REAL ESTATE INDUSTRY REPORT

for

SRI LOTUS DEVELOPERS AND REALTY LIMITED

by

ANAROCK PROPERTY CONSULTANTS PRIVATE LIMITED

20th December 2024

CONTENTS

LIST O LIST OF ABBREVIATIONS LIST OF ABBREVIATIONS

AICTE	All India Council of Technical Education
BPO	Business process outsourcing
CAGR	Compound Annual Growth Rate
CMIE	Centre for Monitoring Indian Economy Pvt. Ltd
FDI	Foreign Direct Investment
FY	Financial Year
GDP	Gross Domestic Product
GST	Goods and Services Tax
IBC	Insolvency and Bankruptcy Code
IMF	International Monetary Fund
INR	Indian National Rupee
IT	Information technology
ITeS	Information Technology Enabled Services
MMR	Mumbai Metropolitan Region
NCR	National Capital Region
PMAY	Pradhan Mantri Awas Yojna
RBI	Reserve Bank of India
RERA	Real Estate Regulatory Authority
TDR	Transfer of Development Rights
UN	United Nations
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
MCGM	Municipal Corporation of Greater Mumbai

CONVERSION OF UNITS

1 Hectare	**2.4711 acres**
1 Acre	43,560 Sq. ft.
1 Acre	4,046.9 sq. m.
1 sq. m.	1.196 sq. yds.
1 sq. m.	10.764 Sq. ft.
1 meter	1.0936 yds.

1. OVERVIEW OF INDIAN ECONOMY

India is the fastest-growing major economy in the world and is expected to be one of the top economic powers in the coming decade. The real estate sector along with its ancillary industries is a significant growth driver of the Indian economy. India's residential real estate market has been growing steadily over the past few years and the sector is expected to play a significant role in India's economic growth in upcoming years.

INDIAN ECONOMY – KEY MACRO FACTORS AND THE GROWTH DRIVERS FOR THE INDIAN REAL ESTATE SECTOR

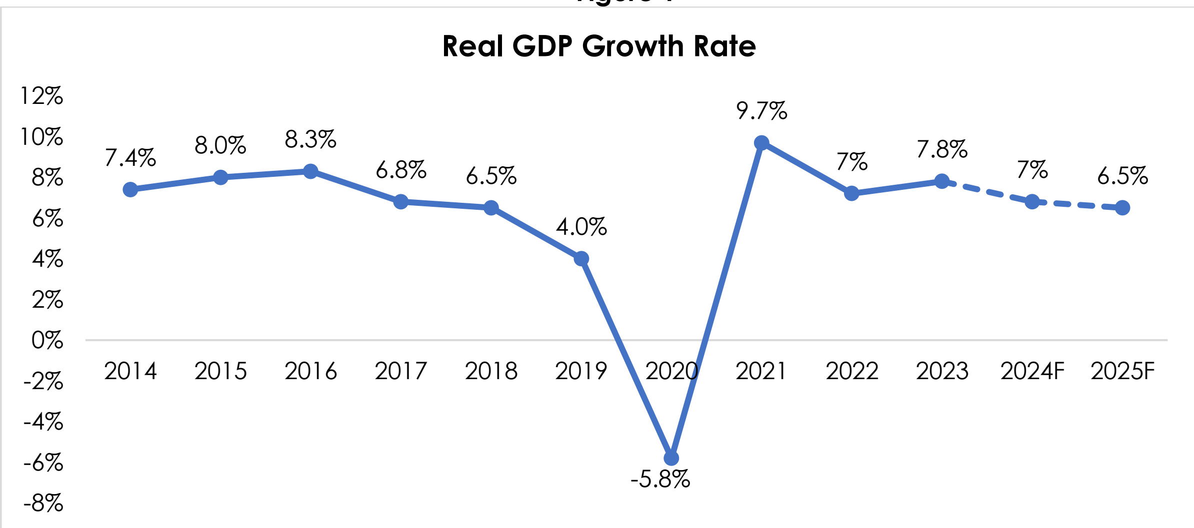
GDP GROWTH

India is the fastest-growing major economy in the world. IMF has termed India as the "Star Performer" and it's contributing to more than 16% of global growth this year, in its current projections. In 2022, India overtook the UK to become the world's fifth biggest economy, after the US, China, Japan. and Germany. With a 7.2% growth rate in 2022 and a robust 7.8% in 2023, India's resilience amidst global challenges is evident. Strong domestic fundamentals, fiscal policies emphasizing capital expenditure, and structural reforms have bolstered economic stability. The residential housing sector experienced a resurgence since 2021, driven by income growth and improved affordability. Despite a 250 bps increase in the policy repo rate by the Reserve Bank between May 2022 and February 2023, housing demand remained strong, highlighting its structural nature..

The real GDP is estimated to have grown at 7.8% in 2023, and is projected to grow at 6.8% in 2024 and 6.5% in 2025, the highest among major global economies.

The following graph sets forth real GDP growth rate of India from 2014 to 2025 (forecasted).

Figure 1

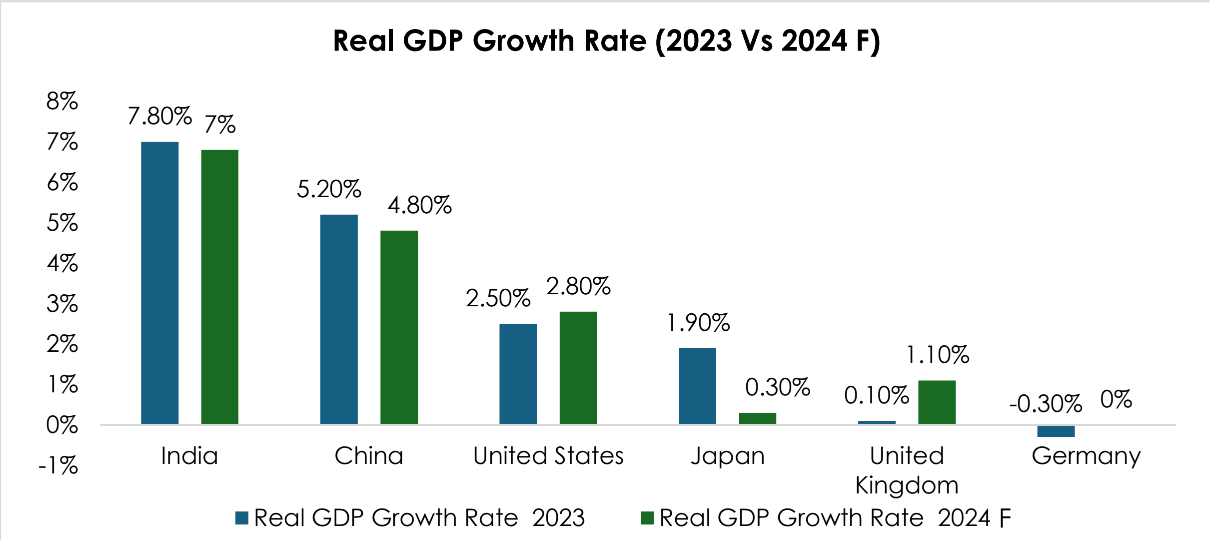


Source: *IMF*

Note: *All the figures in the above graph are as per Calendar Year (CY)*

The following graph sets forth projected annual real GDP growth rate of the top world economies in 2023 and 2024:

Figure 2

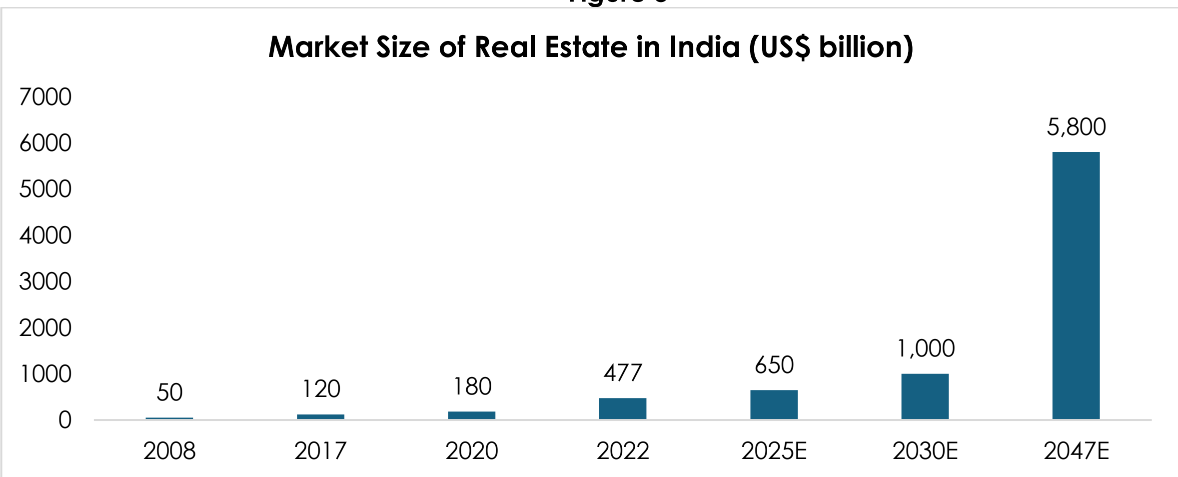


Source: *IMF*
Note: *All the figures in the above graph are as per Calendar Year (CY)*

The real estate market in India has grown at a CAGR of approximately 11% from USD 50 billion in 2008 to USD 180 billion in 2020 and is expected to further reach USD 1000 billion by 2030 and touch USD 5800 billion by 2047. By 2025, it is estimated to contribute 13% to the country's GDP.

The graph below shows the size of India's Real Estate Market from 2008 to projected levels of 2047:

Figure 3



Source: *IBEF*

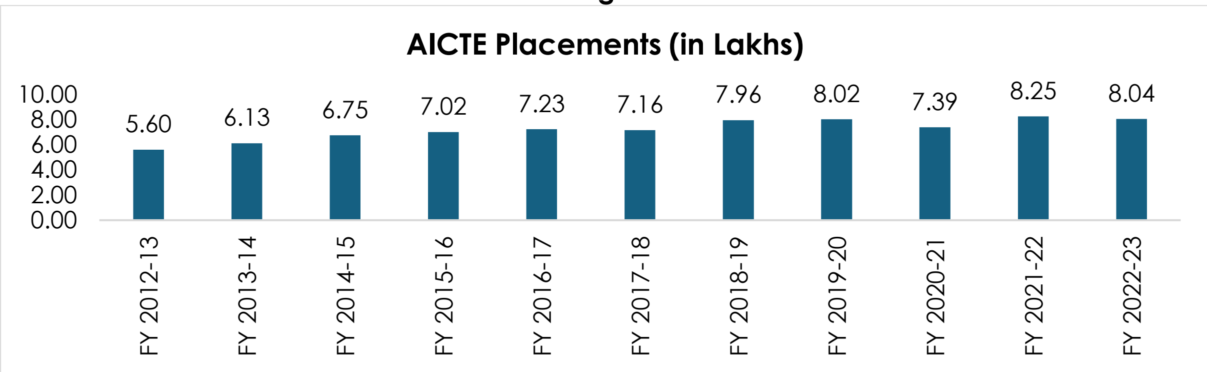
Note: *All the figures in the above graph are as per Calendar Year (CY)*

IMPROVING EDUCATION LEVELS AND INCREASING PER CAPITA INCOME GROWTH

India has witnessed substantial improvement in education levels both, in higher education as well as school education. India's education index, which is an indicator of school education, exhibited a growth of 46% in the last two decades. In addition, there has been considerable improvement in the quality of higher education in India. As per 2023-2024 AICTE data, there are close to 9,000 institutes across various disciplines, including engineering, management, hotel management and applied arts, which are affiliated with All India Council for Technical Education ("**AICTE**"). On an average, close to 1.5 million students graduate from these institutes every year and approximately 0.8 to 1 million students are directly placed from these institutes every year in white-collar jobs, which create a wide demand base for mid-end housing.

The following graph sets forth total number of placements (in lakhs) from AICTE affiliated institutes from FY 2012-13 to FY 2022-23:

Figure 4



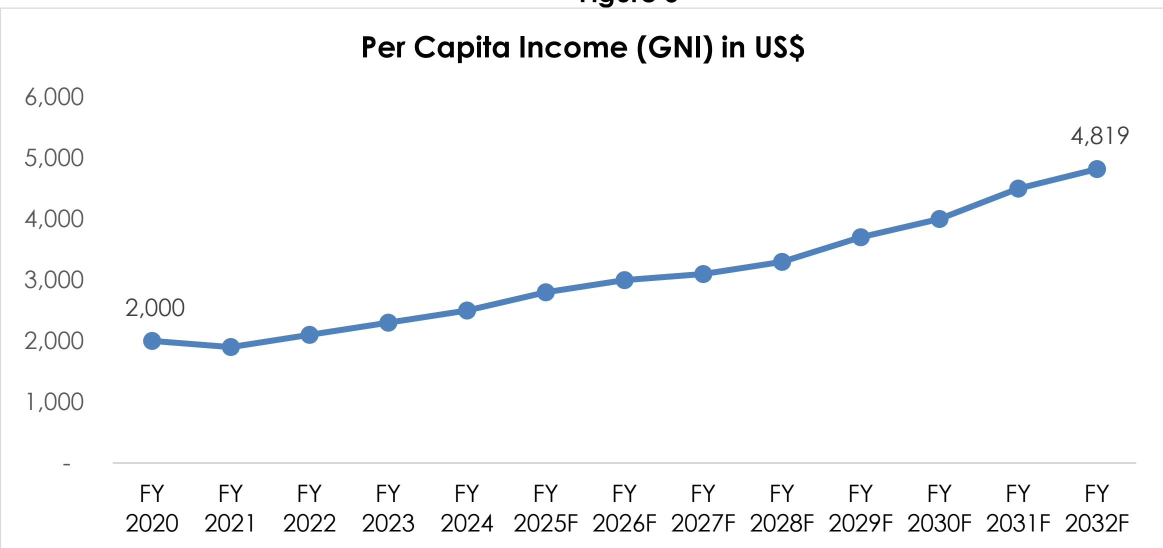
***Source:** AICTE*

***Note:** All the figures in the above graph are as per Calendar Year (CY)*

Improvement in the overall education level leads to better job prospects and enhancement in the standard of living. With improvements in socio-economic parameters, India's per capita gross national income ("**GNI**") has also increased at a CAGR of approximately 3.8% over FY 2013-14 to 2021-22, is expected to grow at a similar rate over FY2019-20 to 2031-32 and drive demand for real estate development. Despite the global slowdown in tech and related spaces, MNCs continued to repose faith in India due to its attractive talent pool and have opened 1,550 no's of GCCs as of 2023, creating approximately 1.9 million jobs. Also, the Production Linked Incentive (PLI) Scheme was launched by the current government to boost Indian Manufacturing. It offers incentives to eligible firms on incremental sales for five years as part of the Make in India initiative which aims to reduce India's dependence on foreign countries like China and increase employment in labor-intensive sectors. This has created another engine for growth and job creation i.e. manufacturing alongside the services sector resulting in strong job sentiments and prospects for long-term sustainable income growth.

The following graph sets forth year-on-year trend for per capita GNI in India:

Figure 5



***Source:** World Bank Open Data*

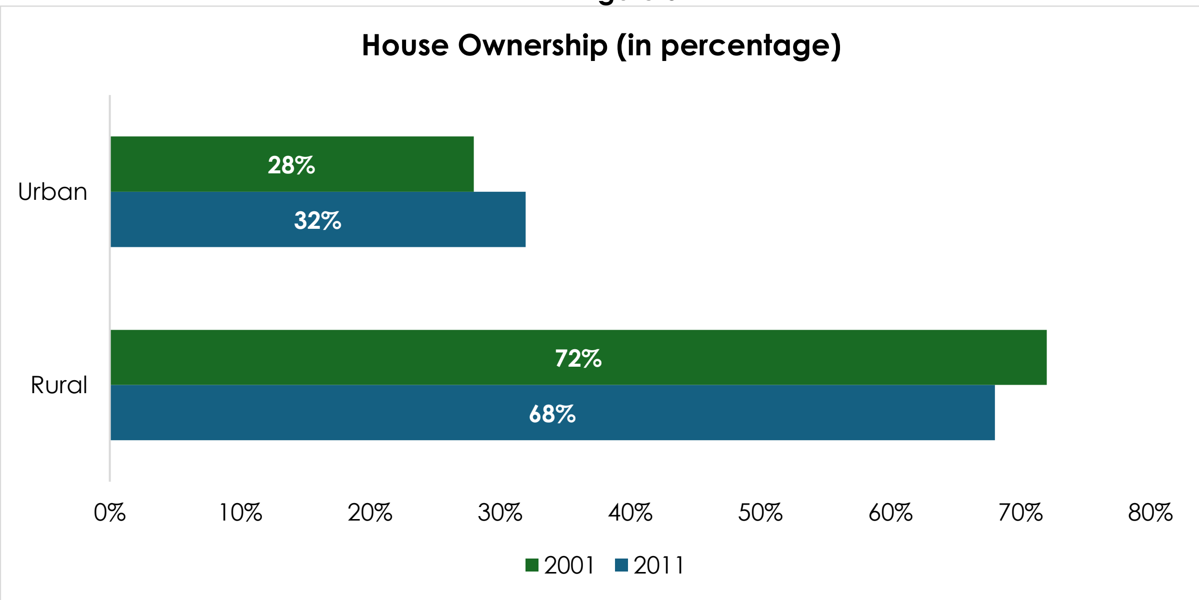
Note: All the figures in the above graph are as per Financial Year (FY)

INCREASING PENETRATION OF HOUSING AND HOME OWNERSHIP

As per the Census figures and the Ministry of Housing and Urban Affairs, the number of households has increased from 191.96 mn in 2001 to 246.69 mn in 2011 which shows a 28.51% increase in the number of households. Out of these households, home ownership i.e., owned houses increased from 166.35 mn in 2001 to 213.53 mn in 2011 which shows an overall increase of 28.36%.

Overall share of households (i.e., no of houses including owned, rented or any other) in urban areas increased from 28% in 2001 to 32% in 2011 and in rural areas, reduced from 72% in 2001 to 68% in 2011 in India.

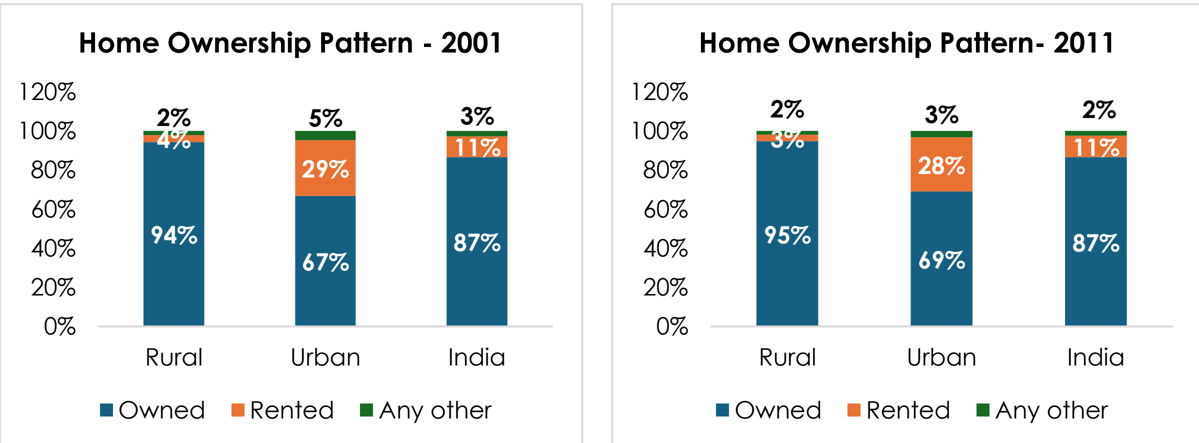
Figure 6



Source: *State of Housing in India: A Statistical Compendium, 2013*

The following graph shows the penetration of Housing and Home ownership in years 2001 and 2011:

Figure 7



Source*: Ministry of Housing and Urban Affairs*
Note: *All the figures in the above graph are as per Calendar Year (CY)*

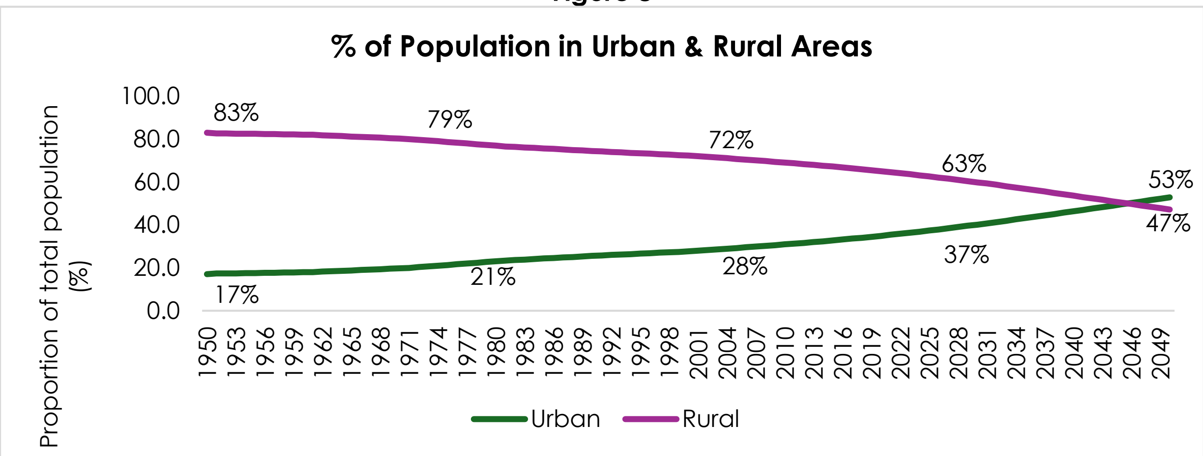
The above graphs signify that owned houses in rural areas have slightly increased from 94% in 2001 to 95% in 2011 and in urban areas, the same have improved from 67% in 2001 to 69% in

2011. This shows a trend in migrating population shifting from rural areas to urban areas and increasing housing ownership among urban population.

URBANIZATION AND URBAN HOUSING SHORTAGE

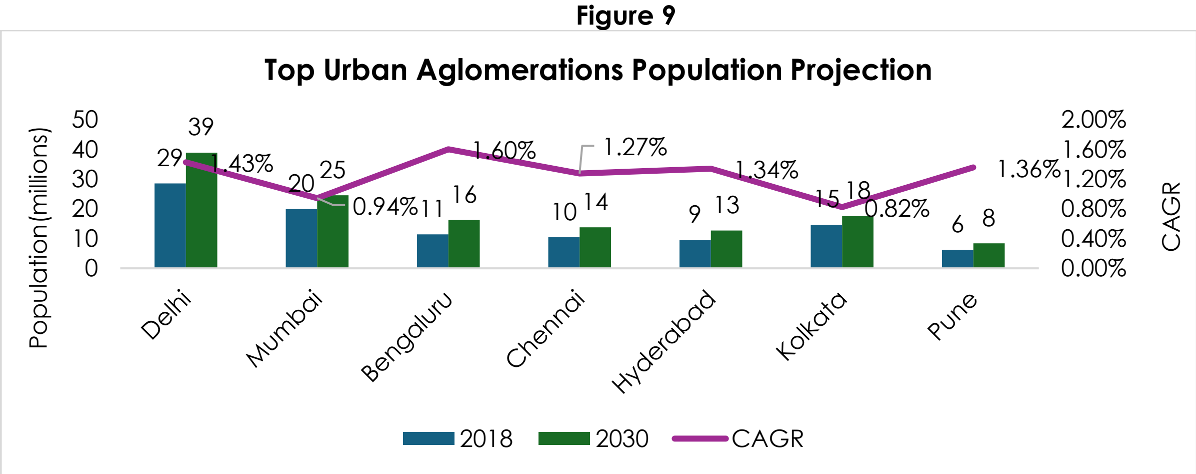
It is a globally established fact that demographic shifts fundamentally affect the demand for real estate. Along with the rising population, India's urbanization rate is also increasing at a fast pace. As per UNDP projections, by 2046 approx. 50% of the population in India will be urban. However, rapid urbanization is expected to drive the demand for housing, offices, and other real estate asset classes in the medium-long term. UNDP has projected that there will be 8 cities with a population of 10 mn. & above by the year 2035 in India, highlighting the unmet housing demand.

