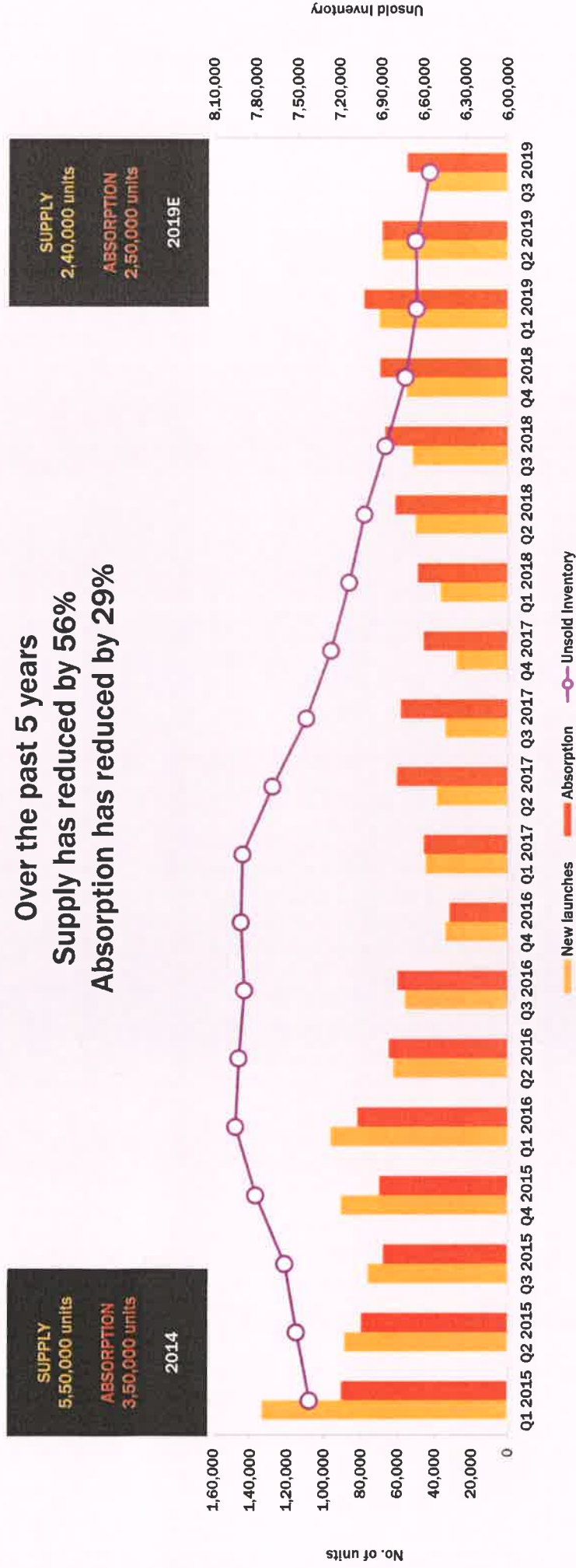
INDIA RESIDENTIAL OVERVIEW

TOP 7 CITIES

ANAROCK
INVESTMENT BANKING



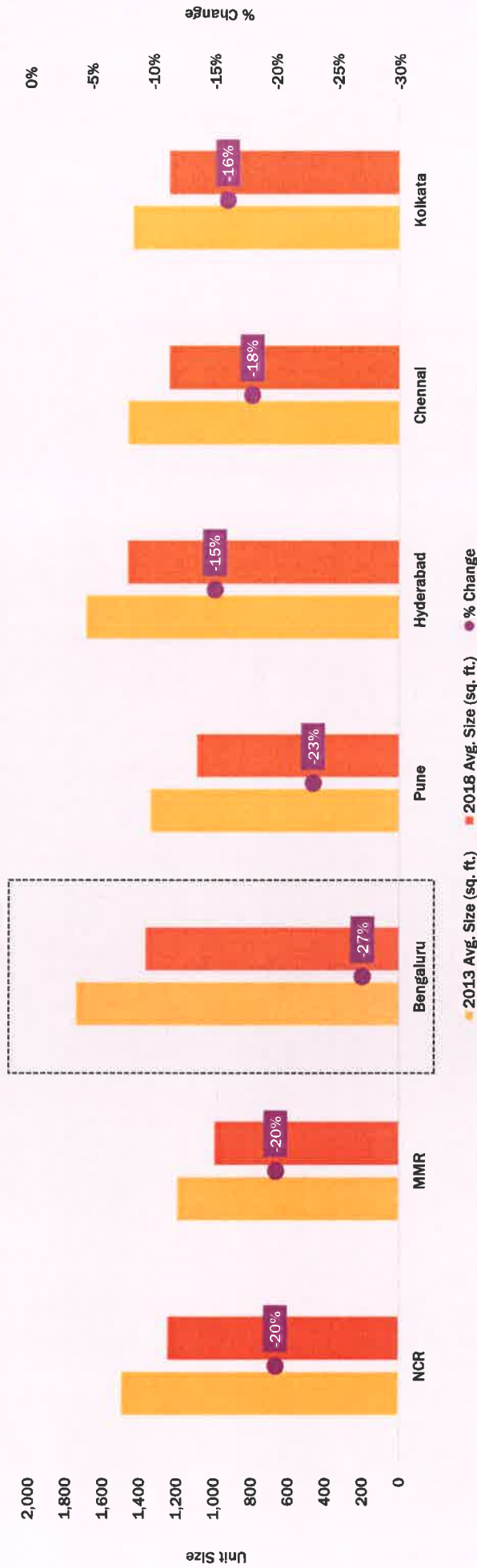
INDIA RESIDENTIAL SUPPLY – DEMAND DYNAMICS



