



# To Study the Credit Rating System for Business Building

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**Abstract:** The Credit rating plays a pivotal role in the decision-making process of stakeholders in the capital market including regulators, issuers and investors. Therefore, it has been focused by the researchers doing research in the field of finance domain on this emerging concept. Many studies have been conducted in the Indian context as well as the global arena on rating methodology, importance of ratings, performance of rating agencies, investors' awareness, etc. This report puts a light on Credit Ratings of Commercial Buildings and Quality Parameters of Credit Rating Agencies and their impact on the project from customer and investor point of view. Focusing on Quality Ratings as a prime factor of Credit Ratings of Commercial Buildings. The main objective of our project is to prepare a Quality Rating Guide named C.R.I.C BOOK for benefitting the credit worthiness of companies and for assuring utmost customer satisfaction by guiding them to make better decisions.

**Keywords:** Credit Rating, Quality Rating

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## INTRODUCTION

Today India is fastest developing country in the world. Infrastructure sector has a major role driving the Indian economy. The sector is highly responsible for growth in India's development and faces considerable focus from government for initiating policies that would ensure growth in infrastructure in the country. India also needs to qualitatively ramp up the real estate sector inside the country. This will not only help the country to move at a faster pace but this will create a positive sentiment in the minds of domestic as well as foreign investors regarding the real estate capability of the country.

Credit Ratings of real estate projects act as a verification of the financial credibility and quality of work against real estate companies. Such companies strive to achieve the highest ratings to assure investors proper risks and returns on their investments, along with customer advances, customer satisfaction and robust sales. India has set up credit rating agency which are perhaps the amongst developing countries in 1988.

## METHODOLOGY

The Quality Rating Guide is a comprehensive tool covering broad aspects of commercial projects. The prime focus is on the vast parameters on which project quality depends. It will act as a tool for companies to achieve the highest quality ratings and also act as a priority reference for customers to justify their quality related decisions. The quality rating guide works to fulfill certain broad objectives which typically cover the vast aspects of the construction processes and materials. The objectives are enlisted in a tabular form with the corresponding merits and demerits.

A rating has been assigned to the item or process with respect to each objective.

### **Function & Utilities**

- An attribute factor giving a broad idea about the features and characteristic functions of the item or process.
- The response given by the item towards intrinsic and extrinsic factors.

### **Life Span & Construction Time**

- A time factor considering service life of the item, speed of construction or process and other relevant periods.

### **Environmental & Health**

- Being the need of the hour, green and eco friendly attributes of the item or process are highlighted.
- Impacts of the item or process on human health and well being are considered.

### **Miscellaneous**

- Unique and relative features intrinsic to the item or process are brought up.
- Labor skills, tools and equipments for the item or process are considered.

### **Cost**

- Involves the financial aspect of the item or process.
- Initial and installations costs along with their dependency are considered.
- Frequency and cost of maintenance and servicing are highlighted.

## **PROCESS**

The process involves evaluating the following parameters in the mall and providing accurate ratings based on the merits and demerits of the various processes or materials based on the above objectives:

**Table 1: Contents**

Sr. No.	Contents	Sr. No.	Contents
3.1	Essential steps to build a mall	3.19	Gas supply
3.2	Legal documentation required	3.20	Solar
3.3	Site clearance	3.21	Bathrooms & toilets
3.4	Foundation	3.22	Balcony
3.5	Flooring	3.23	Corridor
3.6	Walls	3.24	Door & window frames
3.7	Roof truss	3.25	Doors: based on material of
3.8	Skylight	3.26	Door: based on type of structure
3.9	Sheets	3.27	Staircase
3.10	False ceiling	3.28	Elevator
3.11	Plasters	3.29	Escalator
3.12	Paints	3.30	Air conditioner
3.13	Ducts	3.31	Fire extinguisher
3.14	Electrification	3.32	Roads
3.15	Sewer lines	3.33	Trees & plants
3.16	Water supply	3.34	Compound walls & fences
3.17	Water pipes	3.35	Rain water harvesting
3.18	Garbage		