Figure 8



Source: *UNDP World Urbanization Prospects 2018*
Note: *All the figures in the above graph are as per Calendar Year (CY)*

Figure 9

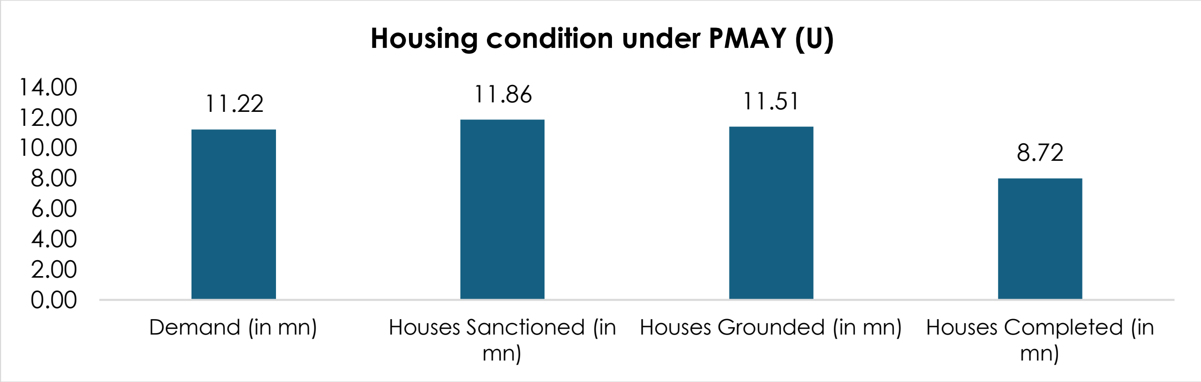


Source: *UNDP World Urbanization Prospects 2018*
Note: *All the figures in the above graph are as per Calendar Year (CY)*

In order to address the housing shortage in the country, the Government of India launched Pradhan Mantri Awas Yojana (PMAY). The objective of the mission was to promote housing for all, being implemented during 2015-2022, which provides central assistance to Urban Local Bodies (ULBs) i.e. Municipal Corporations and Municipalities and other implementing agencies through States/UTs. The scheme provides bi-fold incentives to developers as well as buyers/owners. The Union Cabinet has decided to extend PMAY(U) till 31 December 2024.

Aggressive persuasion by the Governments has demonstrated favorable performance as can be seen from the chart below, which shows the status of the scheme so far.

Figure 11

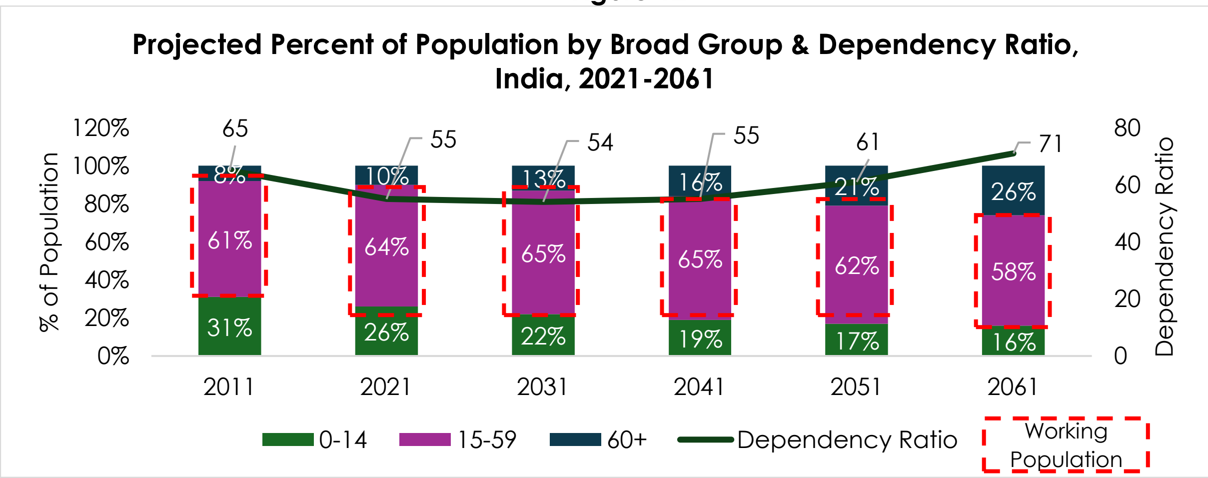


Source: *Ministry of Housing and Urban Affairs, Government of India, October -2024*

IMPROVING DEMOGRAPHIC DIVIDEND

According to a UNFPA report The Ministry of Health & Family Welfare's Technical Group on Population Projections for India estimated that in 2021, approximately 64.2% of Indians were within this working-age group, with this share projected to peak around 65% in 2036, totaling around 988 million people. This increase in the young population has led to a declining dependency ratio, marking India's entry into a demographic dividend phase. UNFPA defines demographic dividend as the economic growth potential resulting from shifts in age structure, particularly when the working-age population (15-59) outweighs the non-working-age population (14 and younger or 60 and older)

Figure 12

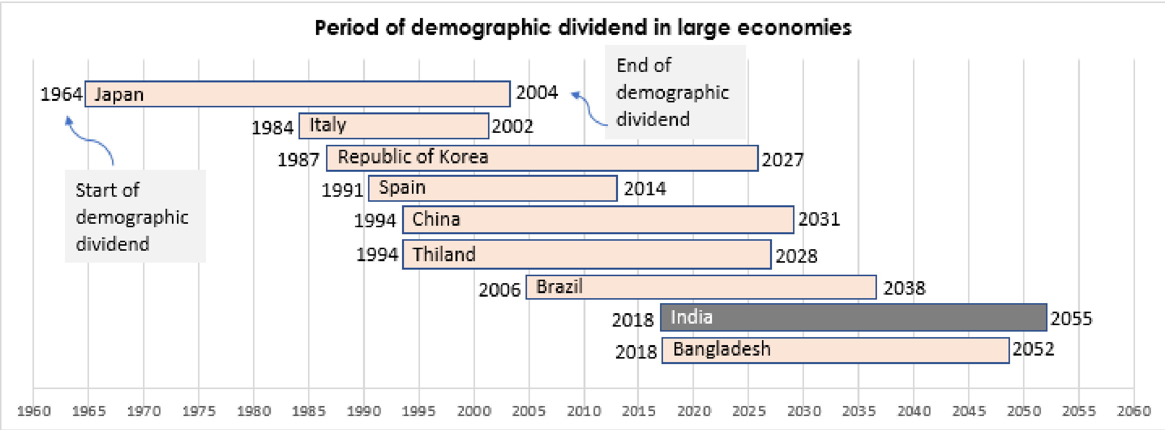


Source: *'An Assessment of Demographic Dividend in India and its Large States' by P. M. Kulkarni, 2017'. A study commissioned by UNFPA*

Note: *All the figures in the above graph are as per Calendar Year (CY)*

When a country enters the demographic dividend phase, it presents an opportunity for economic growth. Japan, China, and South Korea have successfully leveraged this potential for economic development. Urbanization and age distribution are key factors driving real estate demand. India, with a growing urban population and a relatively young demographic compared to developed nations, is poised to remain a significant market for residential and other asset classes in real estate due to its large workforce.

Figure 13

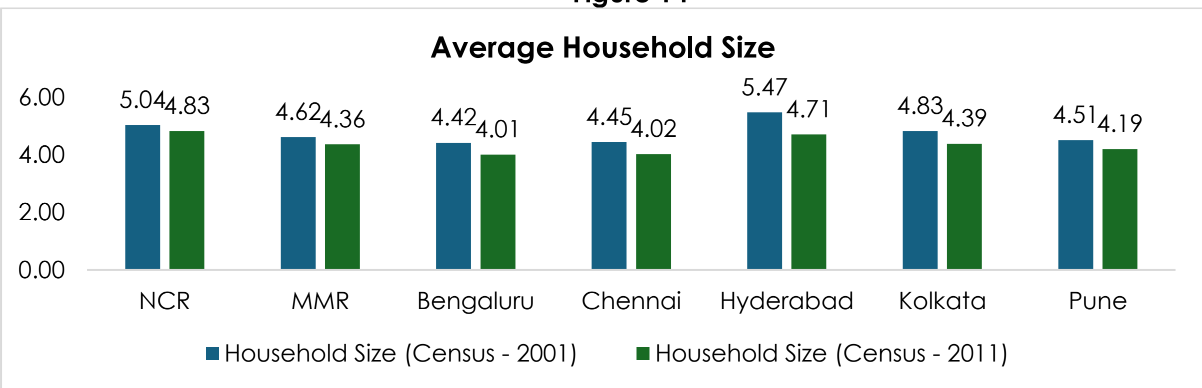


Source: *'An Assessment of Demographic Dividend in India and its Large States' by P. M. Kulkarni, 2017'. A study commissioned by UNFPA*

NUCLEARIZATION OF FAMILIES

India's households have been shrinking in size over recent decades, a trend expected to persist. This is largely due to the rise of nuclear families. As more households form and consumption increases within these smaller units, housing demand continues to grow. The following graph sets forth the average household size for select Indian cities:

Figure 14



Source: *Census 2001, 2011*
Note: *1) All the figures in the above graph are as per Calendar Year (CY).2) For NCR, Delhi, Gurugram, and Gautam Buddha Nagar have been considered; For the MMR, Mumbai and Thane District have been considered. 3) The LHS scale indicates the average number of people in a household.*

On an average the HH size pan Urban India is 3.8 according to the Ministry of Statistics and Program Implementation.

POLICY LEVEL INITIATIVES AND REFORMS IN THE REAL ESTATE SECTOR

The Central as well as State Governments along with RBI have been instrumental and supportive to ensure that the real estate sector emerges stronger post-pandemic.

Following are some of the key actions taken by the Government bodies:

Demand remained robust despite the rise in mortgage rates: The RBI kept the rate unchanged at 6.5% due to easing retail inflation, reflecting the effectiveness of prior actions.

Source: RBI

Banks are permitted to restructure loans of real estate companies at the development level.

This allowed real estate developers including suppliers of raw materials to rest their debt and provide a fresh lease of life to service their debt prudently.

Source: RBI

Specific window provided to push back repayment.

Developers were granted an additional year to repay lenders, easing cash flow management and reducing asset classification stress for real estate-focused NBFCs. Additionally, a INR 50,000 crore window under Targeted Long Term Repo Operations (TLTRO) was provided to NBFCs and MFIs for onward lending to the real estate sector.

Source: RBI

INR 10,000 crore allotted to National Housing Bank

In August 2020, the central bank allocated INR 10,000 crore to the National Housing Bank to support housing finance companies and provide relief to developers facing liquidity issues during the COVID-19 crisis.

Source: NHB- Annual-Report-2019-20

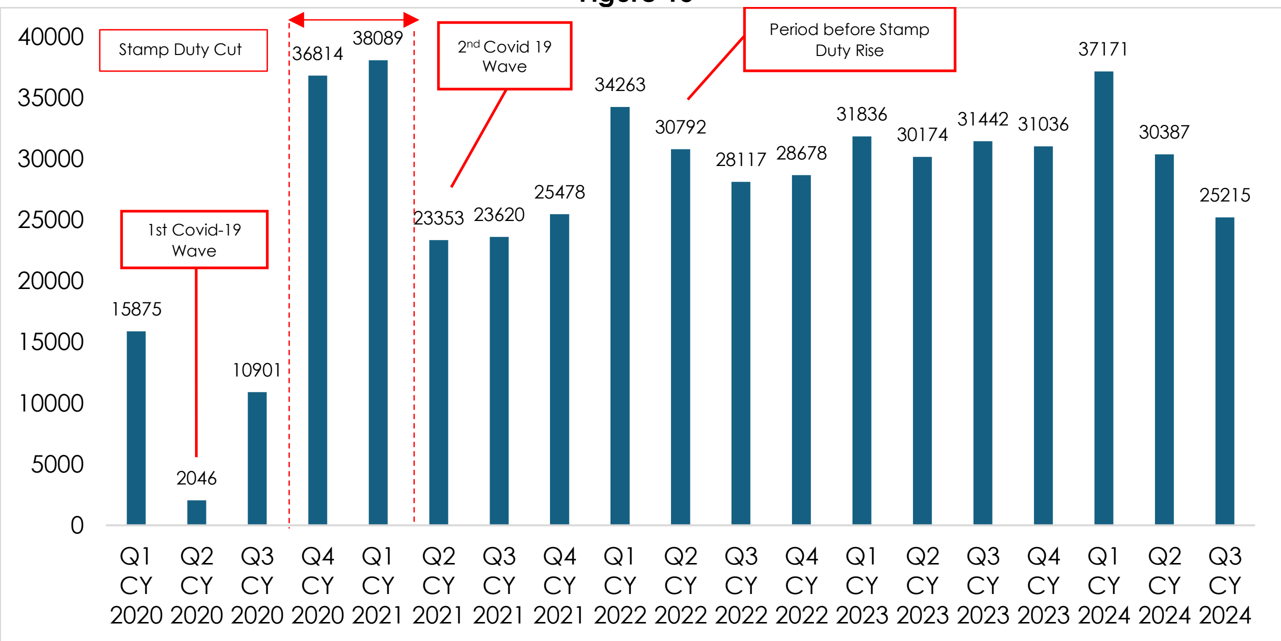
Reduction in stamp duty

To boost demand in real estate, the Maharashtra government reduced stamp duty from 5% to 2% (Sept-Dec 2020) and then to 3% (Jan-Mar 2021), leading to a threefold increase in property registrations in Mumbai in December 2020. Despite the increase to 3% in early 2021, sales remained strong, with March registrations nearly matching December's. After the stamp duty returned to 5% in April 2021, registrations dipped but still showed recovery. The second COVID wave affected sales in April and May, but the market rebounded from June 2021, with strong sales in Q3 and a festive boost in Q4. Registrations remained healthy in Q1 CY 2022, despite a slight dip in Q2 and Q4, with Q1 CY 2024 registrations rising to 37,171, indicating continued growth despite higher stamp duty.

Source: mohua.gov.in, Revenure-Neutral-Approach-to-Lower-Stamp-Duty-and-Registration-Charges-for-Affordable-Housing

The following graph sets forth sale registrations in Mumbai over periods indicated:

Figure 15



Source: *Registration office (IGR) and data from various published news articles*

Note: *All the figures in the above graph are as per Calendar Year (CY)*

Maharashtra government slashed stamp duty on housing units priced below INR 45 lakh. The assembly passed an amendment to the Stamp Act 1957, slashing the stamp duty payable on housing units priced between INR 35 lakh and INR 45 lakh from 5% to 3% on September 20 to promote affordable housing. The 2% reduction was only applicable on first time registration.

Additional outlay of INR 18,000 crore announced for Prime Minister Awas Yojana (PMAY Urban)

The additional outlay aimed to support the "Housing for All" objective by 2022, surpassing the INR 8,000 crore spent in 2020. As per the July 23, 2024, Interim Budget, under PM Awas Yojana Urban 2.0, ₹10 lakh crore will be invested to meet housing needs for 1 crore urban poor and middle-class families, including ₹2.2 lakh crore in central assistance over the next five years.

Source: Govt of India, Ministry of Finance

Investments of over INR 13,200 crore approved under SWAMIH Fund and money deployed in 36 developments

The government's Special Window for Affordable and Mid-Income Housing SWAMIH fund, launched in November 2019, provides last-mile funding for stalled real estate projects, benefiting 87,000 homebuyers. To date, 108 developments have received funding.

Source: *Govt of India, Ministry of Finance*

50% discount in premiums for Builders by the Government of Maharashtra

In January 2021, the Maharashtra government slashed real estate premiums for builders by 50%, based on 2019 or 2020 ready reckoner rates, whichever is higher. Developers opting for the reduction must pay full stamp duty when selling flats and provide an undertaking to local bodies. The scheme, initially valid until December 2021, was extended to March 2022. Additionally, a 50% discount was offered for builders involved in cluster redevelopment projects to incentivize the redevelopment of old buildings and improve urban infrastructure.

Source: Govt of Maharashtra

Government of Maharashtra clearing bill to give complete waiver of Property Tax for Mumbai homes measuring up to 500 sq. ft.

The Maharashtra state cabinet approved a property tax waiver for 1.61 million flats up to 500 sq. ft. in Mumbai and suburbs, within BMC jurisdiction. This was announced by the Chief Minister on January 1, 2022, for homes below 45.45 sq. mt. (500 sq. ft.).

Source: Govt of Maharashtra

CONSOLIDATION OF REAL ESTATE SECTOR DUE TO REGULATORY CHANGES

To address the challenges confronted by residential real estate and improve transparency in the sector, the government introduced slew of measures at regular intervals. Following some of the key measures/policy interventions done in the last few years, transparency and regulation in the sector has improved considerably. This has formalized the sectors and forced the tier-2 developers to either leave the space altogether or become equally transparent vis-à-vis. their tier-1 counterpart which is difficult for them to implement and thus forcing them to tie-up with the larger branded developers. Some of the key measures undertaken are outlined below:

Real Estate (Regulation and Development) Act, 2016

Real Estate Regulation and Development Act came into effect from May 2016. The Act was aimed to usher transparency, financial discipline, and accountability in the real estate sector. This was done to increase the confidence level of the buyers and prevent the developers from willful misuse of funds that lead to a delay in development execution. The reform came with key tenets that struck a chord with buyers as well as other stakeholders of the real estate sector. Some of the key features of the act are as follows:

- Developments to be registered only after receiving all clearances.

- Developments with sizes less than 500 square meters and below 8 units are exempted from RERA
- Developers can advertise a development only post RERA registration.
- An escrow account for a development to avoid diversion of funds: The act stipulates "70% of the amount realized for the real estate developments from the allottees, from time to time, shall be deposited into an escrow account and will be maintained in a scheduled bank to cover the cost of construction and the land cost and shall be used only for that purpose"
- Timeline to be provided for a development's completion.
- Consent of 2/3rd of the allottees to modify the layout.

Although RERA came into force to favour the buyers, it was state governments' responsibility to implement it in true spirit.

GST Implementation

Goods & Services Tax is one of the biggest tax reforms of India that came into force from 1st July 2017 to remove multiple taxations which seek to transform India with its one nation, one market and one tax principle. In the real estate sector, ready-to-move-in properties and land are exempt from GST. Initially, for ongoing developments, GST charged at the rate of 8% for affordable housing (under 60 sq m in non-metropolitan cities/towns and 30 sq m in metropolitan cities) and 12% for developments other than affordable with the provision to receive ITC.

Post the announcement on 1st April 2019 Lower GST rates on under-construction properties were implied.

As per the new rates, under-construction properties attract 5% GST without a provision to receive an input tax credit (ITC). Homebuyers of affordable housing (Under construction properties priced up to INR 45 Lakhs qualified as affordable housing developments for the purpose of GST relief both in metro as well as non-metro cities), are levied with only 1% GST without an ITC benefit.

Alternatively, for ongoing developments, where construction and actual booking both started before 1st April 2019 and which have not been completed by 31 March 2019, GST may be charged at the old rates with the provision to receive ITC. Cost of ownership came down due to recent reduction in GST rates which is likely to boost the absorption in the affordable segment.

Benami Transactions (Prohibition) Amended Act 2016

The objective of the Benami Transactions (Prohibition) Amended Act 2016 ("Benami Act") was to curb the use of unaccounted cash transactions associated with properties and bring transparency in the real estate sector. While the Benami Act is still in the nascent stage of implementation to estimate the impact on the overall real estate sector, it is likely to improve transparency and increase institutional investments in future.

Demonetization

The Government of India banned all INR 500 and INR 1,000 currency notes in November 2016, to curb black money and check the circulation of fake currency. In the long term, this reform along with RERA has helped in organizing the real estate sector, resulting in more institutional inflows in the sector.

Constraints on access to capital for Tier-2 unbranded developers

Since 2012 NBFCs emerged as the largest lenders for real estate developments. Indiscriminate lending by these institutions to tier-2 unbranded developers with flawed business model meant a significant increase in under-construction supply. Given, the lack of experience of executing and completing the developments tier-2 developers delayed their developments significantly and thus eroding the trust of customers. Further, in order to compete with tier-1 branded developers with quality product, tier-2 developers often resorted price-cuts to move inventory.

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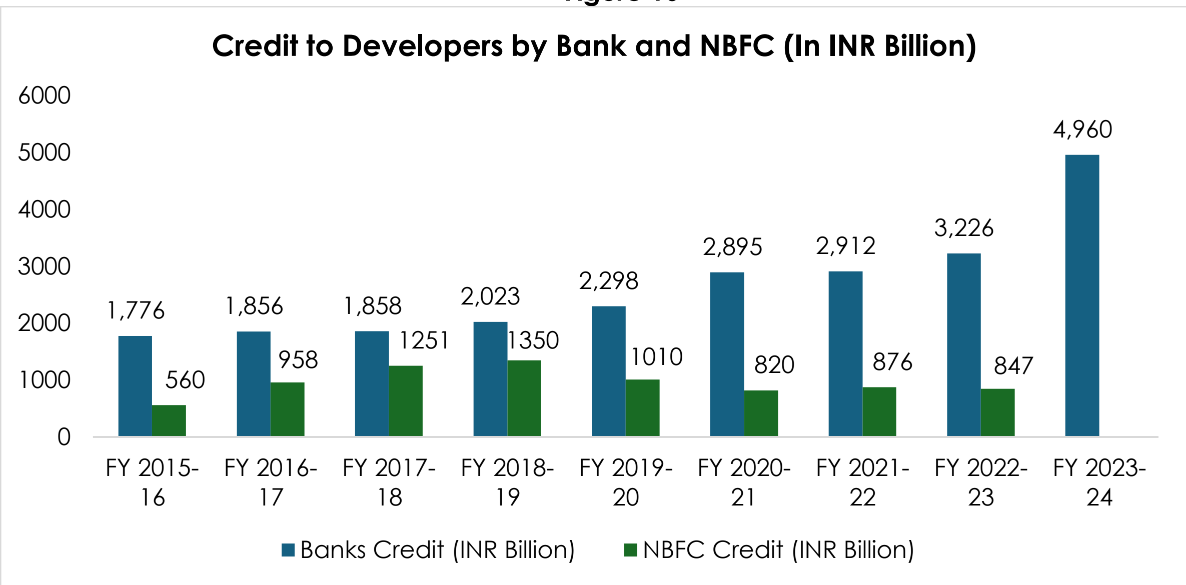
This further eroded their profitability as well as put pressure on pricing in general. However, they were able to continue with this business model due to ample liquidity present in the system prior to 2018. While development delays jeopardised the cashflow for these developments, NBFCs continued to refinance and provide incremental capital for development completions. NBFCs had golden run until 2018 Sept, when IL&FS crisis and the resultant reflux caused severe liquidity crunch. Thereafter, NBFCs significantly reduced real estate funding during the under-construction phase, which led to low sales and poor cash flow management for the developers, especially smaller developers with limited access to bank loans. Since tier-1 branded developers were able to sell substantially at the time of launch and throughout the under-construction phase, limited financing was required for the completion of under-construction developments.