Note: Figures represent the Top 7 cities of India
 Mumbai | NCR-Delhi | Bengaluru | Chennai | Pune | Hyderabad | Kolkata

INDIA RESIDENTIAL SHRINKING UNIT SIZES

Shrinking unit sizes; developers go compact to match the ticket size requirements
Avg. unit sizes has shrunk by ~22% across the top 7 cities



Note: Figures represent the Top 7 cities of India Mumbai | NCR-Delhi | Bengaluru | Chennai | Pune | Hyderabad | Kolkata

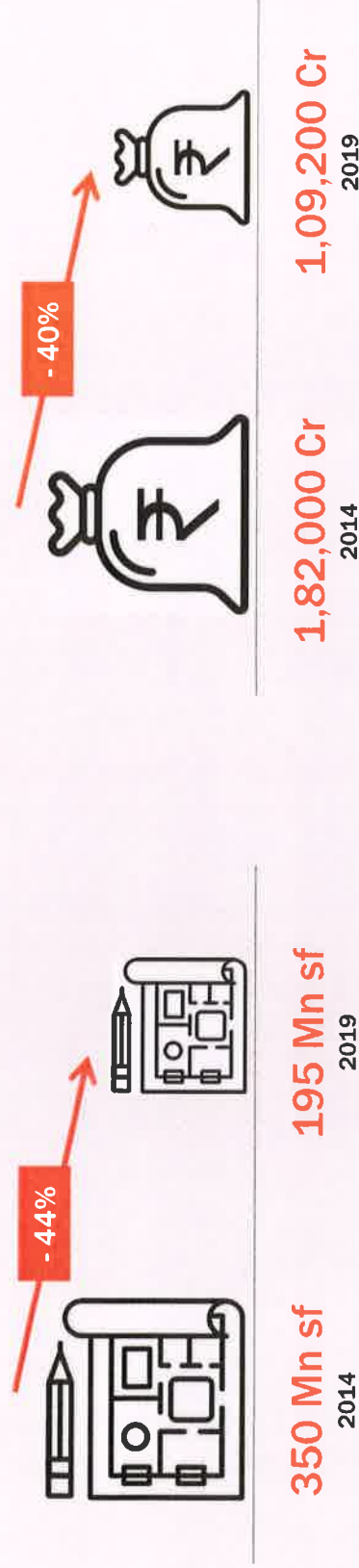
INDIA RESIDENTIAL PRICE MOVEMENT TREND

Avg. Price: INR 5,200/sf (end of 2014) & INR 5,600/sf (end of 2019(E))
Avg. sales price has increased by only 8% over the past 5 years



Note: Figures represent the Top 7 cities of India
 Mumbai | NCR-Delhi | Bengaluru | Chennai | Pune | Hyderabad | Kolkata

INDIA RESIDENTIAL REDUCTION IN RESIDENTIAL SALES



Residential sales value reduced by as high as 40% during the same period after considering average price increase of 8% during the same period.

Inflation adjusted the drop would have been considerably more.