The following is a sample rating of a type of paint, OBD and the rating calculated as per the parameters and objectives:

**Table 2: Sample Ratings**

Objectives	Merits	Demerits	Rating
<b>Functions &amp; Utilities</b>	<ul style="list-style-type: none"> <li>• Super smooth matt finish</li> <li>• High purity and</li> </ul>	<ul style="list-style-type: none"> <li>• Not washable</li> <li>• Steadily emerges outwhen moist</li> </ul>	<b>3/5</b>
<b>Life Span &amp; Construction Time</b>	<ul style="list-style-type: none"> <li>• Easy to apply</li> <li>• Long lasting</li> <li>• Dries rapidly</li> </ul>		<b>5/5</b>
<b>Environmental &amp; Health</b>	<ul style="list-style-type: none"> <li>• Lead free</li> </ul>	<ul style="list-style-type: none"> <li>• VOCs present</li> </ul>	<b>2/5</b>
<b>Miscellaneous</b>	<ul style="list-style-type: none"> <li>• Provides a range of</li> </ul>	<ul style="list-style-type: none"> <li>• Cleanup solvents</li> </ul>	<b>3/5</b>
<b>Cost</b>	<ul style="list-style-type: none"> <li>• Less expensive</li> </ul>	<ul style="list-style-type: none"> <li>• Regular care</li> </ul>	<b>3/5</b>

Total rating: 3.2/5

## CASE STUDY

Site visit and case studies were conducted based on the above objectives and parameters to provide quality ratings for three malls as follows:

**Table 3: Case Study Findings**

MATERIALS PROCESSES	MALLS					
	KUMAR PACIFIC		SGS MALLS		SEASONS MALL	
	RATING	CLASS	RATING	CLASS	RATING	CLASS
FLOORING	3.5	A	3	BBB	3.1	BBB
WALLS	3.7	A	3.7	A	4.3	AA
FALSE CEILING	-		-		-	
PLASTERS	3.1	BBB	3.1	BBB	3	BBB
PAINTS	4.1	AA	3.2	BBB	3.5	A
WATER PIPES	3.8	A	3.8	A	3.8	A
SOLAR	-		-		-	
<b>INTERIOR</b>						
DOOR- MANUFACTURE	2.6	BB	2.5	BB	2.6	BB
DOOR - STRUCTURE	3	BBB	2.9	BB	2.9	BB
VERTICAL TRASPORTATION	3.5	A	3.5	A	3.5	A
AIR CONDITIONING	3.2	BBB	3.2	BBB	3.2	BBB
TRUSS	3.6	A	3.6	A	-	-
SKYLIGHTS	3.6	A	-	-	3.5	A
SHEETS	2.8	BB	2.8	BB	3	BBB
<b>SURROUNDING</b>						
ROADS	4.4	AA	3.5	A	3.9	A
COMPOUND WALLS	4.4	AA	-	-	4.4	AA
TOTAL	3.4	BBB	3.3	BBB	3.6	A



SGS MALL



SEASONS MALL



KUMAR PACIFIC MALL

## CONCLUSION

I have studied the literature behind Credit Ratings, Credit Rating Systems and Agencies and Green Building Rating Systems and found out the appropriate scope for my project.

- Quality Ratings is the prime factor for Credit Ratings in real estate projects. Every decision made regarding quality will have a good or bad impact depending upon the direction of the decision.
- Quality parameters of Credit Rating Agencies were analysed and were broken down into a simpler format. This data was either divided as per items, processes or legal regulations.

## **FUTURE SCOPE**

- To Provide the criteria to provide quality ratings for the parameters of Interior & Surroundings.
- To review the actual quality ratings for Kumar pacific mall, SGS mall & Season's mall.
- This research methodology is also applicable to other infrastructure projects like roads, bridges, railways, ports, etc. Corresponding quality rating guides can be prepared.

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