Tier-1 developers with good brand, have the ability to sell substantially during the launch period and throughout the construction period. This obviates the need for financing for completion of under-construction developments. Such developers with investment grade credit rating had lower dependency on higher cost loans from NBFCS in any case. Hence, large and branded players with investment grade credit rating were able to avert the crisis due to minimal reliance on NBFC funding. Most of the tier-1 branded developers also had access to bank loans and were able to complete under-construction developments on time.

Figure 16



Source: *RBI*
Note: *All the figures in the above graph are as per Financial Year (FY)*

The credit extended by banks to developers saw a significant increase, rising from ₹2,298 billion in FY 2019-20 to ₹2,895 billion in FY 2020-21, marking a 26% growth. This upward trend continued, with bank credit further increasing from ₹2,912 billion in FY 2021-22 to ₹3,226 billion in FY 2022-23, reflecting an 11% rise. The bank credit further increased to ₹4,960 billion in FY 2023-24.

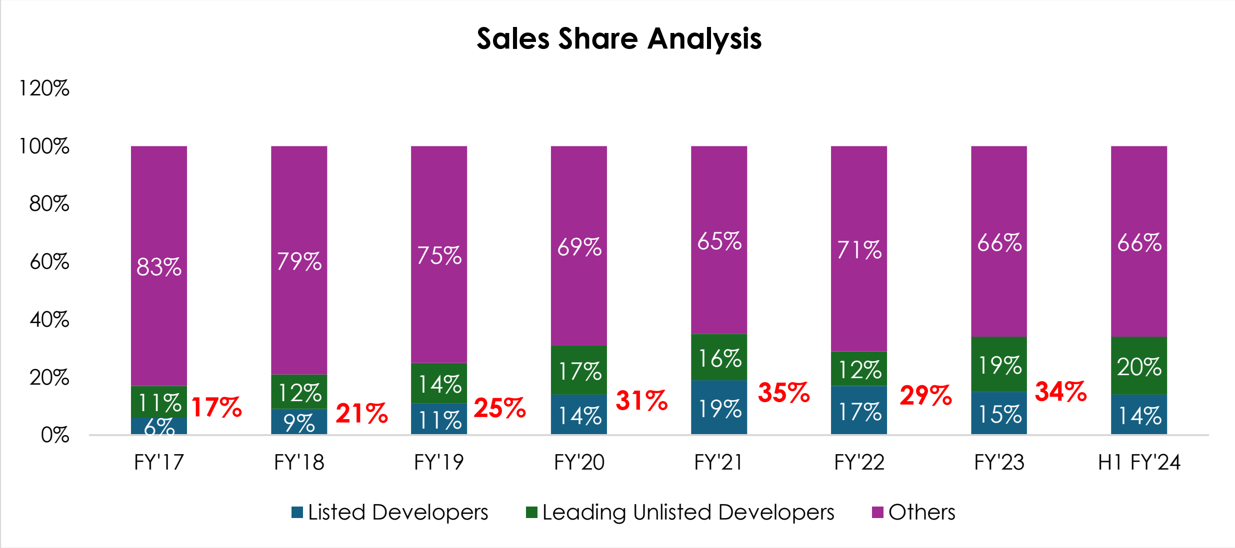
In contrast, NBFC credit experienced considerable fluctuations, peaking at ₹1,350 billion in FY 2018-19, followed by a noticeable decline. Throughout this period, banks consistently provided more credit to developers than NBFCs. The gap between bank and NBFC credit has notably widened, particularly after FY 2018-19, indicating a possible shift in preference or capacity between these two financial institutions.

Impact of Consolidation of Developers on Real Estate Industry

The Indian real estate sector has witnessed consolidation in the past few years. With the implementation of RERA, the financially weak developers were not able to adhere to compliance norms and were, therefore, either going out of business or consolidating with larger players. The liquidity crisis further worsened the situation for such developers, which resulted in an increase in the share of new launches by branded developers. According to Anarock, the share of new launches by tier-1 developers increased from approximately 41% in

2015 to approximately 56% in 2018, which further increased in 2019 on account of the liquidity crisis.

Figure 17



Source: *Companies, ANAROCK Research*
Note: *Sales share based on no. of units sold*

Note: *All the figures in the above graph are as per Financial Year (FY)*

Notes: *Top 10 listed developers considered are Brigade Enterprises, Godrej Properties, Kolte Patil, Mahindra Lifespace Developers, Oberoi Realty, Prestige Estate, Purvankara Ltd, Sobha Ltd., Lodha Group, Shriram Properties.*
Note: *Top leading developers considered are: Aparna Constructions and Estate, Assetz Property, ATS Green, Casagrand Builders, Kapataru, My Home Constructions, Piramal Realty, Runwal Group, Salarpuria Sattva, Signature Global, TATA Housing Development Cp., The Shapoorji Pallonji Group, The Wadhwa Group VTP Realty*

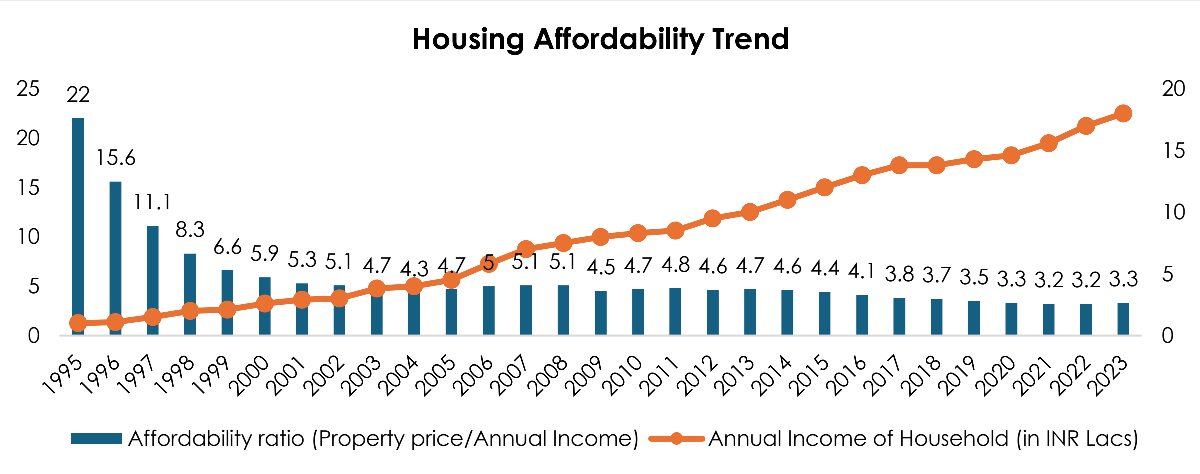
Branded tier-1 developers are witnessing strong double-digit growth which was seen in recent years. The rate is anticipated to grow in a similar trend It is likely that in the near to medium term consolidation will further accelerate and large organized players will see disproportionate growth vis-a-vis the industry.

KEY OBSERVATIONS IN THE HOUSING FINANCE SECTOR

Improving Affordability Index

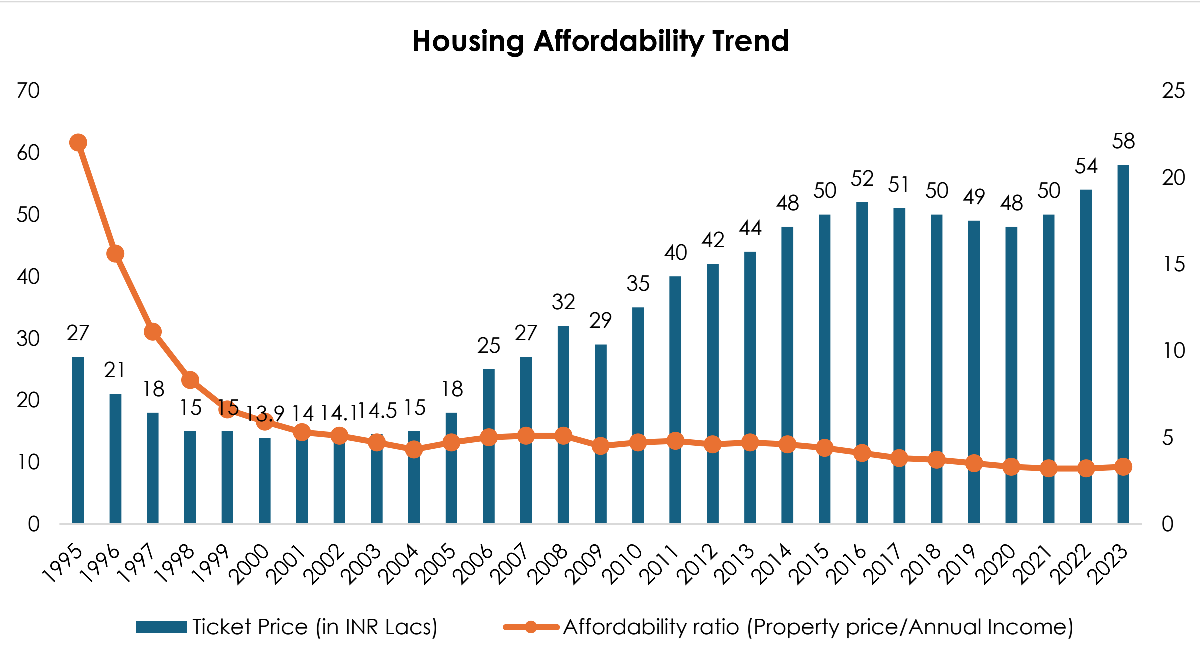
According to HDFC's Q4 FY-23 report, government policies and rising household incomes have significantly improved affordability to its best level in over two decades. Increased incomes alongside stable housing prices have led to a notable rise in affordability, with the ratio improving from 22 in 1995 to 3.3 in 2023. A lower affordability ratio indicates greater affordability. The following graph sets forth housing affordability trend:

Figure 18



***Source: :** National Housing Bank*
***Note:** All the figures in the above graph are as per Calendar Year (CY)*

Figure 19



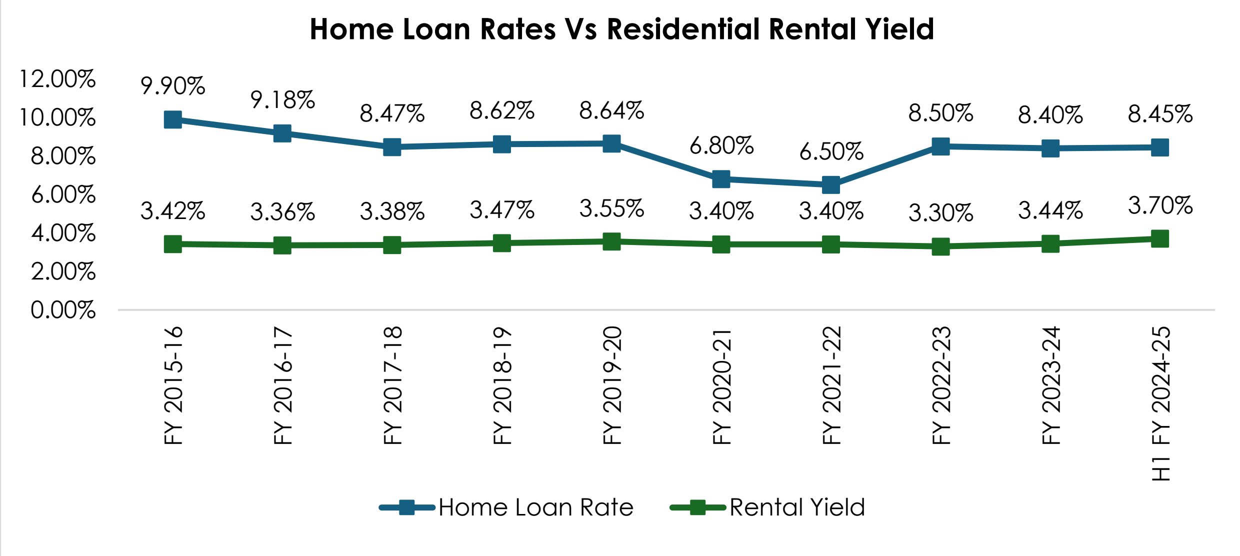
***Source: :** National Housing Bank*
***Note:** All the figures in the above graph are as per Calendar Year (CY)*

Home Loan Rates and growth in Home Loan Penetration

The RBI lowered the repo rate by 115 basis points from February 2020 to May 2020, from 5.15% to 4%, leading to reduced home loan interest rates. This, combined with rising household incomes and stable property prices, enhanced the affordability of residential units. However, subsequent repo rate hikes by the RBI, increasing it to 6.5%, negatively impacted home loan rates. In June 2023, the RBI maintained the repo rate at 6.5%, citing easing retail inflation and potential further decline, reflecting the efficacy of earlier policy actions. As of the Interim Budget on October 9, 2024, the repo rate remains unchanged for the tenth consecutive time at 6.5% annually. The unchanged home loan rates will only add to the overall positive consumer sentiments. Additionally, given that housing prices have escalated across the top 7 cities in the last one year, the unchanged home loan rates will give some relief to the homebuyers. Going forward, we may expect the momentum in housing sales to continue in the wake of the unchanged repo rates coupled with the resultant stable home loan rates and positive economic outlook on India.

Property prices have increased over the last four quarters, accompanied by rising home loan rates, but rental yield is consistent. leading to a slight increase in rental yield. The net cost of homeownership compared to rental yield, adjusted for tax incentives on home loans, rose in FY 2023 compared to FY 2022. The following graph sets forth home loan interest rates versus rental yield from residential properties:

Figure 20

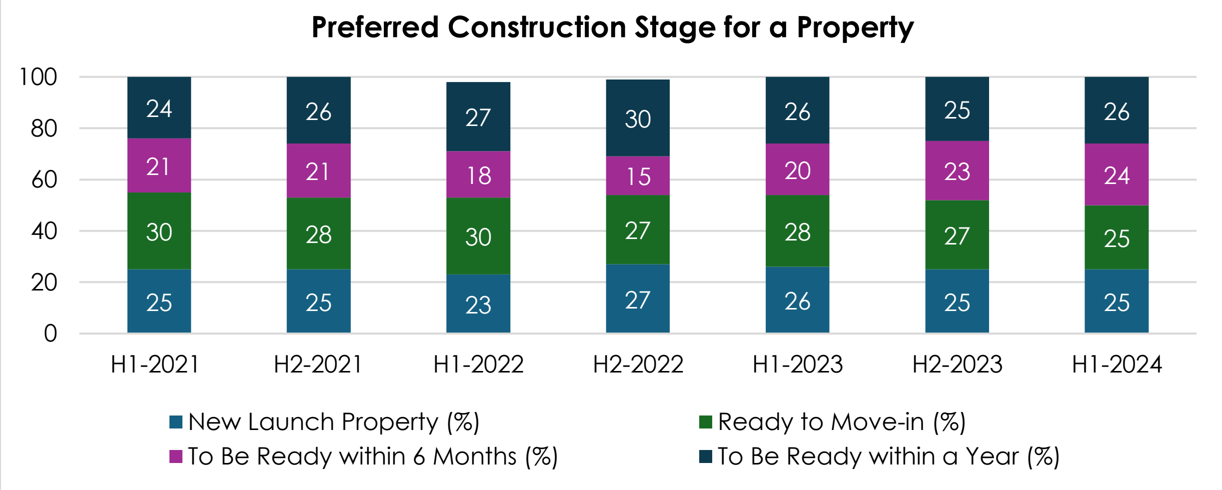


Source: *Information published by various Nationalised Banks, Anarock Research*
Note: *All the figures in the above graph are as per Financial Year (FY)*

CONSUMER PREFERENCE IN TERMS OF UNDER-CONSTRUCTION VS READY HOMES

Projects nearing completion are more in demand. One primary reason behind this shift is the increased supply of new developments from large and tier 1 developers. These established developers have garnered higher confidence among prospective homebuyers due to their reputation for timely development delivery. In the past, new launches were mostly dominated by smaller players, leading to numerous delays in development completion, which eroded buyer confidence. Consequently, buyers favoured ready homes.

Figure 21



Source: *Anarock Homebuyer Sentiment Survey*

Note: *All the figures in the above graph are as per Calendar Year (CY)*

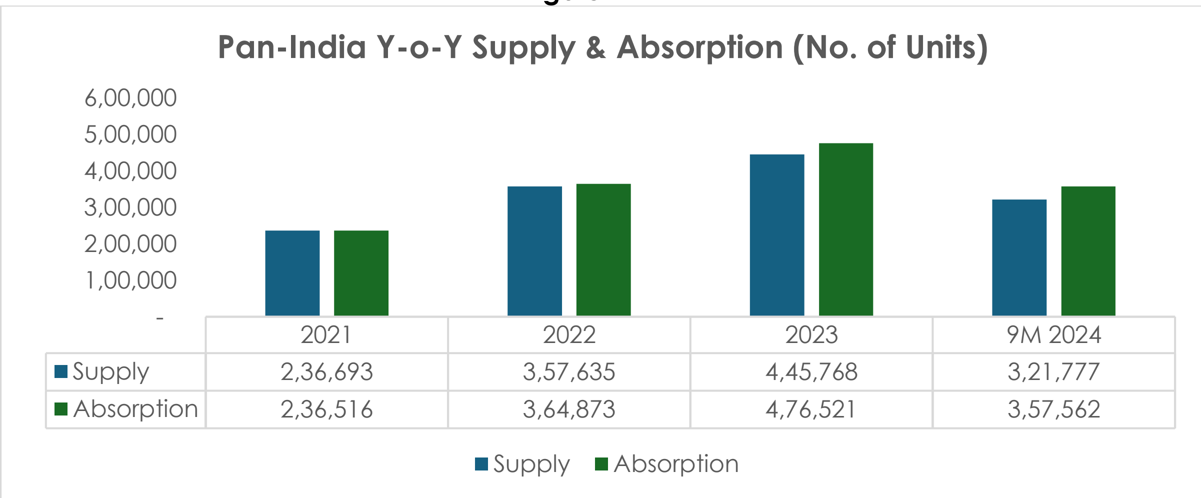
2. INDIA RESIDENTIAL REAL ESTATE OVERVIEW

INDIA RESIDENTIAL REAL ESTATE TRENDS – CY 2021 TO 9M CY 2024

- For the period CY 2021 – CY 9M 2024, the Top – 7 cities (MMR, NCR, Bangalore, Pune, Hyderabad, Chennai, Kolkata) in India have seen a remarkable growth in both Supply and Absorption.
- New launches have jumped by 51% in 2022 over 2021 and 88% in 2023 over 2021.
- Despite the strong supply, on the back of higher absorption, the unsold inventory across the top 7 cities in India has decreased marginally on a yearly basis i.e., for 2021 (6,38,192 units) & 2022 (6,30,973 units) as compared to unsold inventory in 2023 (6,00,200 units). The inventory overhang as of December 2023 end is 15 months which is the least over past 6 - 7 years.
- In CY 9M 2024, the Supply and Absorption are at 28% and 25% respectively to that in CY 2023. It is expected to surpass the 2023 Levels, continuing at current trends.

The following graph sets forth supply and absorption trends in pan India (Top Seven Indian Markets combined) from CY 2019 to 9M 2024 (in units):

Figure 22



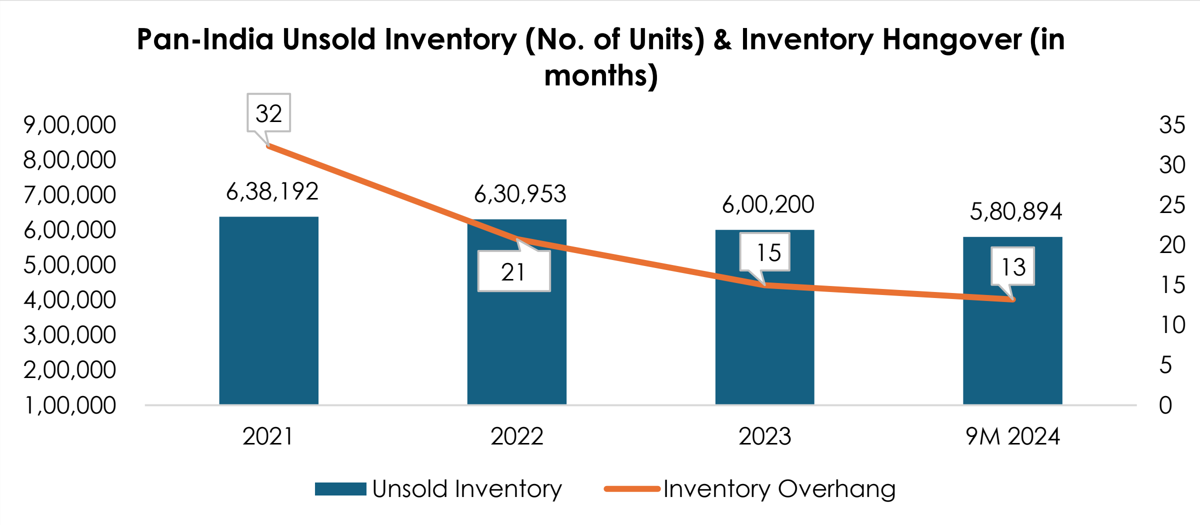
	2021	2022	2023	9M 2024
Supply	2,36,693	3,57,635	4,45,768	3,21,777
Absorption	2,36,516	3,64,873	4,76,521	3,57,562

Source: *Anarock Research*
Note: *All the figures in the above graph are as per Calendar Year (CY)*

The following graph sets forth unsold inventory and inventory overhang (in months) trends in pan India (Top Seven Indian Markets combined) from CY 2021 to 9M 2024

For a period from CY 2021 to CY 9M 2024, the inventory overhang has been on a constant decline on back of higher absorption levels as compared to supply. Observing the trends in CY 9M 2024, it is expected to be below 2023 levels at current absorption rate.

Figure 23



Source: *Anarock Research*

Notes:

1. All the figures in the above graph are as per Calendar Year (CY)

2. Unsold inventory is the net unsold inventory and does not include stalled developments. Units absorbed includes primary transactions only i.e. excluding resale transactions.

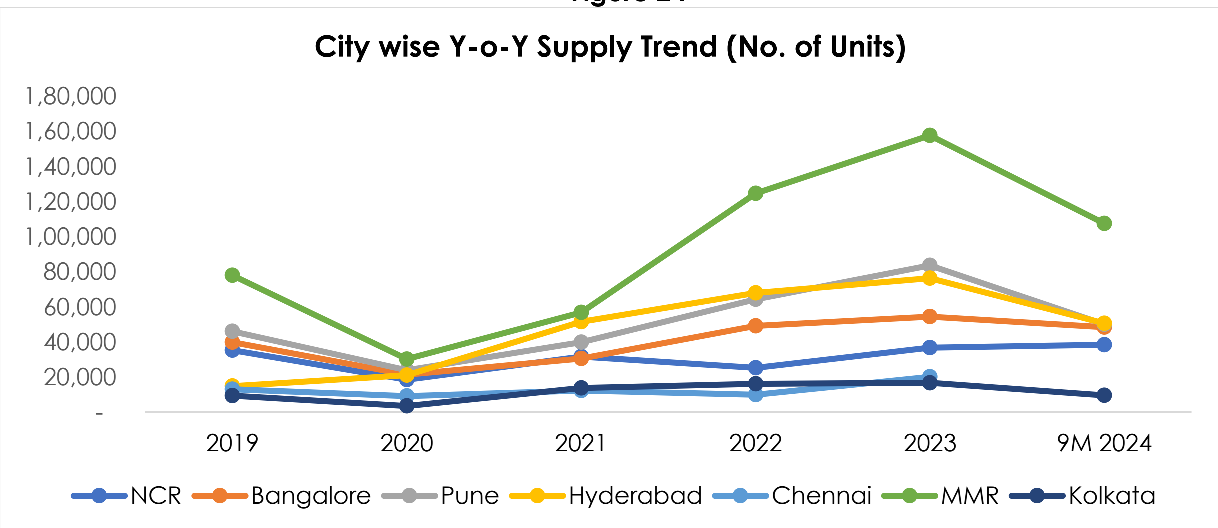
TOP SEVEN CITIES – SUPPLY, ABSORPTION AND UNSOLD INVENTORY TRENDS – CY 2021 TO 9M 2024

City-wise Y-o-Y Supply Trend (no of units) – CY 2021 – 9M 2024

For the period CY 2021 – 9M 2024, MMR has the maximum share among all cities in the range of 24% - 35% in terms of supply.