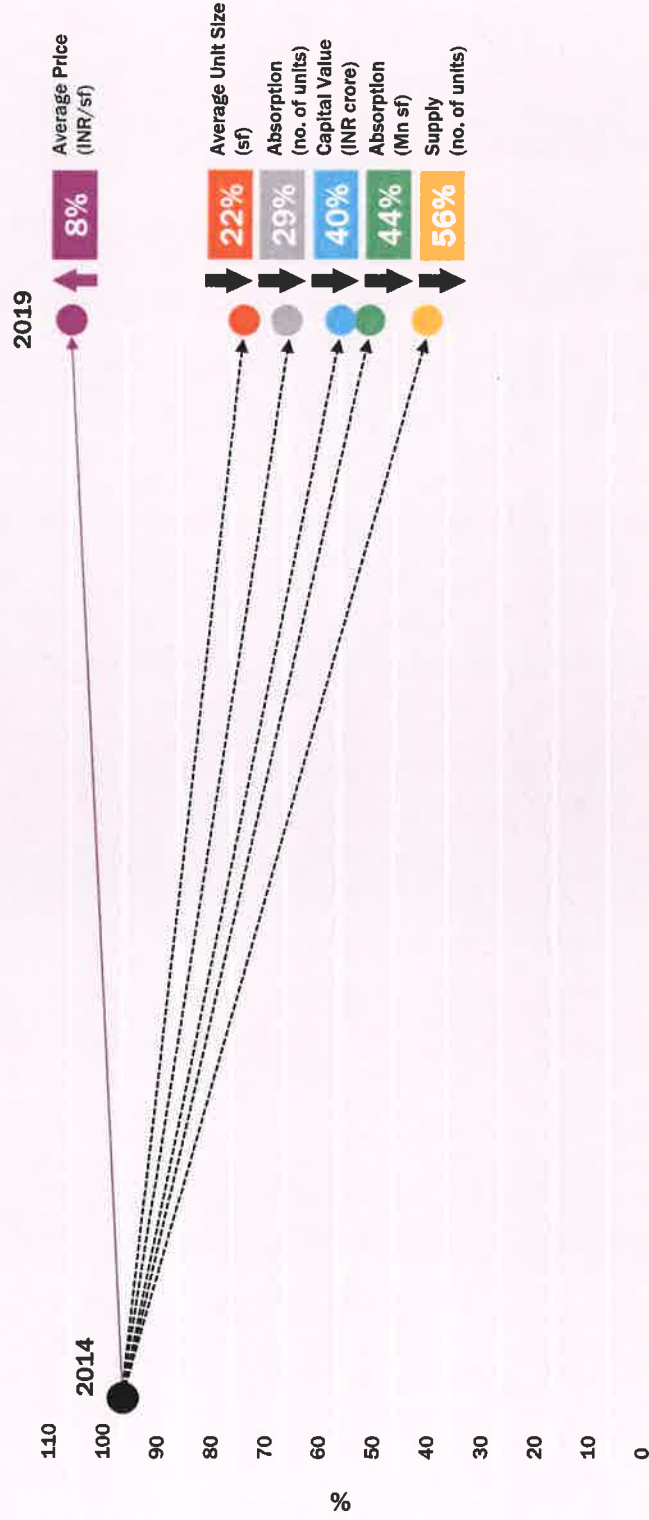


SECTION 3

Remedial



INDIA RESIDENTIAL SUMMARY (2014 to 2019)



Debt Exposure to CRE

INR 6,59,600 Cr
2019



INR 2,64,400 Cr
2014

Over-leveraging leading
to a DEFAULT

DEALING WITH STRESS



OTS

Offer One Time Settlement to existing lender

Positive: If successful, can help in strengthening balance sheet position

Negative: Once done, affects credit rating of the company; affects future borrowing capabilities



ARC

Banks to initiate Asset Reconstruction process; Nothing in developer's hands



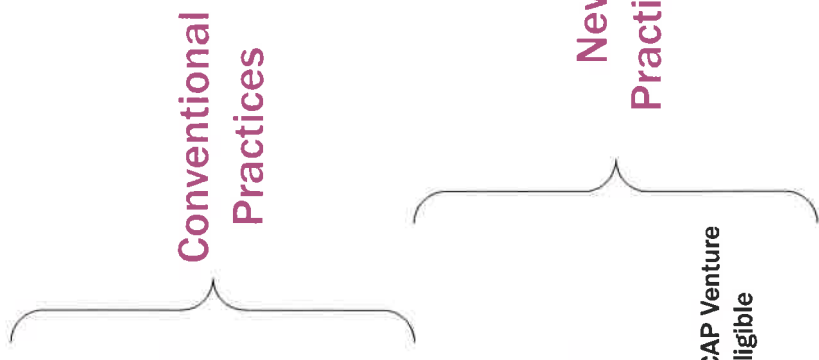
Priority Capital

- Get priority last mile funding
- Convince existing lender to take second charge
- Possible in projects that have enough security in the project



Government AIF

Similar to priority capital; except the lender will be SBICAP Venture
Need to meet criteria stated by the government to be eligible
Need to take prior approval of existing lender



GOVERNMENT AIF STATUS CHECK

- Fund raising substantially completed
- Operational guidelines getting framed
- Team is scaling up; investment committee is formed
- Potential investment opportunities evaluation going on