The following graph sets forth the year-on-year supply trend in the Top Seven Indian Markets (in units):

Figure 24



Source: *Anarock Research*

Note: *All the figures in the above graph are as per Calendar Year (CY)*

Table: Share of launches among top 7 cities

Year	MMR	NCR	Bangalore	Pune	Hyderabad	Chennai	Kolkata
2021	24%	13%	13%	17%	22%	5%	6%
2022	35%	7%	14%	18%	19%	3%	4%
2023	35%	8%	12%	19%	17%	5%	4%
9M 2024	33%	12%	15%	16%	16%	5%	3%

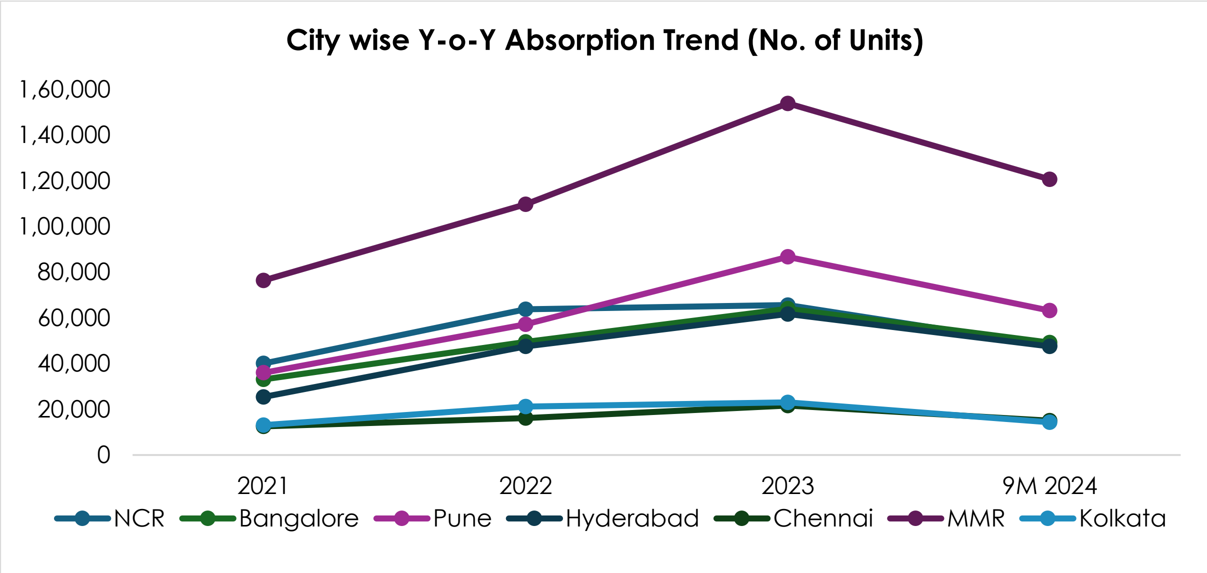
Source: *Anarock Research*

City-wise Y-o-Y Absorption Trend (no of units) – CY 2021 to 9M 2024

For the period CY 2021 – 9M 2024, on average MMR has been contributing to approx. 31% of the total absorption.

The following graph sets forth the year-on-year absorption trend in the Top Seven Indian Markets (in units):

Figure 25



ource: *Anarock Research*
Note: *All the figures in the above graph are as per Calendar Year (CY)*

Table: Share of Absorption among top 7 cities

Year	MMR	NCR	Bangalore	Pune	Hyderabad	Chennai	Kolkata
2021	32%	17%	14%	15%	11%	5%	6%
2022	30%	17%	14%	16%	13%	4%	6%
2023	32%	14%	13%	18%	13%	5%	5%
9M 2024	34%	13%	14%	18%	13%	4%	4%

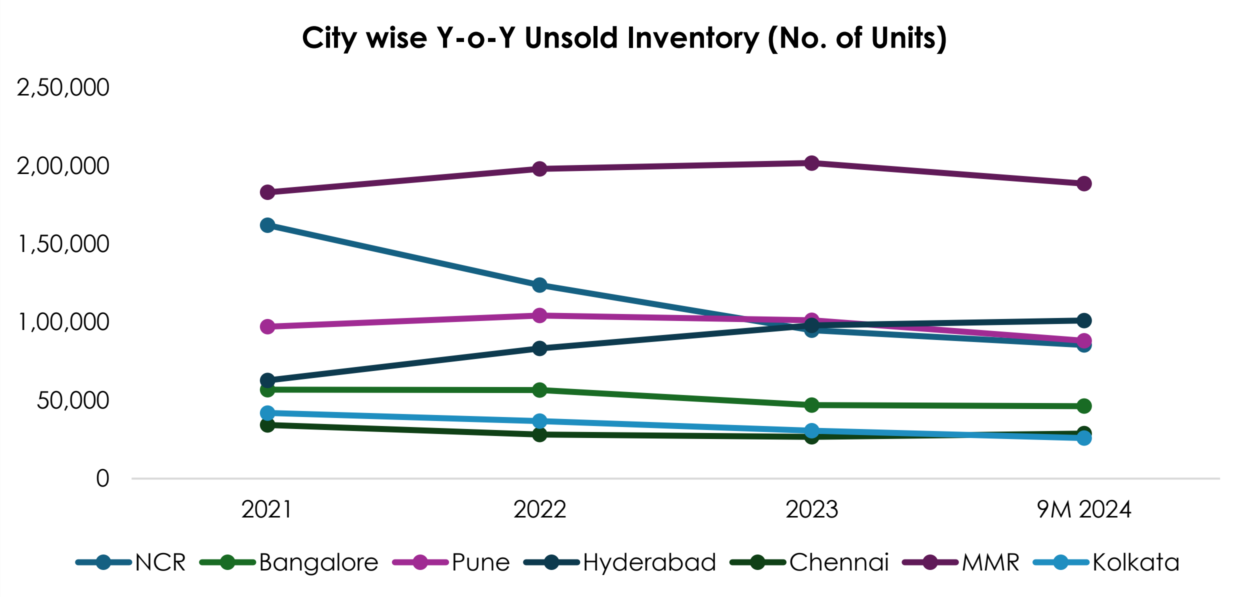
Source: *Anarock Research*

City-wise Y-o-Y Unsold Inventory Trend (no of units) – CY 2021 to 9M 2024

For a period from 2021 to 9M 2024 Bangalore and MMR, have shown a better absorption compared to the previous year. While NCR, Chennai, and Kolkata have seen a slight decrease in absorption level, Pune and Hyderabad's absorption has largely remained constant.

The following graph sets forth the year-on-year unsold inventory trend in the Top Seven Indian Markets (in units):

Figure 26



Source: *Anarock Research*
Note: *All the figures in the above graph are as per Calendar Year (CY)*

Amongst the Top 7 cities, the average share of Unsold Inventory of MMR is the highest with 32%, while Pune has a share of 16% for the period CY 2021 – 9M 2024.

Table: Share of Unsold Inventory among top 7 cities

Year	MMR	NCR	Bangalore	Pune	Hyderabad	Chennai	Kolkata
2021	29%	25%	9%	15%	10%	5%	7%
2022	31%	20%	9%	17%	13%	4%	6%
2023	34%	16%	8%	17%	16%	4%	5%
9M 2024	33%	15%	8%	16%	18%	5%	5%

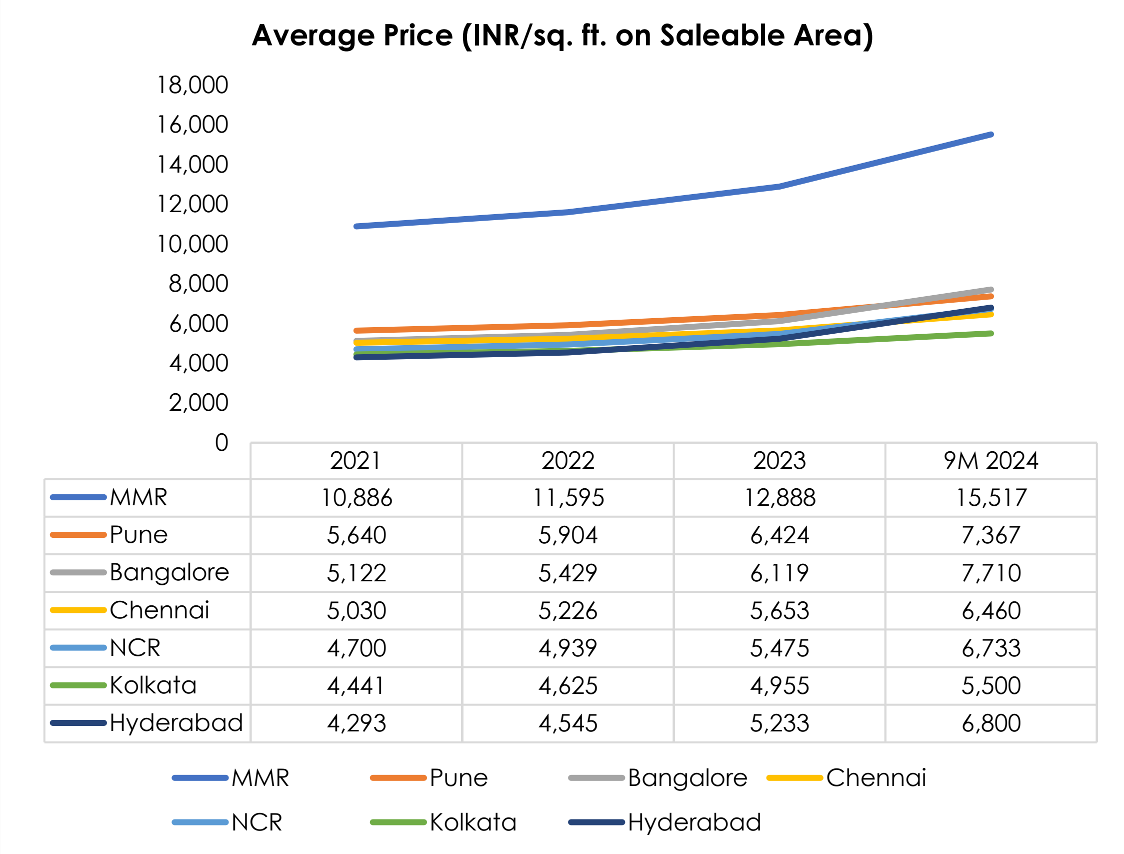
Source: *Anarock Research*

CAPITAL PRICING TRENDS IN TOP SEVEN INDIAN MARKETS – CY 2021 TO 9M 2024

For a period from 2021 – 9M 2024, the capital prices have shown significant upward trajectory across all top 7 cities. Specifically, Bangalore, Hyderabad and MMR have observed capital value increase beyond 20% for the specified period. While Kolkata has shown least appreciation of 13% for the same period.

The following graph sets forth the average base selling price trend across the Top Seven Indian Markets (₹ per sq. ft.):

Figure 27

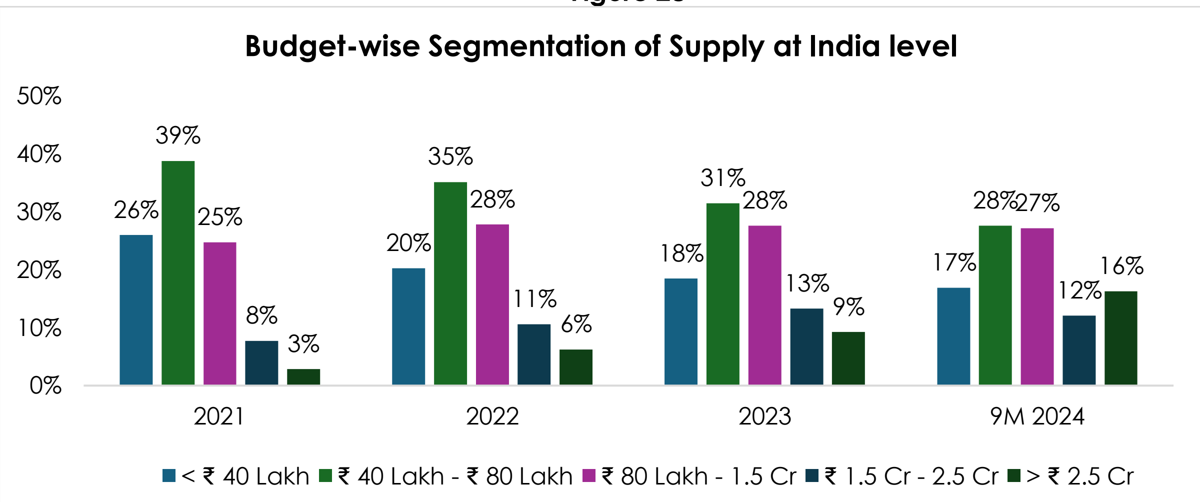


	2021	2022	2023	9M 2024
MMR	10,886	11,595	12,888	15,517
Pune	5,640	5,904	6,424	7,367
Bangalore	5,122	5,429	6,119	7,710
Chennai	5,030	5,226	5,653	6,460
NCR	4,700	4,939	5,475	6,733
Kolkata	4,441	4,625	4,955	5,500
Hyderabad	4,293	4,545	5,233	6,800

Source: *Anarock Research*
Note: *All the figures in the above graph are as per Calendar Year (CY)*

BUDGET WISE SEGMENTATION OF SUPPLY AT INDIA LEVEL

Figure 28



Note: *All the figures in the above graph are as per Calendar Year (CY)*

The demand for luxury housing, particularly in the > ₹ 2.5 Cr segment, has seen significant growth, more than quadrupling from 3% in 2021 to 16% in 9M 2024. Similarly, the ₹ 1.5 Cr - ₹ 2.5 Cr segment grew from 8% to 12%. This indicates a growing interest in high-end properties, possibly due to increased affluence or demand for premium living spaces.

Shift from Affordable to Luxury: The data suggests a shift from affordable and mid-segment housing towards luxury housing. The share of affordable housing (< ₹ 40 Lakh) has dropped by

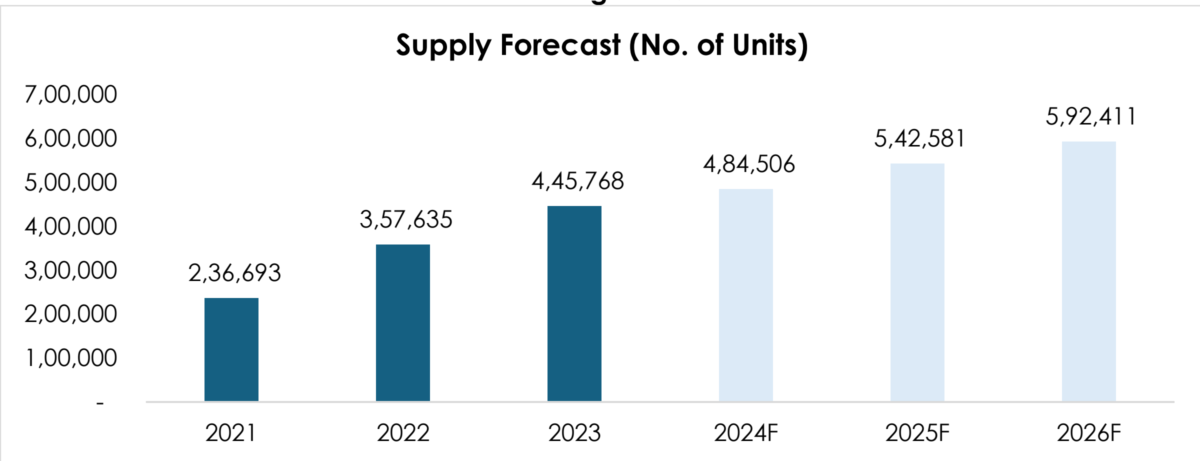
20% while the share of luxury housing (above ₹ 1.5 Cr) has increased by 17 percentage points over the same period.

Stable Mid-Segment: The mid-segment housing (₹ 80 Lakh - ₹ 1.5 Cr) remains stable, indicating consistent demand for this price range.

PAN INDIA (TOP SEVEN CITIES) – SUPPLY, DEMAND AND PRICE FORECAST & OUTLOOK FROM CY 2024 TO 2026

The following graph sets forth the supply outlook for PAN India (Top 7 Cities combined) from CY 2024 to 2026:

Figure 29



Source: *Anarock Research*

Note: *All the figures in the above graph are as per Calendar Year (CY)*

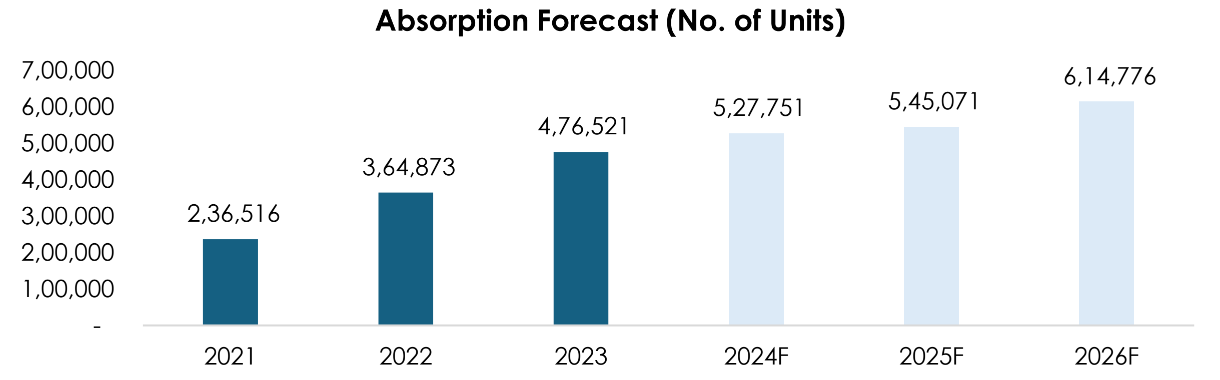
Supply Forecast: For the period 2019-2023, a significant increase has been observed in the number of launches. 2023 alone has observed approx. 88% higher launches as compared to launches in 2021. For the period 2024 - 2026, Anarock anticipates gradual increase in launches.

The following graph sets forth absorption outlook for PAN India (Top 7 Cities combined) from CY 2024 to 2026:

Absorption Forecast: For the period 2021-9M 2024, the annual absorption levels have increases notably from 2021 – 2023. The annual absorption recorded in PAN India (Top 7 Cities) in 2023 has increased by 101% over absorption recorded in 2021. Anarock expects that 2024 onwards, there will be a gradual increase in absorption until 2026.

The following graph sets forth pricing forecast for PAN India (Top 7 Cities combined) from CY 2024 to 2026:

Figure 30



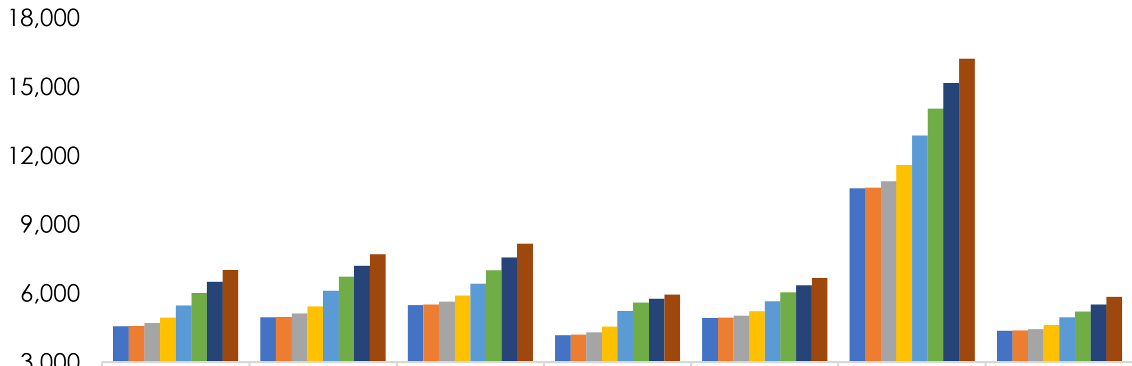
Source: *Anarock Research*

Note: *All the figures in the above graph are as per Calendar Year (CY)*

Pricing Forecast: Anarock estimates that the pricing for Top 7 Cities in India is estimated to increase gradually following current trend till 2026.

Figure 31

Average Price - Forecast (INR/sq. ft. on Saleable Area)



	NCR	Bangalore	Pune	Hyderabad	Chennai	MMR	Kolkatta
2019	4,565	4,955	5,487	4,179	4,928	10,580	4,375
2020	4,580	4,975	5,510	4,195	4,935	10,610	4,385
2021	4,700	5,122	5,640	4,293	5,030	10,886	4,441
2022	4,939	5,429	5,904	4,545	5,226	11,595	4,625
2023	5,475	6,119	6,424	5,233	5,653	12,888	4,955
2024F	6,023	6,731	7,002	5,599	6,049	14,048	5,203
2025F	6,504	7,202	7,562	5,767	6,351	15,172	5,515
2026F	7,025	7,706	8,167	5,940	6,669	16,234	5,846

2019 2020 2021 2022 2023 2024F 2025F 2026F

Note: *All the figures in the above graph are as per Calendar Year (CY)*

Note: *The accuracy of forecasts is subject to unforeseen situations and circumstances, especially the unpredictable nature of the Covid-19 pandemic waves, which will have an impact on market performance.*

3. MUNICIPAL CORPORATION OF GREATER MUMBAI (MCGM) RESIDENTIAL OVERVIEW

DEMAND DRIVERS FOR REAL ESTATE IN MMR

Mumbai is the commercial and financial capital of India and houses the two stock exchanges, which account for most of the securities trading in the country. Mumbai accounts for over half of India's foreign trade and generates over 6.16% of India's GDP and one-third of the country's tax revenues. Home to a flourishing media and film industry, the city also serves as the entertainment capital of the country. Its economic base is well diversified with the Banking and Financial Services Industry (BFSI), engineering, services, and IT/ITeS sectors, logistic companies have their presence. MMR has been housing the headquarters of a number of financial institutions like BSE, RBI, NSE and LIC. Further, India's leading conglomerates such as Tata, Birla, Godrej, and Reliance are also based in Mumbai. Mumbai is one of the biggest real estate markets in India. It has various micro-markets along with Mumbai City, suburbs, extended suburbs, and neighboring areas such as Thane and Navi Mumbai. With the recent infrastructure projects completed such as Mono and Metro (Line 1: Versova-Andheri-Ghatkopar Metro Project), Mumbai witnessed significant physical infrastructure improvements. It is also one of the largest port in the country, has a significant contribution to the revenue of the state.

Following sections briefly talk about the key demand drivers, which are primarily contributing towards the growth story of MMR:

Employment Generation

MMR is an employment engine for the country, both in the organized and unorganized industries. Employment from Grade-A - A office spaces in Mumbai have a direct impact on the demand for housing in MMR and it largely contributes to the organized sector. Bandra-Kurla Complex (BKC) Lower Parel, Andheri, and Goregaon are the major office hubs of MMR, playing a pivotal role in large-scale employment generation. Employment generated from unorganized sectors does have an impact on the housing demand, especially in the suburban areas.

MMR has a diverse base of industries and small and medium businesses. MMR creates employment opportunities across the value chain for both front and back offices. On a qualitative basis, the announcement of the addition of office space (employment generation) in the city-centric and the suburban areas affects the select residential pockets of suburban areas (e.g., Ghodbunder Road, Kolshet, Balkum) with a lag of 2- 3 years.

Availability of Social Infrastructure

Locations in Mumbai and surrounding areas provide one of the best healthcare in the country, the best education opportunities, retail, and recreational infrastructure. These aspects increase the quality of life & contribute to Housing demand.

Some of the prominent social infrastructures in Mumbai:

Healthcare: Breach Candy Hospital (South Central Mumbai), Dr. L. H Hiranandani Hospital (Eastern Suburbs), Jaslok Hospital (South Central Mumbai), Asian Heart Institute (Western Suburbs), Kokilaben Dhirubhai Ambani Hospital (Western Suburbs), Nanavati Hospital (Western Suburbs), Jupiter Hospital (Thane), Apollo Hospital (Navi Mumbai), Reliance Hospital (Navi Mumbai), Hinduja Hospital (Mahim) etc.

Education: IIT Bombay (Eastern Suburbs), J. J. College of Architecture (South Central Mumbai), Mumbai University (Western Suburbs), NITIE (Eastern Suburbs), JBIMS (South Central Mumbai), K. J. Somaiya, Vidyavihar (Eastern Suburbs), etc.

Grade-A Malls: High Street Phoenix (South Central Mumbai), R – City Ghatkopar (Eastern Suburbs), Inorbit Mall, Malad (Western Suburbs), Infiniti Mall, Malad (Western Suburbs), Phoenix Market City, Kurla (Eastern Suburbs), Oberoi Mall, Goregaon (Western Suburbs), Lodha Experia, Dombivali (Extended Eastern Suburbs), Inorbit, Vashi (Navi Mumbai), Viviana Mall (Thane), Korum Mall (Thane) etc.

Migration from Greater Mumbai to Suburbs and Peripheries of MMR

The Island City of Mumbai with its suburbs was for a long time a magnet for talent and an aspirational destination for across all income levels. Migration from the island city and suburbs has started to intensify. As per the census and the data provided by the Centre for Research Methodology, over 9 lakh fewer people reside in the island city, whereas the population of the suburb has been constantly increasing. The Trend of Population movement within MMR validates the growth in demand in suburbs, extended suburbs, and Thane as compared to the island city in terms of the number of housing units as people have started migrating majorly due to better affordability of residential units and improved physical & social infrastructure. Island cities and select suburbs of Mumbai like Bandra, Juhu, Powai, etc are witnessing demand from the high-end and luxury segments whereas other suburbs and extended suburbs are experiencing demand from the mid-range segment

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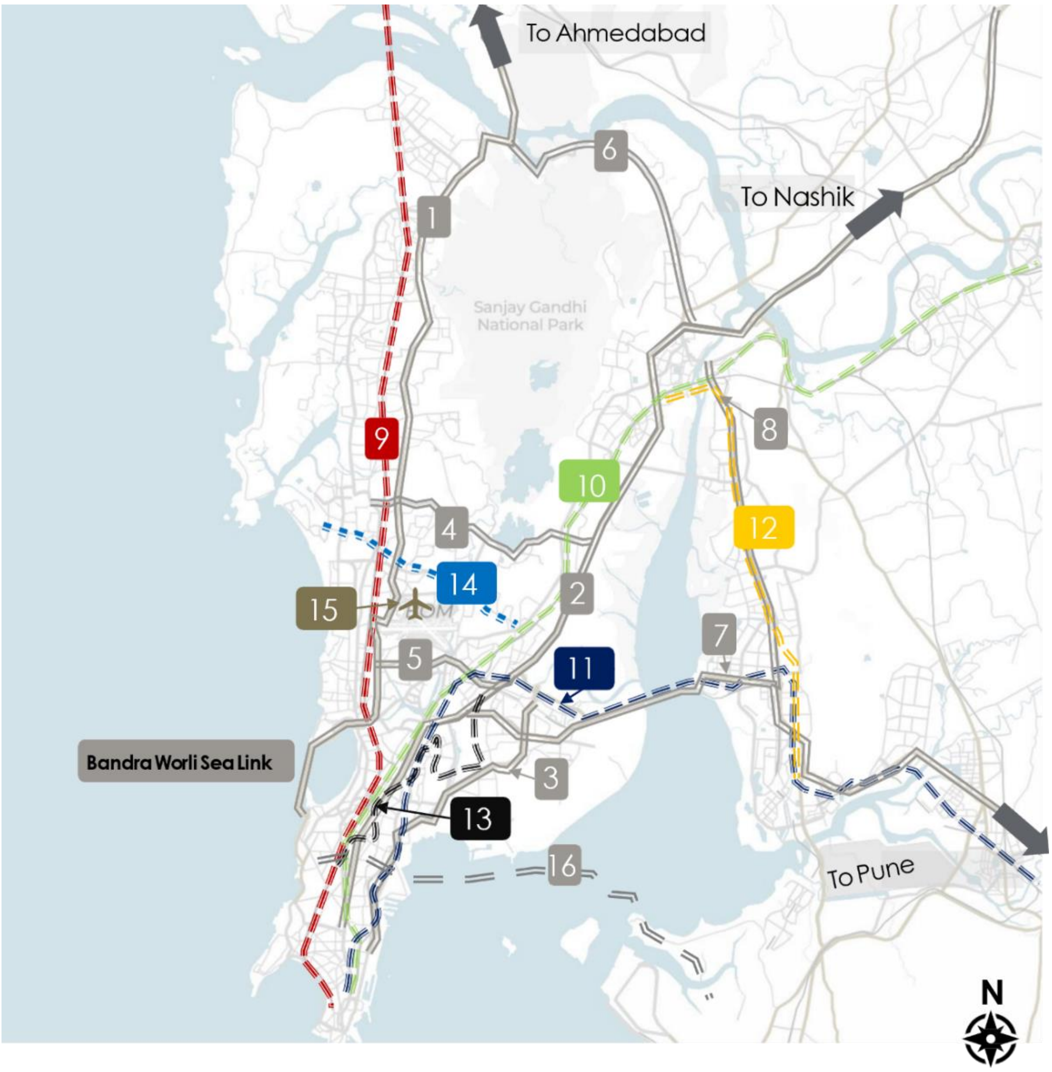
SNAPSHOT OF EXISITNG AND UPCOMING INFRASTRUCTURE IN MMR

Existing Infrastructure

Figure 32



***Base Map**: Google Maps*

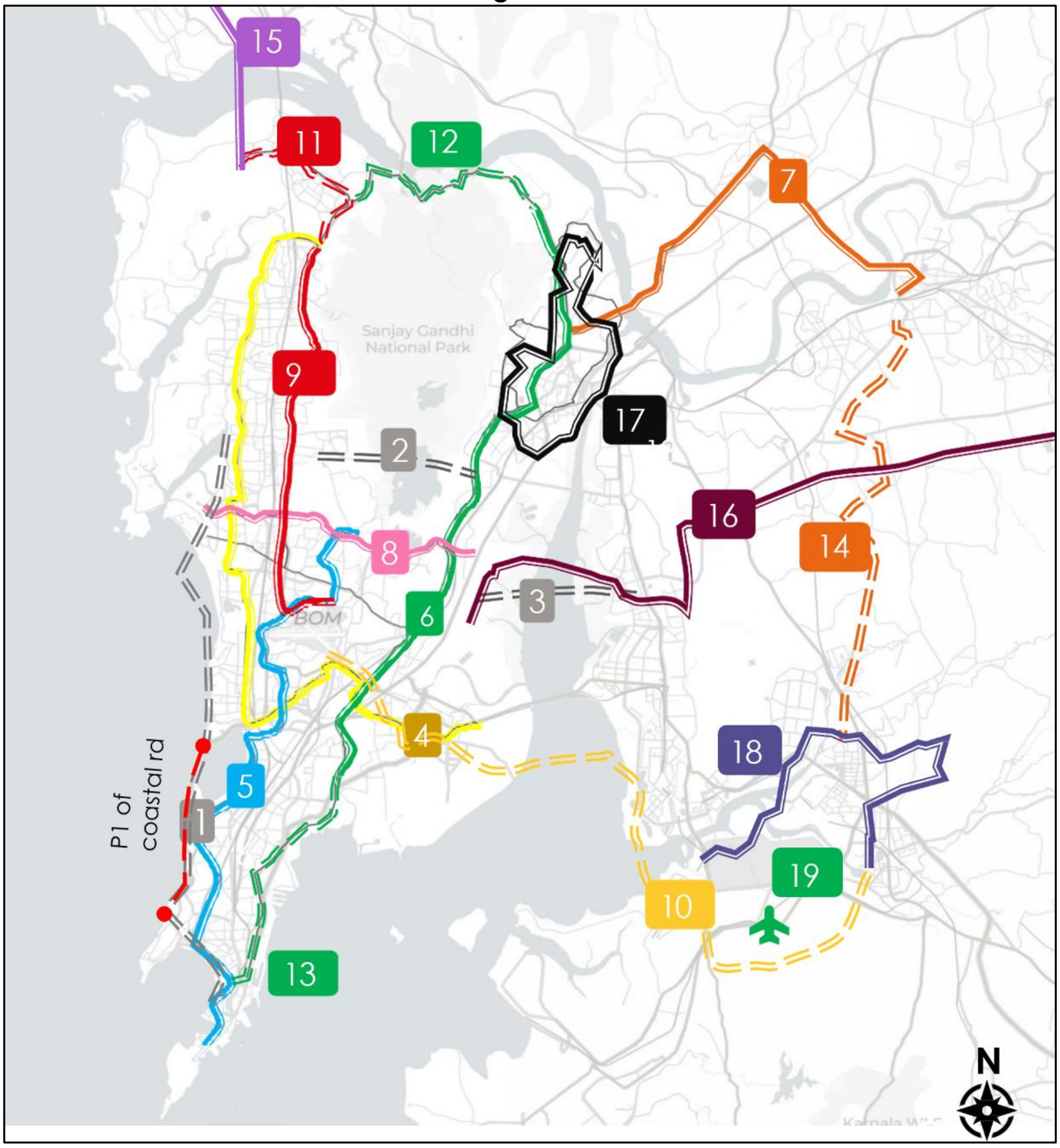
Sr. No.	Existing Infrastructure
1	Western Express Highway
2	Eastern Express Highway
3	Eastern Freeway
4	JVLR (Jogeshwari Vikhroli Link Road)
5	SCLR (Santacruz Chembur Link Road)
6	Ghodbunder Road
7	Sion Panvel Highway
8	Thane Belapur Road
9	Western Line (Suburban Railway)
10	Central Line (Suburban Railway)

Sr. No.	Existing Infrastructure
11	Harbour Line (Suburban Railway)
12	Trans - Harbour Line (Suburban Railway)
13	Monorail Line 1
14	Blue Line 1 (Metro)
15	Chhatrapati Shivaji Maharaj International Airport
16	Mumbai Trans Harbour Link

Several infrastructure projects are underway in Greater Mumbai and MMR so as to achieve long-term sustainability and increase the carrying capacity of the city's transportation networks and thus improve traffic and transportation capacity in Mumbai Metropolitan Region both capacity-wise and quality wise. Some of the major projects are listed below.

Proposed & Upcoming Key Infrastructure Projects in Mumbai

Figure 33



Base Map: *Google Maps*

Sr. No.	Project	Location/Corridor	Completion Year
1	Coastal Road	Kandivali – Marine Lines (Phase 1 operational highlighted in red)	Phase 1 completed 2024
2	Goregaon Mulund Link Road	Goregaon – Mulund	2025
3	Kopar Khairane-Ghansoli Bridge	Kopar Khairane – Ghansoli	2025
4	Metro Yellow line 2	Dahisar – Andheri West – Mankhurd	2026 (2A – Partially Operational)
5	Metro Aqua Line 3	Colaba – Bandra – SEEPZ	2024 (Partially Operational)
6	Metro Green Line 4	Wadala – Kasarvadavali – Gaimukh	2025
7	Metro Orange Line 5	Thane – Bhiwandi – Kalyan	2025
8	Metro Pink Line 6	Lokhandwala – Jogeshwari – Kanjurmarg	2026
9	Metro Red Line 7	Dahisar – Andheri – CSMIA T1	2024 (Partially Operational)
10	Metro Gold Line 8	CSMIA T2 – NMIA	2026
11	Metro Red Line 9	Dahisar – Mira Bhayandar	2025
12	Metro Green Line 10	Gaimukh – Shivaji Chowk (Mira Road)	2027
13	Metro Green Line 11	Wadala – CSMT	2030
14	Metro Orange Line 12	Kalyan – Dombivali – Taloja	2027
15	Metro Purple Line 13	Shivaji Chowk (Mira Road) – Virar	2025
16	Metro Magenta Line 14	Vikhroli - Badlapur	2026
17	Thane Metro	Raila Devi – New Thane (indicative)	2026
18	Navi Mumbai Metro	Belapur – NMIA (indicative)	Partially Operational
19	Navi Mumbai International Airport	Panvel, Navi Mumbai	2025

Source: *www.mmrcl.com*

Mumbai Metro Network (Underground + Elevated): Mumbai is known for its traffic snarls. To decongest Mumbai's roads, the Mumbai Metro Railway Corporation Limited (MMRCL) has already started the construction of the Colaba-Bandra-SEEPZ corridor of the Metro-3 project. This underground metro will prove to be a comfortable mode of transport. It will also lessen the crowd on the roads as well as in the local trains of Mumbai. This system of the metro will connect the major financial hubs in Mumbai such as Nariman Point, Fort, Worli, Lower Parel, BKC, Goregaon, etc., and also provide connectivity to the CSIA, SEEPZ, and MIDC. Many new real estate developments in Mumbai are now coming up in the vicinity of these localities where the metro line will provide connectivity. The underground metro will reduce travel time considerably and also provide comfort and security while traveling. Upon completion of all metro lines, the core system will comprise 13 high-capacity metro railway lines.

Mumbai Monorail Project: Mumbai Monorail is a monorail system built as part of a major expansion of public transport in the city. The first phase of Line 1 that connects Chembur to Wadala Depot is already operational since February 2014 and consists of 7 stations in the neighborhood of the Harbour railway line locations. The second phase of Line 1 consists of 11 stations from Wadala Depot to Sant Gadge Maharaj Chowk and the work for this phase was completed in February 2019 end.

Mumbai Trans Harbour Link: 21.8 km Mumbai Trans Harbour Link (MTHL or Atal Setu) by MMRDA is an operational 6 lane access-controlled sea bridge with a route alignment connecting Sewri in Mumbai with Chirle in Navi Mumbai. Mumbai Trans Harbour Link was inaugurated and opened on January 12, 2024. The eastern suburbs of Mumbai will connect with the mainland Mumbai through a 16.5 km sea bridge. The Link bridges across Mumbai's harbour and passes over Sewri mudflats, Pir Pau Jetty and Thane Creek channels. On the Sewri-end, a three-level interchange will connect with the under construction Sewri-Worli Elevated Corridor and Eastern Freeway. On the Navi Mumbai-end, the bridge has an interchange each at Shivaji Nagar and Chirle.

The freeway also connects to the Mumbai Pune Expressway and Western Freeway. This has had a positive boost to the real estate in Mumbai. This trans Harbour Link will reduce the commuting time from Churchgate to Navi Mumbai from 40 minutes to 20 minutes. This also means that there will be super-fast connectivity to Navi Mumbai and Konkan region.

Navi Mumbai International Airport: A new airport is also proposed to be developed in the Kopra – Panvel area through PPP mode. The proposed project has been continually delayed due to serious environmental issues related to mangroves and diversion of the river channel. The project has now received some key (particularly environmental clearance) permissions. This airport will make Mumbai the first city in India to house more than one airport. This airport still comes under the under-construction projects in Mumbai with construction already in process for Phase I. After the completion of Phase I the airport is expected to handle 10 million passengers per annum. As soon as the foundation stones of the project were laid, the demand for property in Navi Mumbai surrounding the airport saw an increase. The construction of the airport is expected to generate more than 4 lakh direct and indirect jobs in Navi Mumbai. As the development prospects are high, many real estate builders in Mumbai are planning to come up with real estate projects in Navi Mumbai.

Coastal Road, Mumbai: The Coastal Road is an under construction 8-lane, 29.2-km long freeway that would run along Mumbai's western coastline connecting Marine Lines in the south to Kandivali in the north which is divided into 2 phases. Phase I - 9.98 km section from Princess Street Flyover at Marine Lines to the Worli end of the Bandra-Worli Sea Link (BWSL) which is partially operational. Phase II - 19.22 km road between the Bandra end of the BWSL and Kandivali, will be constructed by MSRDC which is proposed. The phase includes the 9.5 km Versova-Bandra Sea Link. The Coastal road has been partially opened for public. The 10.5 Km long South-bound lane from Worli to Pricess Flyover became operational in March 2024.

Thane Borivali Twin Tunnels: Presently there is no direct connection between Thane and Borivali. The Thane Ghodbunder Road (SH-42) is a major link road connecting East West link and carries heavy commercial traffic between NH-3 and NH -8. The distance from Thane to Borivali via Ghodbunder is 23 km. It takes about 1 to 1.5 hours to cover the distance from Thane to Borivali in the morning and evening during peak hours and at least 1 hour at other times. The construction of twin tube tunnel is proposed between Thane and Borivali under Sanjay Gandhi National Park, so that the journey from Thane and Borivali will reduce by 12 Km.

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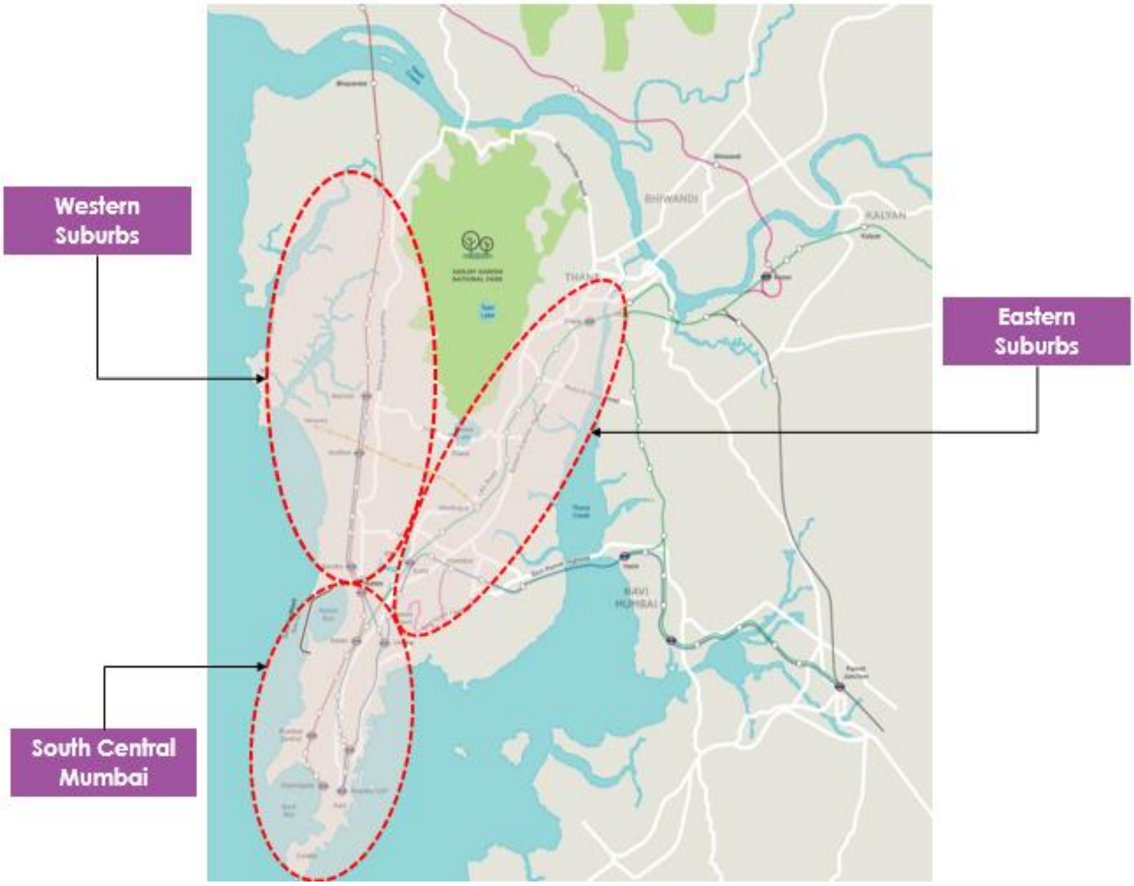
DILEANATION OF RESIDENTIAL MICRO-MARKETS OF MCGM

The administrative boundary of MCGM represents the micro market of the Western Suburb, South Central Mumbai, and Eastern Suburb.

Figure 34



Source: *Anarock Research. The base map is of MMR region with MCGM areas highlighted in the map.*

Sr. No.	Micro-market	Key Locations	Micro-market Characteristics
1	South Central Mumbai	Cuffe Parade, Colaba Lower Parel, Prabhadevi, Dadar, Worli, Parel, Mahalaxmi, Byculla, Sewri, Wadala	The most premium micro-market with the costliest residential real estate. Lesser launches, predominantly redevelopment. Home to Businessmen and industrialists.
2	Western Suburbs	Bandra, Khar, Andheri, Jogeshwari, Vile Parle, Goregaon, Malad, Kandivali, Borivali, Santacruz	Established residential suburbs with the coastal line on its west and Airport at its east. Trades at a premium than eastern suburbs. Dominated by redevelopment projects. Home to many famous personalities related to entertainment industry. Sought after micromarket as residential node.

Sr. No.	Micro-market	Key Locations	Micro-market Characteristics
3	Eastern Suburbs	Kurla, Powai, LBS Marg, Ghatkopar,Vidyavihar, Vikhroli, Mulund, Sion, Bhandup	Developed residential suburbs. Many office developments at walking distance of the residential developments

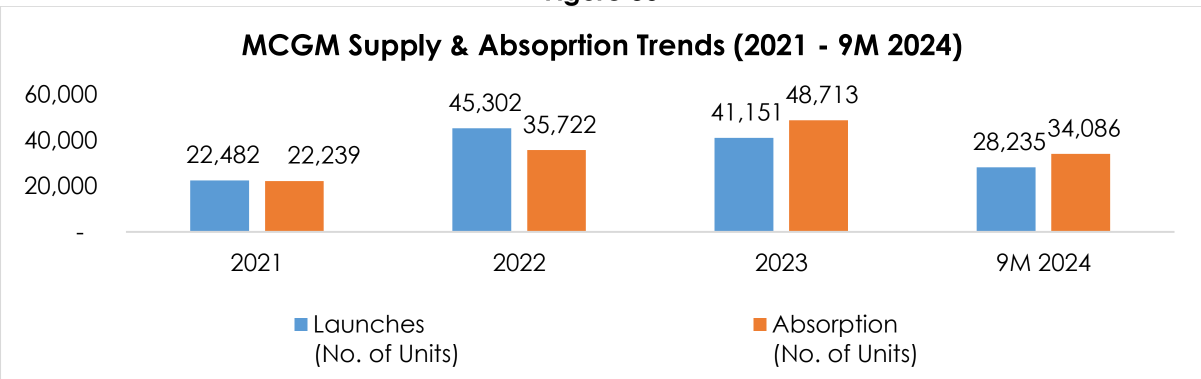
MCGM LEVEL – SUPPLY & ABSORPTION ANALYSIS, UNSOLD INVENTORY & INVENTORY OVERHANG – CY 2021 TO CY 9M 2024

Supply and Absorption Analysis

Since 2021, in the post-pandemic era, there has been a constant upward trajectory in absorption levels. In 2023, the supply and absorption levels are at par in terms of percentage increase over 2022. -Till 9M 2024 is showcasing good absorption in comparison to supply. This reflects that the last two years have been very strong for the MCGM market

The following graph sets forth supply and absorption trends (in units) in the MCGM from CY 2021 to 9M 2024:

Figure 35



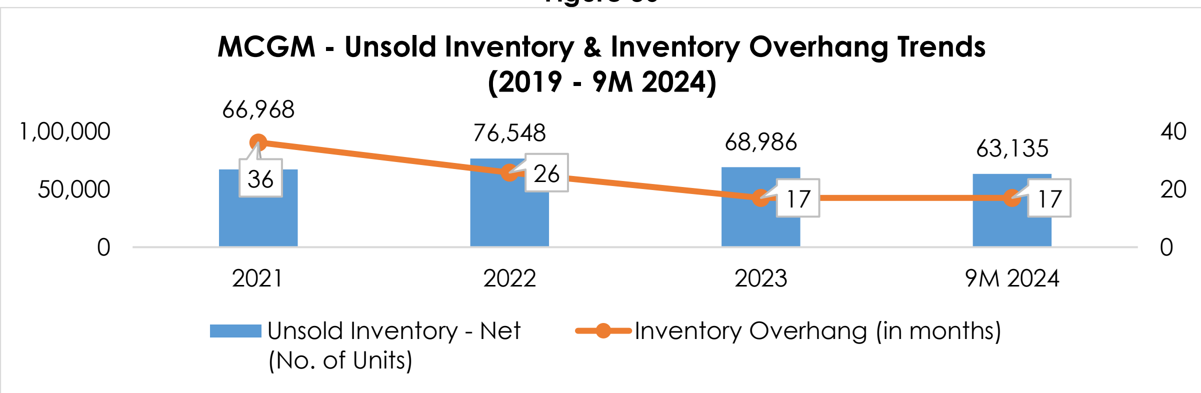
Source: *Anarock Research*
Note: *All the figures in the above graph are as per Calendar Year (CY)*

Unsold Inventory

The overall unsold inventory gradually peaked in 2022 and there is a gradual decrease since then.