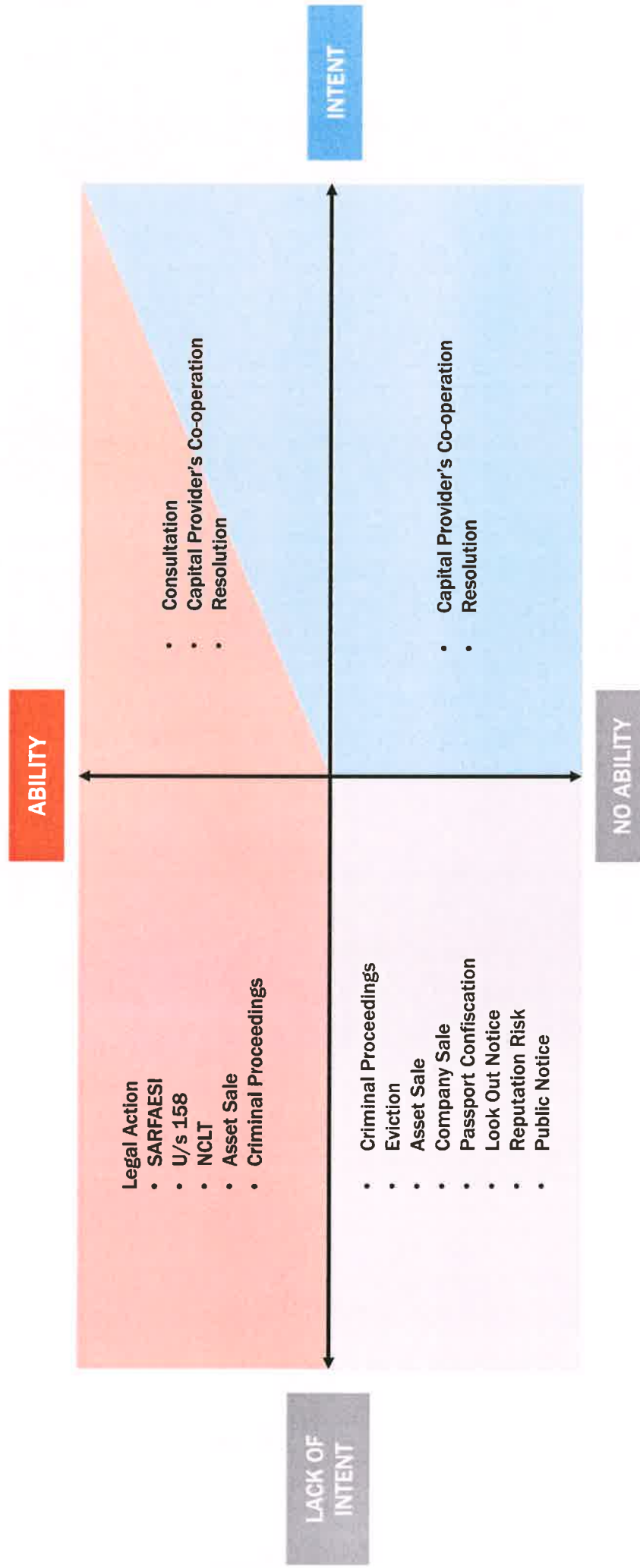
Hurdles

- Require priority over existing creditors
- Clarification on process to handle NCLT cases
- Homebuyer refund to be back-ended

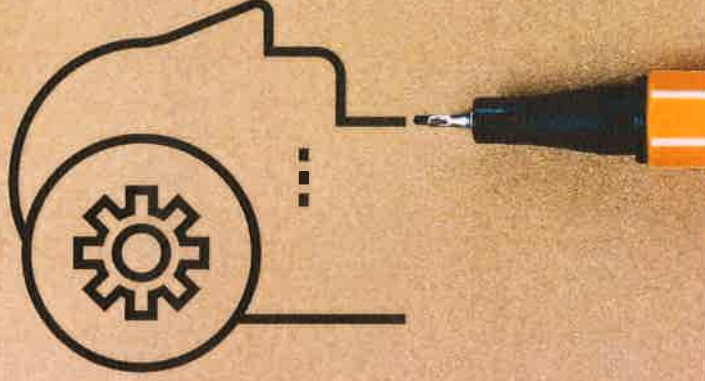
Expect 6 – 8 months to start disbursement



PREDICTING BORROWER LENDER BEHAVIOUR



QUESTIONS PLEASE !



Shobhit Agarwal

MD & CEO – ANAROCK Capital
+91 98920 01200

shobhit.agarwal@anarock.com



Vishal Srivastava

President – Corporate Finance
+91 98336 91325

vishal.srivastava@anarock.com