The following graph sets forth unsold inventory and inventory overhang (in months) trends in the MCGM from CY 2021 to 9M 2024:

Figure 36

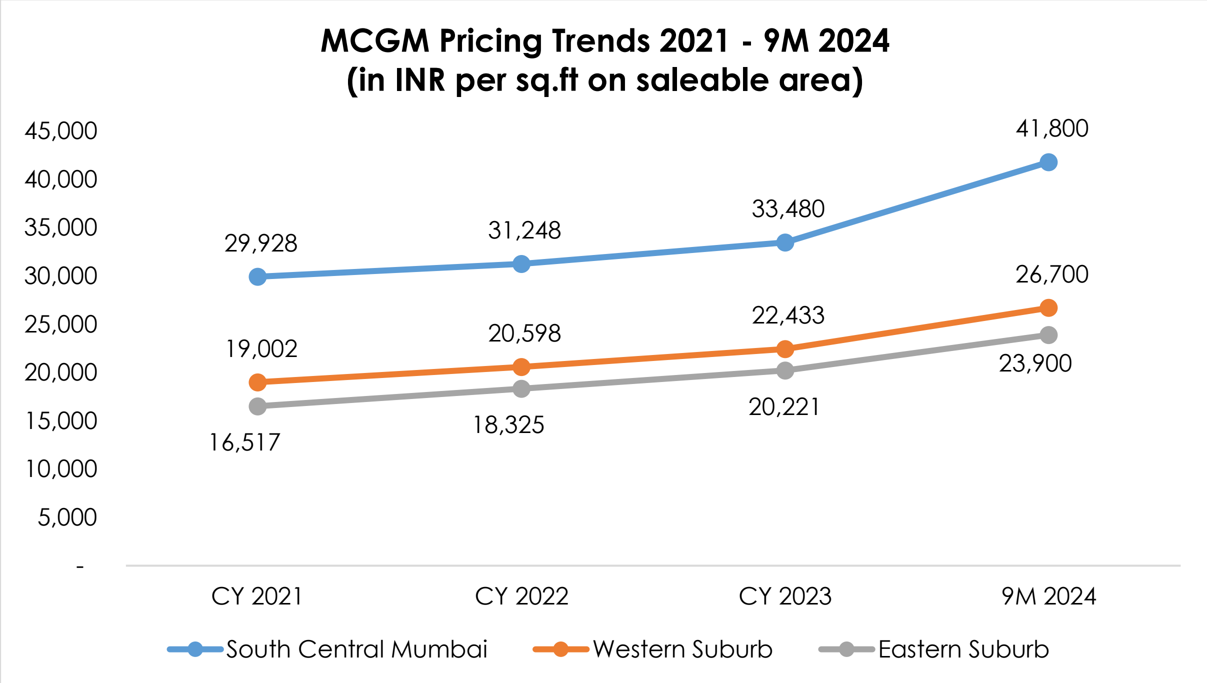


Source: *Anarock Research*
Note: *All the figures in the above graph are as per Calendar Year (CY)*

Capital Value Movement

In the post-pandemic era, since 2021, there has been an upward movement in capital value, whereas 9M 2024 has seen good capital value movement.

Figure 37



Source: *Anarock Research*
Note: *All the figures in the above graph are as per Calendar Year (CY)*

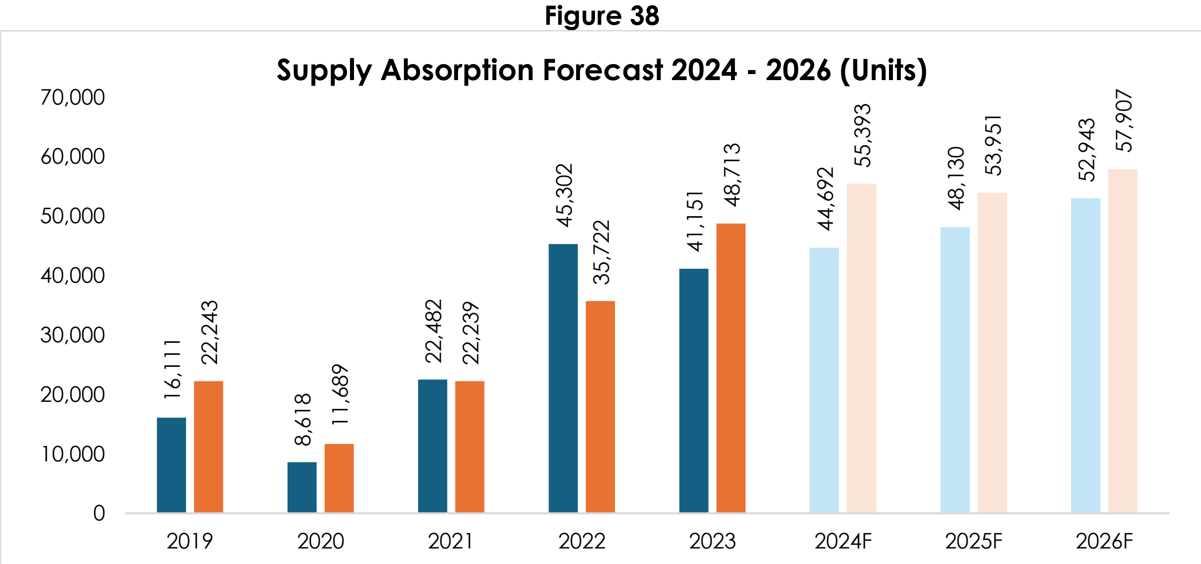
Capital values in MCGM have been relatively on the higher side among the top seven cities of India. From 2023 to 9M 2024 there has been an average growth rate of 20% for all the three micro markets. South Central has seen the highest growth rate of 25% from 2023 to 9M 2024, followed by the western suburb with 19% and the eastern suburb with 18%.

MCGM – SUPPLY, DEMAND AND PRICE FORECAST & OUTLOOK FROM CY 2024 TO 2026

Supply Forecast: For the period CY 2019 - 2023, a significant increase has been observed in the number of launches. Although 2023 has witnessed fewer launches as compared to 2022, for the period 2024 -2026, Anarock anticipates a gradual increase in launches.

The following graph sets forth the supply outlook for MCGM from CY 2024 to 2026F:

Figure 38



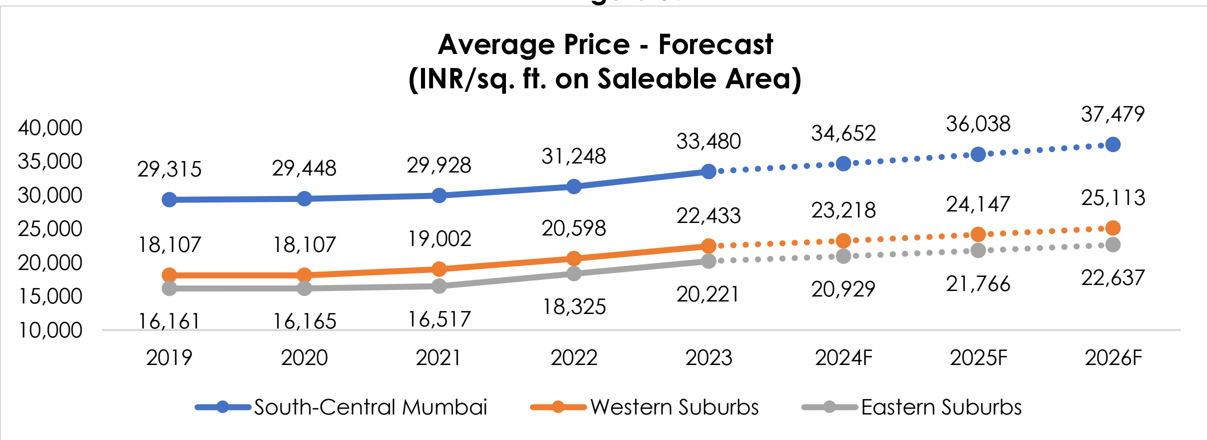
Source: *Anarock Research*
Note: *All the figures in the above graph are as per Calendar Year (CY)*

Absorption Forecast: For the period CY 2019 - 2023, the annual absorption levels have increased notably from 2021 – 2023. The annual absorption recorded in MCGM in 2023 has increased by 36% over absorption recorded in 2022. Anarock expects that from 2024 onwards, the annual absorption levels will stabilize and see a minimal rise.

Pricing Forecast: The MCGM has witnessed aggressive absorption levels across the sub-markets. While the quantum of absorption has been high in suburbs, the absorption in terms of value has been higher in South-central Mumbai as luxury units have seen traction in primary sales, especially from branded developers. South-Central Mumbai, Western Suburbs, and Eastern Suburbs are expected to witness a price increase to the tune of 12% till 2026.

The following graph sets forth the pricing forecast for MCGM areas (South Central Mumbai, Eastern Suburbs, and Western Suburbs) from CY 2024 - 2026:

Figure 39



Source: Anarock Research
Note: All the figures in the above graph are as per Calendar Year (CY)

Note: Accuracy of forecast is subjected to unforeseen situations and circumstances, especially unpredictable nature of Covid-19 pandemic waves, which will have impact on market performance. Also, the projections may be re-visited by end of CY Q1, in order to validate the projected performance of the remaining 3 quarters basis the performance of Q1.

4. MCGM MICRO MARKETS RESIDENTIAL REAL ESTATE OVERVIEW

INTRODUCTION TO SOUTH CENTRAL MARKET

South Central Mumbai is a premium real estate micro-market in the MCGM with high capital values and few new launches in comparison to the launches of overall MCGM, due to paucity of land parcels in the micro-market.

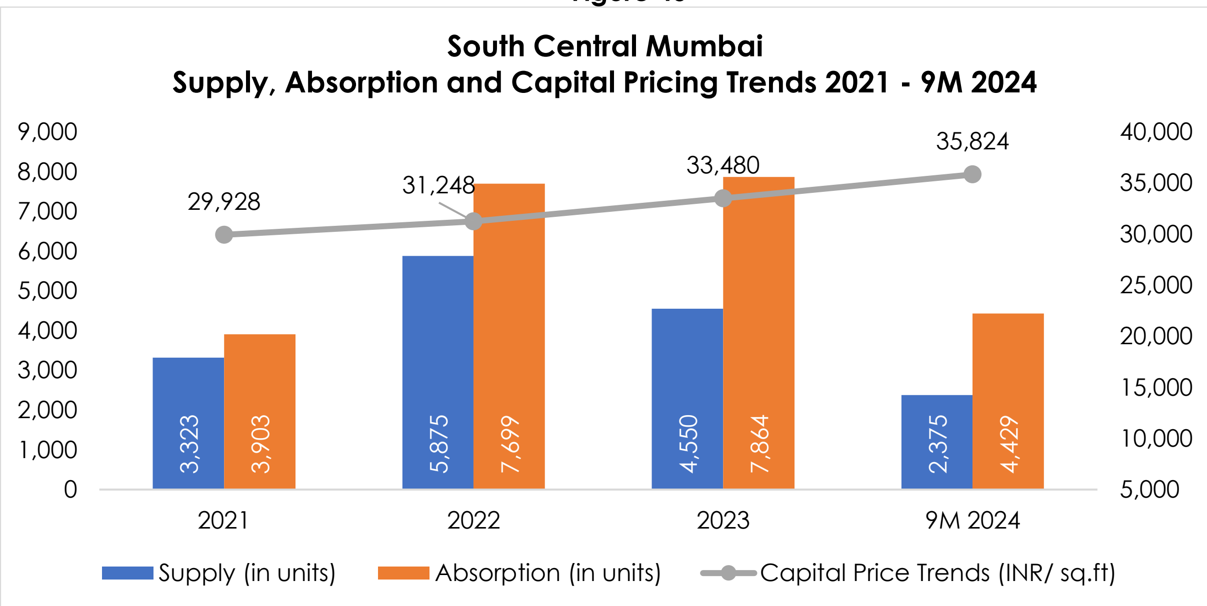
Prominent real estate developers: Kalpataru, Lodha Group, Piramal Realty Limited, Oberoi Realty Limited, K Raheja Corp Private Limited, Indiabulls Real Estate Limited.

Key demand drivers for the micro-market: The micro-market has accessibility to office locations in Nariman Point, Fort, Colaba and Cuffe Parade and improved social and physical infrastructure. It is strategically connected to various parts of Mumbai via Eastern Freeway, Central Railway Line and Western Railway Line, which have further enhanced the demand for the micro-market. South Central micro-market has a host of upcoming metro lines viz. underground Metro Line 3 (Colaba – Bandra – SEEPZ), Metro Line 11(CSMT – Wadala) and Metro Line 4 (Wadala – Thane) is expected to further boost the micro-market's connectivity to locations within the suburbs and peripheral locations of MMR. Further, recently partially opened Coastal Road connecting Marine Drive to Worli, and Mumbai Trans Harbour Link Road (MTHL) has enhanced the connectivity of the micro-market to Western Suburbs and Navi Mumbai.

SOUTH CENTRAL MUMBAI – SUPPLY & ABSORPTION ANALYSIS, UNSOLD INVENTORY, INVENTORY OVERHANG & PRICING MOVEMENT – CY 2021 TO 9M 2024

The following graph sets forth supply, absorption, and capital values in the South-Central Mumbai micro-market from CY 2021 – 9M 2024:

Figure 40



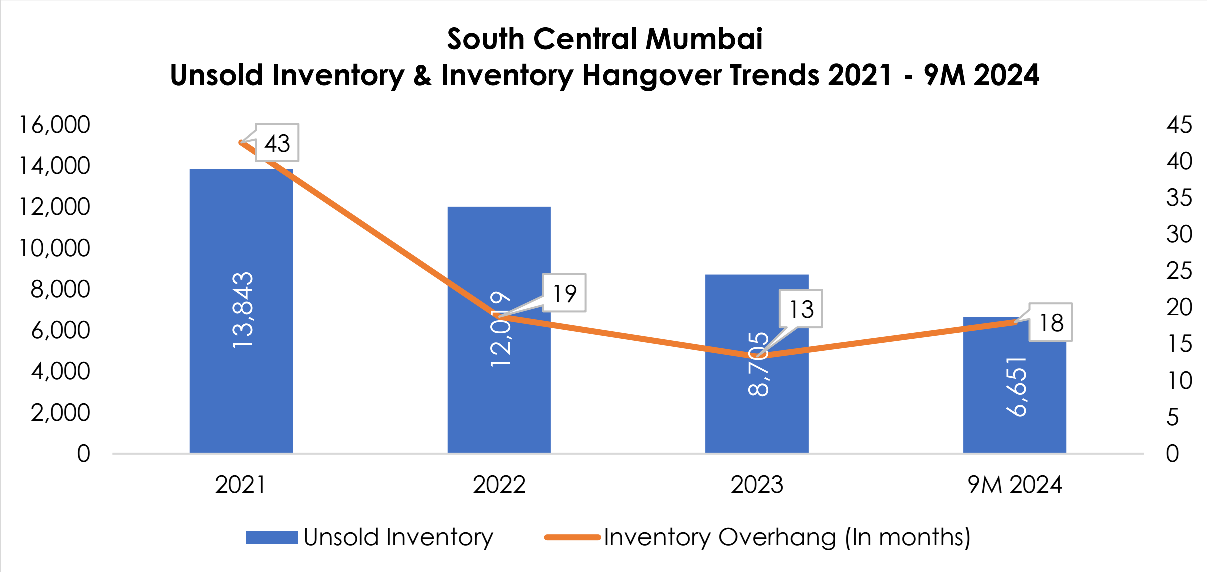
Source: *Anarock Research*
Note: All the figures in the above graph are as per Calendar Year (CY)

New launches in South Central Mumbai have shown gradual increase from 2021 to 2022 and a drop then onwards. Absorption of units in the micro-market has shown a significant increase from 2021 to 2023. 2022 and 2023 have witnessed good absorption levels in the micro market with sales (in units) almost doubling as compared to 2021 levels which shows the improvement in market dynamics of South-Central Mumbai. Developer's reputation and brand name are key factors that attribute towards sale of developments in this micro-market.

Capital prices have appreciated at an average of 6%, year-on-year, in this micro-market, due to high competitiveness of the micro-market from 2021 to 9M 2024.

The following graph sets forth unsold inventory and inventory overhang (in months) trends in South Central Mumbai micro-market from CY 2021 – 9M 2024:

Figure 41



Source: *Anarock Research*
Note: All the figures in the above graph are as per Calendar Year (CY)

There is a significant decrease in unsold inventory from 2021 to 9M 2024. Due to substantial increase in absorption levels post-pandemic, the inventory overhang has reduced considerably.

INTRODUCTION TO WESTERN SUBURBS

Western Suburbs are established residential suburbs with coastal line on its west and airport at its east. Luxury developments have been launched across Western Suburbs with greater concentration in Bandra to Juhu stretch and in select pockets of Andheri, Goregaon, Malad and Borivali

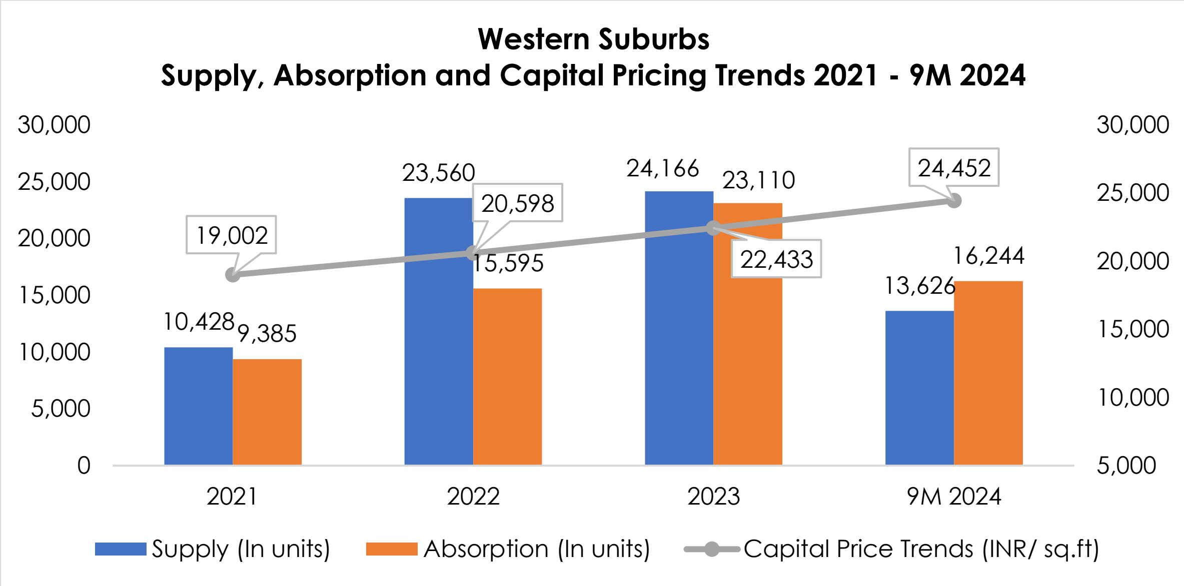
Prominent real estate developers: Kalpataru, Lodha Group, Rustomjee Group, Lotus Developer, K Raheja Corp Private Limited, Oberoi Realty Limited and SD Corporation Private Limited.

Key demand drivers for the micro-market: The micro-market has good physical and social infrastructure with proximity to Sanjay Gandhi National Park. It is strategically connected to various parts of Mumbai via Western Railway line and Western Express Highway. The operational metro line 1 connects micro-market to the Eastern Suburbs micro-market, and the operational metro lines 2A, 2B along with upcoming metro lines 3 and 6 are expected to enhance the micro-market's connectivity to various parts of the city. Further, the Chunnabhatti – BKC flyover, SCLR and Kalanagar flyover have enhanced the connectivity to office locations within BKC. Good accessibility to office locations and improved social and physical infrastructure majorly help in the customer preferences and sales driving factors.

WESTERN SUBURB LEVEL – SUPPLY & ABSORPTION ANALYSIS, UNSOLD INVENTORY, INVENTORY OVERHANG & PRICING MOVEMENT INVENTORY – CY 2021 TO 9M 2024

The following graph sets forth supply, absorption, and capital values in the Eastern Suburbs micro-market from CY 2021 – 9M 2024:

Figure 42

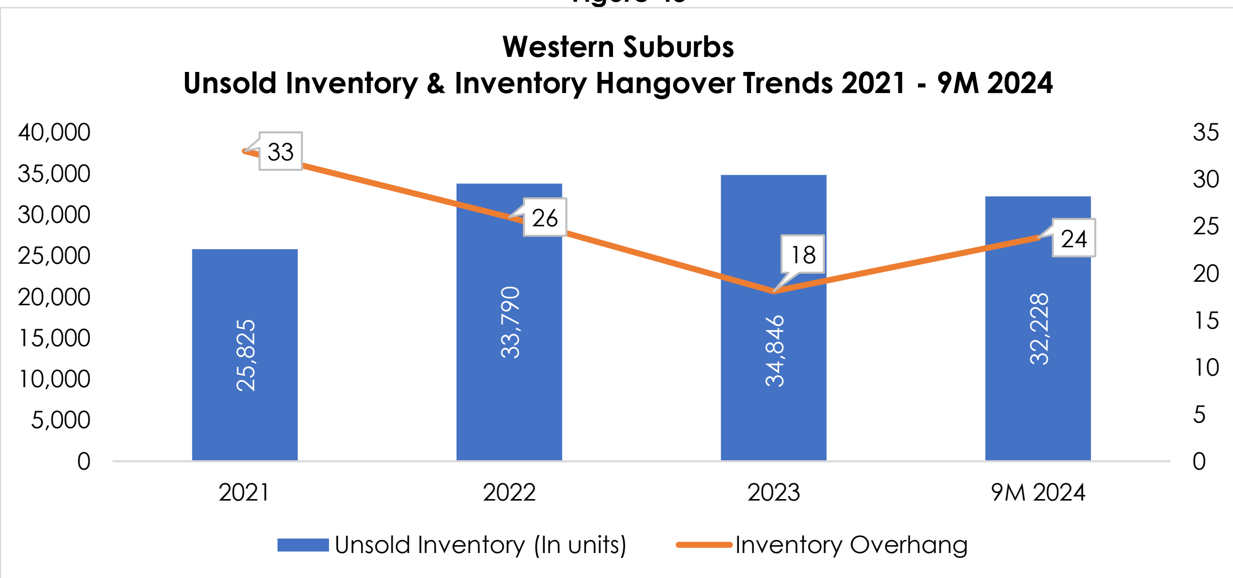


Source: Anarock Research
Note: All the figures in the above graph are as per Calendar Year (CY)
From 2021 to 2023, new launches in the Western Suburbs increased. However, absorption continued to rise steadily throughout this period. In 9M 2024, absorption surpassed the supply.

Capital prices surged due to good absorption in 2023 and 9M 2024, with prominent developers aligning new launches with prevailing capital values. On average, capital prices appreciated by slightly over 6% annually post the Covid Phase i.e., 2021.

The following graph sets forth unsold inventory and inventory overhang (in months) trends in Western Suburbs micro-market from CY 2021- 9M 2024:

Figure 43



Source: Anarock Research
Note: All the figures in the above graph are as per Calendar Year (CY)

Unsold inventory in the Western suburbs dropped in 9M 2024 to 32,228 units, as opposed to its rise from 2021 to 2023. Additionally, inventory overhang levels significantly reduced during 2022 - 2023, reaching an all-time low of 13 months by 2023. An increase in inventory overhang was observed in 9M 2024.

DEMAND DRIVERS FOR THE MICRO MARKETS INCLUDING INFRASTRUCTURE DEVELOPMENT

South Central Mumbai Micro-market:
The micro-market has accessibility to office locations in Nariman Point, Fort, Colaba and Cuffe Parade and improved social and physical infrastructure. It is strategically connected to various parts of Mumbai via Eastern Freeway, Central Railway Line and Western Railway Line, which have further enhanced the demand for the micro-market.

South Central micro-market has a host of upcoming metro lines viz. underground Metro Line 3 (Colaba – Bandra – SEEPZ, Metro Line 11(CSMT – Wadala) and Metro Line 4 (Wadala – Thane) is expected to further boost the micro-market's connectivity to locations within the suburbs and peripheral locations of MMR.

Further, upcoming Coastal Road connecting Marine Drive to Kandivali and Mumbai Trans Harbour Link Road (MTHL) will enhance the connectivity of the micro market to Western Suburbs and Navi Mumbai.

Western Suburb Micro-market:

The micro-market has good physical and social infrastructure with proximity to Sanjay Gandhi National Park. It is strategically connected to various parts of Bandra Versova Coastal Road, Mumbai via the Western Railway line and Western Express Highway.

The operational metro line 1 connects the micro-market to the Eastern Suburbs micro-market, and the operational metro lines 2A, 2B along with upcoming metro lines 3 and 6 are expected to enhance the micro-market's connectivity to various parts of the city.

Further, the Chunnabhatti – BKC flyover, SCLR and Kalangar flyover have enhanced the connectivity to office locations within BKC. Good accessibility to office locations and improved social and physical infrastructure majorly help in the customer preferences and sales driving factors.

MARKET SHARE OF LOTUS DEVELOPER IN WESTERN SUBURB & SOUTH-CENTRAL MARKET – FROM CY 2021 TO 9M 2024 (CONSOLIDATED)

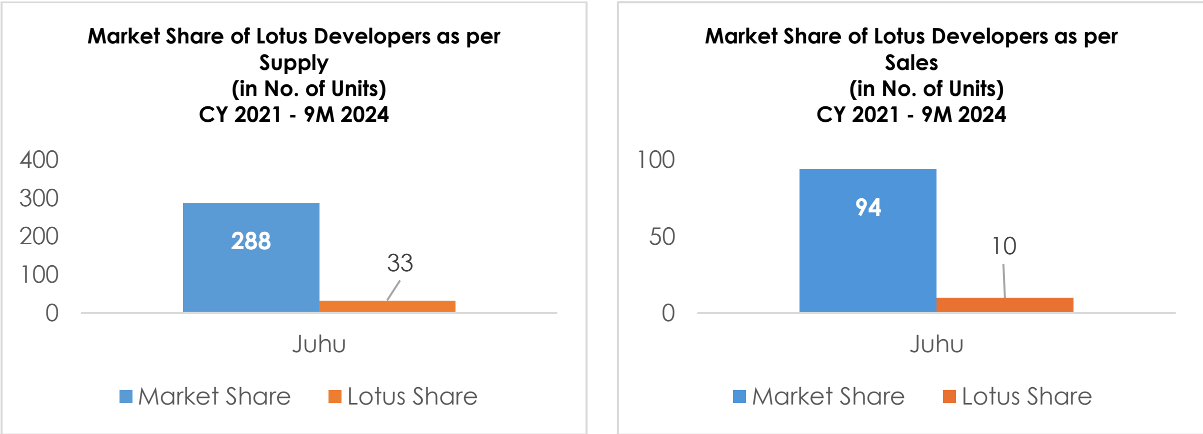
Andheri West, JVPD and Juhu areas have historically been known for their bungalows, with recent years witnessing a rise in luxury apartments. The locality continues to be a preferred choice for affluent residents, including celebrities and business families, emphasizing its reputation as a premium location. Most new projects in this area are positioned as luxury residential developments having spacious apartments, apartments with terraces and balconies, duplexes, and penthouses, aligning with the characteristics of the local real estate market.
Prominent luxury projects in this location include Amalfi and Arcadian by Lotus Group, Cullinan by Macrotech Developers Limited, Transcon Triumph by Transcon Developers, and Wadhwa Nest by Wadhwa Group

i. **Overall market level ranking and relative positioning above ticket size of 7 Crores in terms of supply and sales for the locations of Andheri- West, Juhu, Bandra- West and Prabhadevi.**

The following graph sets forth the total market share of Lotus Developers in terms of Supply (in INR 7 Crores and above) and sales in various locations within MCGM consolidated from CY 2021 to CY 9M 2024.

ANAROCK Property Consultants Pvt. Ltd.

Figure 44



***Source**: Anarock Research*

Lotus Developer has achieved an average of 11% market share in both the supply and sales of units compared to the average number of units in the market

The following projects of Lotus Developers are in different stages of planning or development They are intended to be positioned as luxury projects in the following various micro markets as depicted in table below.

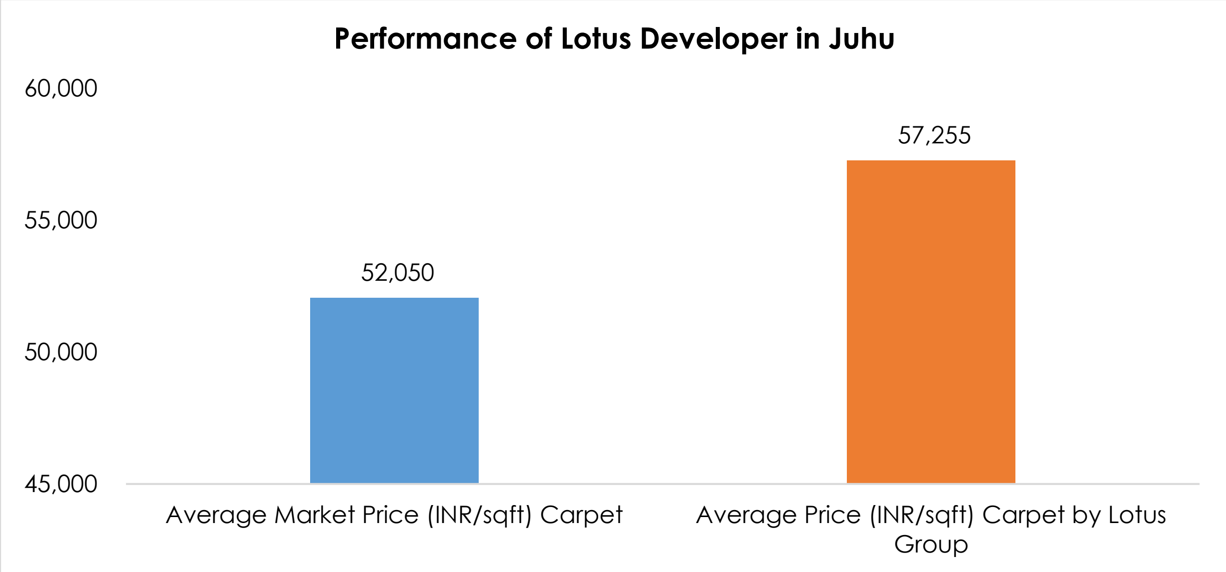
Project Name	Location	Expected Date of commencement	Expected date of completion	Estimated Saleable Area as per RERA (square feet)
Lotus Celestial	Versova, Andheri West	Quarter 1 of Fiscal 2026	2028-29	1,77,471
Lotus Aquaria	Prabhadevi	Quarter 2 of Fiscal 2026	2029-30	93,437
Lotus Aurelia	Nepean Sea Road	Quarter 3 of Fiscal 2026	2028-29	61,564
Lotus Nexus	Juhu	Quarter 3 of Fiscal 2026	2028-29	2,21,623
Lotus Solana	Ghatkopar	Quarter 1 of Fiscal 2027	2029-30	1,29,199
Lotus Monarch	Juhu	Quarter 1 of Fiscal 2027	2029-30	1,85,397

***Source**: As provided by the client*

PERFORMANCE OF LOTUS DEVELOPER IN WESTERN SUBURB & SOUTH-CENTRAL MICRO-MARKET

The following graph sets forth the pricing achieved by Lotus Developer in Juhu micro-market:

Figure 45



***Source**: Anarock Research*

The Lotus developers command a premium of 10% in Juhu market, the probable factors for this premium include good brand recall, construction quality, timely execution, and customer satisfaction. In high-value markets like Andheri West where the average market price is INR 36,190 per sq.ft., Bandra West where the average market price is INR 65,500 per sq.ft. and Prabhadevi where the average market price is INR 53,088 per sq.ft. Lotus Group has projects at various stages of planning and development in these micro markets, and we anticipate that these factors will influence pricing.

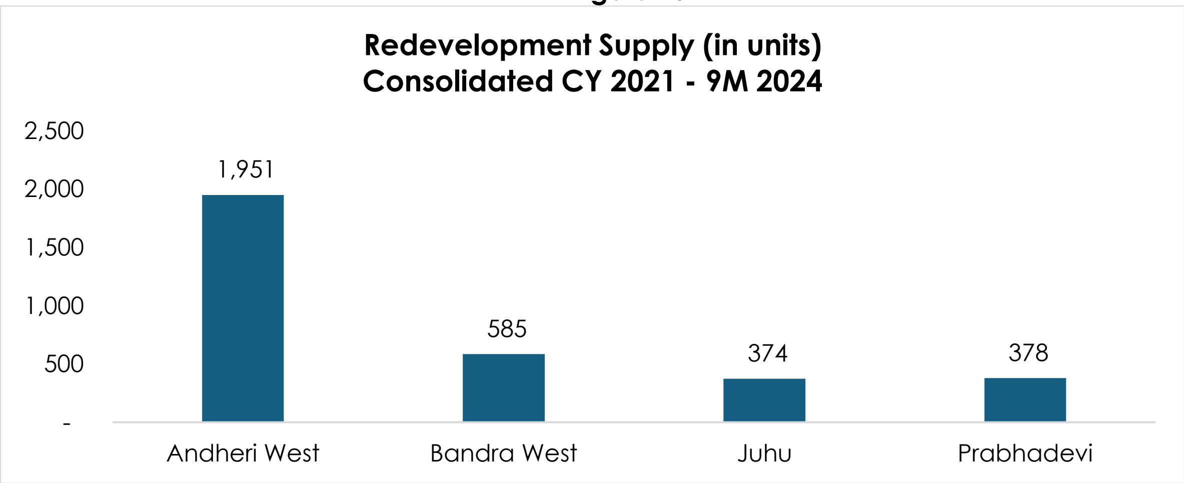
5. OVERVIEW OF REDEVELOPMENT PROJECTS

In Mumbai, redevelopment plays a crucial role due to the limited availability of land, particularly in the western suburbs. This micro-market faces significant land constraints, making redevelopment a key factor in addressing the demand.

The following section presents an overview of the Andheri West, Juhu, Bandra West and Prabhadevi submarkets:

The below graph represents the redevelopment supply units in select micro-markets from CY 2021 to 9M 2024:

Figure 46



***Source**: Anarock Research*

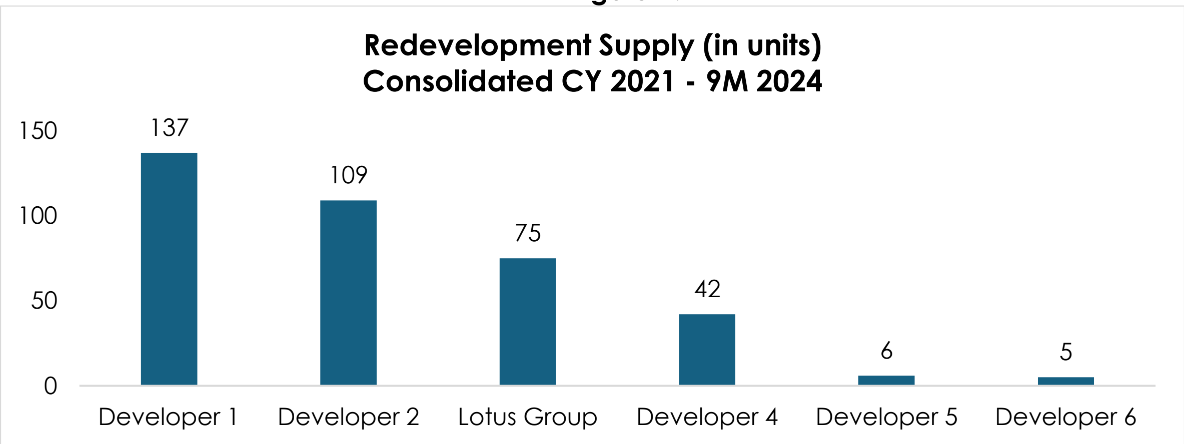
***Note:** All the figures in the above graph are as per Calendar Year (CY)*

Out of these 3,288 redevelopment units, Andheri West leads with the highest supply in the above micro market. Followed by Bandra West, Prabhadevi, and Juhu.

JUHU OVERVIEW

The following graph depicts the percentage share of redevelopments in the Juhu market from CY 2021 to 9M 2024.

Figure 47



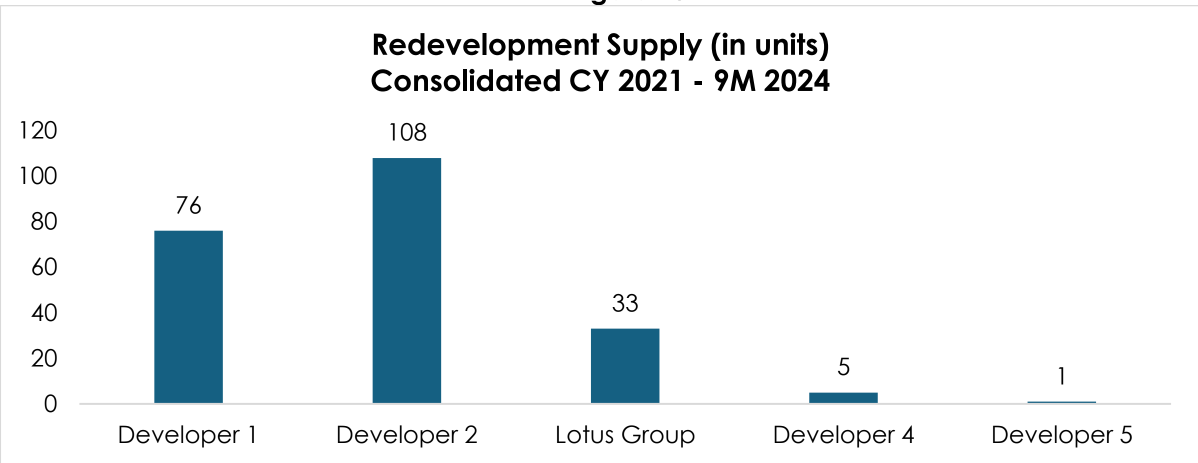
***Source**: Anarock Research*

***Note:** All the figures in the above graph are as per Calendar Year (CY)*

Out of these 374 redevelopment units launched in Juhu between CY 2021 to 9M 2024, Lotus Group has launched 75 units. Hence, the overall consolidated market share of Lotus Group in Juhu from CY 2021 – 9M 2024 is 20%

The below graph represents the developers' share in redevelopment supply units for 7 Cr and above segment in select micro-markets from CY 2021 to 9M 2024:

Figure 48



***Source**: Anarock Research*

***Note:** All the figures in the above graph are as per Calendar Year (CY)*

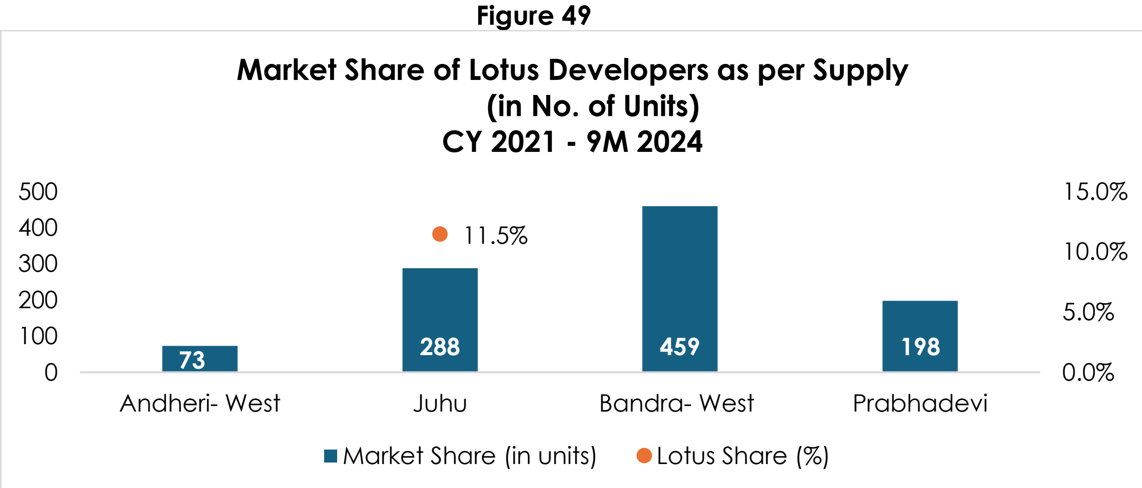
Out of these 223 redevelopment units in 7 Cr and above segment launched in Juhu between CY 2021 to 9M 2024, Lotus Group has launched 33 units. Hence, the overall consolidated market share of Lotus Group in Juhu for 7 Cr. and above segment from CY 2021 – 9M 2024 is 15%.

MARKET SHARE AND RELATIVE POSITIONING OF LOTUS DEVELOPER IN WESTERN SUBURBS AND SOUTH-CENTRAL MARKET - FROM 2021 TO 9M 2024 (CONSOLIDATED)

Overall market level ranking and relative positioning above ticket size of 7 Crores in terms of supply for the locations of Andheri- West, Juhu, Bandra- West and Prabhadevi.

The following graph sets forth the total market share of Lotus Developers in terms of Supply (in INR 7 Crores and above) in various locations within MCGM consolidated from CY 2021 to CY 9M 2024.

Figure 49



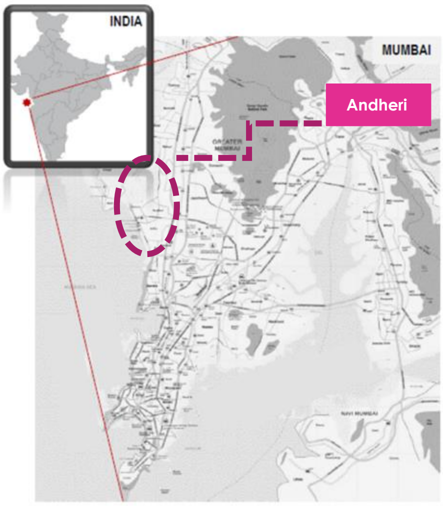
Source: *Anarock Research*

Note: *All the figures in the above graph are as per Calendar Year (CY)*

6. OVERVIEW OF COMMERCIAL STRATA MARKET AT MMR LEVEANDHERI WEST

The Commercial real estate market of Mumbai is divided into various business districts. Andheri is part of the Secondary Business District (SBD) where the key constitute locations are Andheri, Jogeshwari, Goregaon, Malad, Borivali. Andheri West has emerged as a prominent commercial and residential hub, offering strategic location advantages, excellent connectivity, and a diverse range of real estate options. As one of Mumbai's key business districts. Andheri West is now hosting 4.32 million sq ft of office space with a diverse occupier base.

Figure 50: Andheri West Office – Snapshot



Parameter	Andheri West Office Market Highlights
Grade A Office stock (in million sq. ft.)	**4.32**
Vacancy (in %)	**15.0%**
Average Rent (INR per sq. ft. per month on leasable area)	**142**

Source: *Anarock Research, As of September 2024*

DEMAND DRIVERS FOR ANDHERI WEST COMMERCIAL OFFICE MARKET

Strategic Location and Connectivity

Proximity to Major Hubs: Andheri West is centrally located within Mumbai, providing easy access to key commercial districts such as Bandra-Kurla Complex (BKC), Lower Parel, and Nariman Point. Its connectivity to both the western suburbs and South Mumbai makes it a prime location for businesses.

Access to Transport Networks: The area enjoys excellent road and rail connectivity, with the Western Express Highway providing a direct link to various parts of the city. The Andheri Railway Station, a major suburban station, connects the area to Mumbai's extensive local train network. Additionally, its proximity to the Chhatrapati Shivaji Maharaj International Airport adds value, especially for businesses with frequent travel needs. Metro line 7A (Gundavali to Andheri West), Metro Line 2A (D.N. Nagar to Andheri West) and Metro Line 7 (Dahisar East to Gundavali) will improve overall connectivity to commercial hub in Goregaon East and Malad Mindspace.

Proximity to the Entertainment and Media Industry:

Media and Entertainment Hub: Andheri West is a significant hub for the media, entertainment, and creative sectors, with the presence of Film City(at convient distance at Goregaon), media houses, and television production studios. Many media companies, production houses, and advertising firms prefer to have offices here due to the area's proximity to the heart of the entertainment industry in Mumbai.

Broadcast and Digital Media: The increasing demand for digital content has led to a rise in media and digital agencies setting up offices in the area, further driving commercial real estate demand.

Availability of High-Quality Office Spaces:

New Developments and Refurbishments: The commercial office market in Andheri West has seen a wave of new office complexes with modern amenities. Many older office buildings have also undergone refurbishment, offering businesses modern, flexible office solutions.

Flexibility and Customization: The growing demand for flexible workspaces, co-working spaces, and customizable office layouts has made Andheri West an attractive destination for startups and SMEs. These spaces cater to diverse business needs, providing everything from private offices to open-plan spaces with shared amenities.

Strong Infrastructure Development:

Ongoing Infrastructure Projects: Significant infrastructural developments such as the Metro Line 7 (Andheri East to Dahisar East), Andheri-Goregaon Elevated Corridor and Coastal Road are enhancing connectivity in the region, making it even more accessible. These projects are expected to ease traffic congestion and improve overall mobility, which will further increase the attractiveness of Andheri West for commercial office users. Metro line 7A (Gundavali to Andheri West), Metro Line 2A (D.N. Nagar to Andheri West) and Metro Line 7 (Dahisar East to Gundavali) will improve overall connectivity across the western suburbs of Mumbai.

Planned Developments: The ongoing and future developments in the area, including office towers and commercial spaces, contribute to a competitive market with high-quality offerings that appeal to a range of businesses.

Varied housing options

Andheri West has a well-developed residential market. It also experiences good demand for rental housing, attracting interest from investors. End users as well as investors have varied options to choose from either primary or secondary markets to buy from. Andheri West market offers ultra luxury and luxury residential development which contributes to demand for office space for family businesses and professionals. It is also home to many media personalities and affiliated individuals, making it a convenient choice for office location.

OCCUPIER CLASSIFICATION IN OFFICE MARKET – ANDHERI WEST

The occupiers of the commercial market in Andheri West are diverse universe, reflecting the area's appeal to a range of industries and businesses. The commercial landscape in Andheri West is characterized by a mix of corporates, small and medium enterprises (SMEs), startups, and retail businesses. It is primarily driven by the strata sale model, where individuals mainly purchase office spaces for self use, followed by those seeking them as investment opportunities and for leasing.

- Advertising agencies, Post-Production Studios, Talent Management agencies, Event Management Companies, Media and PR Agencies, Consulting Firms, IT and Tech firms are the primary occupier categories.
- Family Business Offices, Co-working spaces & professionals are the other occupier categories. Contributing to diversity to occupier base.

PROMINENT OFFICE BUILDING DETAILS AND RECENT TRANSACTION IN ANDHERI WEST

Andheri West is one the of Mumbai's key commercial and office hubs, offering a variety of office spaces catering to different businesses and industries majorly into media and entertainment.

The office market in Andheri West is diverse. They have options ranging from small office setups to larger corporate spaces within modern commercial buildings.

Types of Office Spaces in Andheri West

- **Premium Office Spaces**: Andheri West is an established office market, there are also modern, high-end office complexes offering premium facilities like gyms, cafeterias, conference rooms, and dedicated parking spaces.
- **Small and Mid-Sized Offices**: There are plenty of options for small businesses, consultants, and professional services looking for flexible office solutions.
- **Co-working Spaces**: Andheri West has seen a rise in co-working and shared office spaces, catering to freelancers, startups, and small businesses. Popular co-working brands like WeWork, Regus, and coworking hubs in office buildings are prevalent in the area.

Current Status for 9M 2024 for Andheri West Micro market:

Particulars	
Supply (in mn sq.ft)	4.32
Under Construction Supply (in mn sq.ft)	~ 0.11
Vacancy	15.00%
Avg. Rent (Leasable Area per sq.ft/m)	142
Capital Value (Leasable Area per sq.ft)	28,100

Source*: Anarock Research*

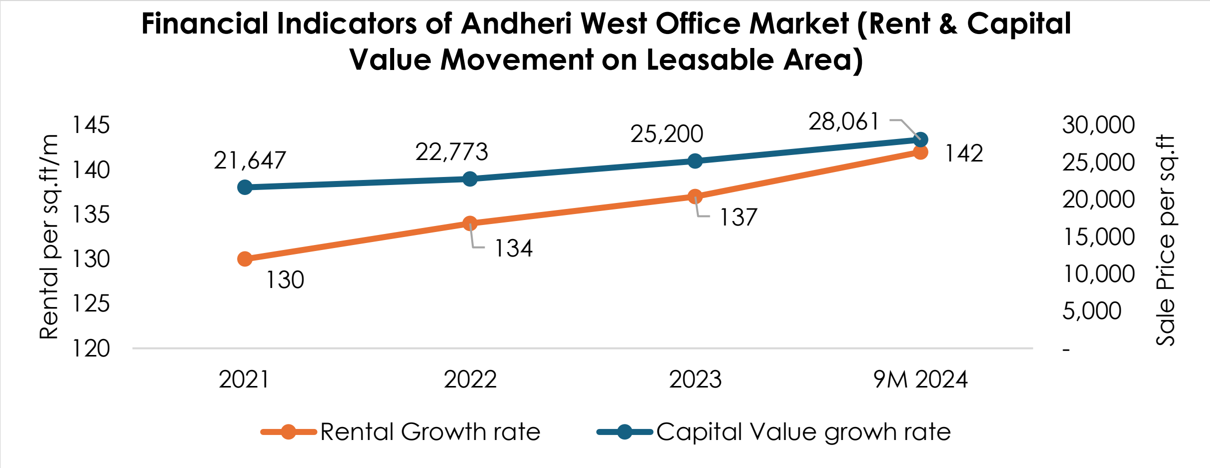
As of 9M 2024, the Grade A office Stock is 4.32 million sq. ft. The estimated under-construction supply is approximately 0.11 million sq. ft., primarily from Integrated Kavya & Shanti Raman Capital.

The following projects of Lotus Developers are in different stages of planning or development in the following various micro markets as depicted in table below.

Project Name	Location	Expected Date of commencement	Expected date of completion	Estimated Saleable Area as per RERA (square feet)
Lotus Trident	Andheri West	Quarter 4 Fiscal	2027-28	1,37,450
Arc One	Andheri West	Quarter 4 Fiscal	2027-28	87,039

Source*: As provided by the client*

Figure 51



***Source**: Anarock Research*

The commercial real estate market in Andheri West, Mumbai, is having a stable growth rate from 2021 to 9M 2024. The growth is driven by several factors such as robust demand for office spaces, retail growth, infrastructure developments, and a good business ecosystem.

Prominent Office Sale Transactions in Andheri West Submarket in 2024:

Registration Date	Building Name	Leasable Area (sq. ft)	Capital Value (Rs/sq. ft/month on leasable area)	Buyer
Jun	Signature	12,036	49,500	Individual Buyer
Sep	Signature	2,722	44,619	High-Grade Industries India Pvt. Ltd.
Sep	X Cube Building	1,412	40,124	Pashupati Capital Services Pvt. Ltd.
Apr	Unicorn	3,763	39,430	Northstar Growth Advisors LLP
Jun	Signature	2,722	36,746	Ravi Udyawar Films Pvt. Ltd.
Jul	Raheja Plaza	1,905	32,284	Krishna Antioxidants Pvt. Ltd.
Aug	Peninsula Heights	3,384	31,383	Individual Buyer
Jun	Remi Commercio	3,992	26,611	Niva Enterprises
Jun	Supreme Chambers	18,240	24,671	Individual Buyer
Jan	Remi Commercio	2,643	22,306	Individual Buyer
Jun	Supreme Chambers	21,174	21,253	Individual Buyer

Source: Anarock Research, *As of September 2024*

The key sale transactions recorded in the year 2024 to 9M 2024 were primarily in Signature followed by X Cube Building and Raheja Plaza.

Prominent Lease transactions in Andheri West Submarket in 2024:

Registration Date	Building Name	Leasable Area (sq.ft)	Rent (Rs/sq,ft/month on leasable area)	Tenant
Jun	Lotus Business Park	8470	170	Ark Infosolutions Pvt. Ltd.
May	Supreme Chambers	14811	168	Suntech Ship Management Pvt. Ltd.
Jul	Aston Building	1194	159	Rivera Digitec India Pvt. Ltd.
May	Lotus Trade Centre	1972	153	Yaara Pictures Pvt. Ltd.
May	Laxmi Business Park	1572	153	CISB Services Pvt. Ltd.
Apr	Parinee I	1016	153	Grolman India Chemical Distribution Pvt. Ltd.
Aug	Durolite House	3286	148	Hettich India Pvt. Ltd.
Mar	DLH Plaza	1064	148	Dhariwal Brothers
Aug	Western Heights (Inspire Hub)	43489	140	Caesar Business Centre Pvt. Ltd.
May	Supreme Chambers	7535	140	Suntech Crew Management Pvt. Ltd.
Jul	Lotus Link Square	2439	138	Indira IVF Hospital Private Limited
May	Lotus Trade Centre	1260	135	Sri Kalasa Studios Pvt. Ltd.
Aug	Morya Grand	1492	134	Smartags Pvt. Ltd.
Jul	Lotus Signature	4241	132	Leo Media Collective Pvt. Ltd.

Source: Anarock Research, *As of September 2024*

The key rental transactions recorded in the year 2024 to 9M 2024 were primarily in Lotus Business Park followed by Supreme Chambers and Lotus Trade Centre.

Prominent commercial development in Andheri West Submarket in 9M 2024:

Project Name	Total Leasable Area	Floors	Vacancy	Avg. Rent (Rs/sq,ft/month on leasable area)	Avg. Capital Value (Rs/sq. ft/month on leasable area)	Building Efficiency	Disposal Model
Parinee 1	4,50,000	2B + G + 32	2%	150	25,600	71%	Strata + Leased by Parinee Group
Remi Commercio	2,54,000	G + 16	8%	170	24,400	70%	Strata
Remi Bizcourt	1,25,000	G + 15	10%	100	22,500	68%	Strata
Supreme Chambers	2,50,000	2B + G + 10	0%	170	23,000	71%	Strata
Unicorn Chandak	1,77,400	G + 26	6%	180	23,000	65%	Strata
Lotus Trade Center	80,000	G + 13	1%	140	20,000	71%	Strata
Laxmi Buiness Park	55,700	G + 5	5%	160	26,000	65%	Strata
Lotus Signature	1,83,400	4B + G + 28	18%	180	41,000	65%	Strata

Source: Anarock Research, *As of September 2024*

7. THREATS AND CHALLENGES TO THE BUSINESS

COMMON THREATS AND CHALLENGES ACROSS INDIA

Residential real estate in India faces several threats and challenges, impacting both developers and buyers. These challenges range from economic factors to regulatory issues and environmental concerns. Here are some key threats and challenges:

1. Economic Factors

- Economic Slowdown: An economic slowdown can lead to decreased demand for residential properties as potential buyers may delay purchases due to uncertainty.
- High Interest Rates: Increased interest rates on home loans can make borrowing more expensive, reducing the affordability of homes for many buyers.
- Unemployment and Income Levels: High unemployment rates or stagnant income levels can reduce the purchasing power of potential homebuyers.

2. Regulatory and Policy Issues

- Regulatory Changes: Frequent changes in real estate regulations can create uncertainty for developers and buyers. Policies like the Real Estate (Regulation and Development) Act, 2016 (RERA) have increased transparency but also with mandatory compliances developers have to set-up additional processes for the same.
- Taxation Policies: Changes in taxation policies, such as GST on under-construction properties and stamp duty rates, can affect the overall cost of property transactions.

3. Financial Challenges

- Liquidity Issues: Real estate developers often face liquidity issues due to high debt levels, leading to stalled projects and delayed deliveries.
- Funding and Investment: Limited access to funding and investment for new projects can slow down development. Private equity and bank financing may be difficult to secure without strong financials.

4. Infrastructure and Urbanization

- Infrastructure Deficits: Lack of adequate infrastructure such as roads, public transport, and utilities can make certain residential areas less attractive as it impacts the liveability index of the location.
- Urbanization Challenges: Rapid urbanization can lead to overcrowding, strain on resources, and unplanned development, affecting the quality of life in residential areas.

5. Environmental Concerns

- Sustainability and Green Buildings: There is a growing demand for sustainable and green buildings. Developers need to invest in eco-friendly construction practices, which can be costly. Moreover the upkeep and maintenance of such development is essential to continue being green certified, which may be challenging task when handed over to societies.
- Climate Change: Climate change and environmental degradation pose long-term risks to real estate, particularly in areas prone to flooding, earthquakes, and other natural disasters.

6. Social and Demographic Factors

- Changing Demographics: Shifts in demographics, such as the increasing preference for nuclear families, urban migration, and aging populations, can alter demand patterns.

- Consumer Preferences: Evolving consumer preferences for amenities, location, and lifestyle can impact the types of residential properties that are in demand.

8. Legal and Compliance Issues

- Litigation Risks: Developers may face legal challenges related to land disputes, construction defects, and delays in project completion.
- Compliance with Standards: Ensuring compliance with various construction standards, environmental regulations, and safety norms can be challenging and costly.

9. Competition

- Market Saturation: In some urban areas, the market may become saturated with too many residential projects, leading to intense competition and price wars.
- Emerging Markets: Competition from emerging markets and new developers can impact established players.

SPECIFIC CHALLENGES IN MUMBAI MMR

1. High Property Prices

- Affordability Crisis: Mumbai (MCGM) has some of the highest property prices in India, making housing unaffordable for many. High property prices act as an entry barrier for many buyers looking for affordable housing, who resultantly look for alternatives in Extended Regions of MMR like Thane and Navi-Mumbai.
- Income Disparity: The disparity between high property prices and average income levels makes it challenging for middle-income buyers to afford homes.

2. Limited Land Availability

- Scarcity of Land: The geographical constraints and high population density limit available land for new developments.
- Redevelopment Projects: Redevelopment of old buildings can be complex and time-consuming due to legal and regulatory hurdles.

3. Infrastructure Strain

- Overburdened Infrastructure: Existing infrastructure, including roads, public transport, and utilities, is overburdened, leading to reduced quality of life.
- Delays in Infrastructure Projects: Delays in completing infrastructure projects like metro lines and road expansions affect real estate attractiveness.

5. Environmental and Climate Risks

- Flooding: Mumbai is prone to flooding during monsoon seasons, affecting the desirability and safety of properties.
- Environmental Degradation: Rapid urbanization has led to environmental issues such as air and water pollution.

6. Socio-Political Issues

- Slum Rehabilitation: Large-scale slum rehabilitation projects face socio-political challenges and resistance from affected communities.
- Tenant Rights and Rent Control: Strong tenant rights and rent control laws complicate property redevelopment.

7. Market Dynamics

- High Competition: The high number of developers and projects in MMR leads to intense competition and often price undercutting.

- Unsold Inventory: High levels of unsold inventory along with rising already high prices may impact the absorption levels. It can lead to financial strain on developers and reduced new project launches.

8. Construction Costs

- High Construction Costs: The cost of construction in Mumbai is higher due to expensive materials, labor, and compliance costs.
- Delays and Cost Overruns: Delays in project completion often lead to cost overruns, impacting profitability.

Conclusion

The residential real estate sector in India and specifically in Mumbai MMR faces multifaceted challenges. Addressing these requires a strategic approach involving policy reforms, infrastructure development, financial innovation, and sustainable practices. Stakeholders must work together to create an environment conducive to growth while ensuring affordability and quality of life for residents.

8. KPIS OF LOTUS GROUP AND PEER

Name of the Company	Sri Lotus Developers and Realty Limited				Arkade Developers Limited				Keystone Realtors Limited			
Financial Year	2022	2023	2024	H1 2025	2022	2023	2024	H1 2025	2022	2023	2024	H1 2025
Revenue from operations (₹ million)	1,025.78	1,668.71	4,615.75	2,434.25	2,265.01	2,201.52	6,347.37	3,270.26	12,693.70	6,856.60	22,222.50	9,552.30
Growth in Revenue from Operations (%)	NA	62.68	176.61	NA	336.25	-2.8	188.32	NA	49.56	-45.98	224.1	NA
EBITDA (₹ million)	168.97	208.41	1,585.45	1,183.50	529.72	602.91	1,674.40	1,006.66	1,793.50	1,038.40	1,095.40	1,237.20
EBITDA Margin (%)	16.47	12.49	34.35	48.62	23.39	27.39	26.38	30.78	14.13	15.14	4.93	12.95
EBIT (₹ million)	165.2	199.34	1,573.24	1,176.11	529	600.2	1,663.02	986.7	1,758.90	992	1,022.30	1,187.90
EBIT Margin (%)	16.1	11.95	34.08	48.32	23.36	27.26	26.2	30.17	13.86	14.47	4.6	12.44
Profit Before Tax (₹ million)	169.87	223.69	1,617.80	1,217.01	628.56	723.58	1,651.09	992.76	1,843.80	1,077.20	1,444.60	1,256.70
Profit After Tax (₹ million)	125.11	162.88	1,198.09	906.3	489.11	548.41	1,229.14	735.82	1,358.30	795	1,110.30	912
Profit After Tax Margin (%)	12.2	9.76	25.96	37.23	21.59	24.91	19.36	22.5	10.7	11.59	5	9.55
Net Worth (₹ million)	316.85	483.63	1,695.57	3,982.98	1,452.82	2,002.11	3,234.02	8,268.55	9,326.40	16,694.10	17,977.60	26,784.20
RoE (%)	40.77	34.41	70.68	22.71	33.67	27.4	38.02	8.9	14.97	4.91	6.24	3.44
RoCE (%)	4.5	5.29	26.28	13.65	25.4	17.18	42.31	10.94	6.98	3.66	3.55	3.38
Debt to Equity Ratio	10.61	6.8	2.53	1.16	0.43	0.74	0.21	0.09	1.67	0.61	0.6	0.31
Sales Value	1,694.82	1,987.78	3,469.66	2,123.59	NA	NA	NA	NA	NA	NA	NA	NA
Sales Unit	39	39	67	32	NA	NA	NA	NA	NA	NA	NA	NA
Sales (in terms of area booked by customers) (in million square feet)	0.05	0.07	0.09	0.04	0.05	0.19	0.22	0.11	1.49	1.03	1.2	0.7
Developable Area (in million square feet)	-	-	0.56	0.12	0.3	0.26	NA	NA	0.31	0.62	4.65	NA

Source: Respective Company's Annual Report, Investor Presentations, Press Release And Prospectus. Na Means Not Available

Name of the Company	Mahindra Lifespace Developers Limited				Hubtown Limited			
Financial Year	2022	2023	2024	H1 2025	2022	2023	2024	H1 2025
Revenue from operations (₹ million)	3,935.54	6,066.10	2,120.90	1,957.50	1,902.80	3,190.86	2,577.23	2,192.60
Growth in Revenue from Operations (%)	136.73	54.14	-65.04	NA	-28.49	67.69	-19.23	NA
EBITDA (₹ million)	-894.9	-1,101.08	-1,710.96	-892.9	-596	742.83	-1,021.55	748.9
EBITDA Margin (%)	-22.74	-18.15	-80.67	-45.61	-31.32	23.28	-39.64	34.16
EBIT (₹ million)	-959.97	-1,223.12	-1,848.29	-976.3	-634.9	710.97	-1,051.67	735.2
EBIT Margin (%)	-24.39	-20.16	-87.15	-49.87	-33.37	22.28	-40.81	33.53
Profit Before Tax (₹ million)	992.81	1,056.63	542.91	-109.1	-1,251.50	-18.4	-854.76	293.2
Profit After Tax (₹ million)	1,617.10	1,028.30	983.05	-12.7	-1,284.20	305.03	-861.71	237.9
Profit After Tax Margin (%)	41.09	16.95	46.35	-0.65	-67.49	9.56	-33.44	10.85
Net Worth (₹ million)	17,885.15	18,057.71	18,727.70	18,317.50	12,891.55	13,056.50	12,580.02	22,814.00
RoE (%)	8.64	5.62	5.25	-0.07	-9.78	2.34	-6.85	0.97
RoCE (%)	-4.53	-5.91	-6.73	-3.54	-3.2	3.25	-4.67	2.32
Debt to Equity Ratio	0.16	0.15	0.47	0.51	0.53	0.66	0.75	0.36
Sales Value	10,280	18,120	23,280	14,150	NA	NA	NA	NA
Sales Unit	925	1246	899	437	NA	NA	NA	NA
Sales (in terms of area booked by customers) (in million square feet)	1.28	2.23	2.47	1.7	NA	NA	NA	NA
Developable Area (in million square feet)	1.3	0.65	1.26	0.1	NA	NA	NA	NA

Source: Respective Company's Annual Report, Investor Presentations, Press Release And Prospectus. Na Means Not Available

ANAROCK Property Consultants Pvt. Ltd. *

Name of the Company	Suraj Estate Developers Limited				Sunteck Realty Ltd.			
Financial Year	2022	2023	2024	H1 2025	2022	2023	2024	H1 2025
Revenue from operations (₹ million)	2,727.18	3,057.44	4,122.14	2,427.64	5,130.76	3,624.47	5,648.47	4,853.28
Growth in Revenue from Operations (%)	52.15	12.11	34.82	NA	-16.42	-29.36	55.84	NA
EBITDA (₹ million)	1,317.30	1,510.03	2,329.32	1,267.36	953.28	641.76	1,172.84	687.59
EBITDA Margin (%)	48.3	49.39	56.51	52.21	18.58	17.71	20.76	14.17
EBIT (₹ million)	1,280.55	1,484.20	2,292.75	1,238.39	880.41	549.49	1,077.51	617.73
EBIT Margin (%)	46.96	48.54	55.62	51.01	17.16	15.16	19.08	12.73
Profit Before Tax (₹ million)	361.48	432.12	938.68	841.19	325.45	44.84	949.74	666.18
Profit After Tax (₹ million)	265.01	320.64	674.9	619.66	250.83	14.09	709.28	574.08
Profit After Tax Margin (%)	9.72	10.49	16.37	25.53	4.89	0.39	12.56	11.83
Net Worth (₹ million)	391.63	713.93	5,161.89	5,704.65	27,904.04	27,878.56	31,241.97	31,604.55
RoE (%)	67.34	45.05	13.08	10.86	0.9	0.05	2.27	1.82
RoCE (%)	18.9	22.33	24.34	12.21	2.46	1.58	3.08	1.79
Debt to Equity Ratio	16.29	8.31	0.82	0.78	0.28	0.25	0.12	0.09
Sales Value	NA	NA	4830	2480	NA	NA	NA	NA
Sales Unit	NA	NA	NA	NA	NA	NA	NA	NA
Sales (in terms of area booked by customers) (in million square feet)	NA	0.08	0.11	0.05	NA	NA	NA	NA
Developable Area (in million square feet)	NA	NA	NA	NA	NA	NA	NA	NA

Source: Respective Company's Annual Report, Investor Presentations, Press Release And Prospectus. Na Means Not Available

Notes:

(1) *Revenue from Operations means the revenue from operations as appearing in the Restated Consolidated Financial Information.*
(2) *Growth in revenue from operations (%) is calculated as a percentage of revenue from operations of the relevant period/year minus Revenue from Operations of the preceding period/year, divided by revenue from operations of the preceding period/year.*
(3) *EBITDA is calculated as profit / (loss) for the period/year, plus total tax expense (credit) for the period/year, finance costs, and depreciation and amortization expenses excluding other Income and share in profit/ (loss) from associates/joint ventures.*
(4) *EBITDA Margin (%) is computed as EBITDA divided by revenue from operations.*
(5) *EBIT is calculated as profit / (loss) for the period/year plus total tax expense / (credit) plus finance costs excluding other Income and share in profit/ (loss) from associates/joint ventures.*
(6) *EBIT Margin (%) is computed as EBIT divided by revenue from operations.*
(7) *Profit Before Tax means profit/(loss) before tax as appearing in the Restated Consolidated Financial Information including profit / (loss) from discontinued operation.*
(8) *Profit after Tax means profit / (loss) for the period/ year from continuing and discontinued operations as appearing in the Restated Consolidated Financial Information.*
(9) *Profit after Tax Margin refers to the percentage margin derived by dividing profit after tax by revenue from operations.*
(10) *Return on Equity refers to the profit for the year/period attributable to equity shareholders of our Company divided by Equity attributable to owners of the parent company for the year/period.*
(11) *Return on Capital Employed (ROCE): Calculated as earnings before Interest and tax for the year/period excluding other income and share in profit/(loss) of associates/joint ventures as applicable divided by Capital Employed (Total Equity + Current and Non-current borrowings)*
(12) *Net Worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of the profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*
(13) *Debt-equity ratio is calculated as total debt (current and non-current borrowings) divided by Equity attributable to owners of the parent company.*
(14) *Sales in terms of value is calculated as the sum of the agreement value of units sold in residential and commercial projects (net of cancellations) during such period for which agreements have been entered into and the booking amount has been received, but does not include taxes, other charges, stamp duty, and registration charges.*
(15) *Sales in terms of units booked is calculated by counting the total number of units that customers have committed to purchasing or renting within a specific time frame.*
(16) *Sales in terms of area booked is calculated by measuring the total area of properties or spaces that customers have committed to.*
(17) *Developable area is the area of the projects delivered (Occupancy Certificate received during the year) by the Company in a particular period.*