

**REAL ESTATE INDUSTRY REPORT**

For

**SIGNATURE GLOBAL**

By

**ANAROCK PROPERTY CONSULTANTS PRIVATE LIMITED**

9 July 2022

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## LIST OF ABBREVIATIONS

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

## CONVERSION OF UNITS

<b>1 Hectare</b>	<b>2.4711 acres</b>
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. PROJECT APPRECIATION

## 1.1 ASSIGNMENT BACKGROUND

**SIGNATURE GLOBAL (INDIA) LIMITED** is desirous of obtaining an independent Opinion on Real Estate Market Trends in India in general and in Gurgaon as well as on affordable housing, in particular. The real estate market trends for residential asset class are to be discussed in depth for Gurgaon while NCR and India are to be discussed at high level.

## 1.2 OBJECTIVE AND SCOPE OF STUDY

As part of the engagement, Anarock Property Consultants Private Limited shall provide residential real estate market trends in India in general, in National Capital Region (NCR) at a regional level and select focus on Gurgaon. Detailed Scope of Work has been provided in the Consulting Service Agreement dated 24 January 2022 in Exhibit-A.

## 1.3 DISCLAIMER

This assignment of Market Research has been done on a best effort and knowledge basis of the Consultant. The Consultant has relied on the information provided to them, whether from public and private sources. However, property markets in cities continue to be plagued by misinformation, non-disclosure, and fragmentation, wherein almost inevitably some information is withheld in every case. The data, documentation, and assumptions used to prepare any analysis or reports hereunder will be derived from basic information / data points supplied by Client, published information, information prepared by the Consultant in the regular course of its business, and other industry sources.

The Client acknowledges and agrees that there may be differences between projected and actual scenarios because events and circumstances frequently do not occur as predicted, and those differences may be material and hereby releases Consultant from any claims or liability arising from these differences. Whilst every effort has been taken to provide authentic data and analysis, Anarock Property Consultants Private Limited, and/or any of their associated companies and/or their employees are not responsible for any loss, major or minor incurred based on the information and analyses provided, nor are liable to any damages in any form or shape. Our liability for this exercise (whether arising from negligence or whatsoever) is as mentioned in the Consulting Services Agreement. The Consultant does not accept any liability to any third party in relation to the issue of this Market Research.

This assignment of Market Research and its result are specific to the purpose of 'Market Research' as per agreed terms of Scope of Work. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity. The Market Research is substantively based only on information contained in this memo and are governed by concept of materiality.

Result of the Market Research are specific to the date of this assessment. Market research of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. As such, our assessment and projections of scenarios of the market Research are, to a significant extent, subject to continuance of current trends beyond the date of the assessment. It is usually the case that some events and circumstances may not occur as expected or are not anticipated. Therefore, actual scenarios during the forecast period may differ from the forecast and such differences may be material. The Consultant, however, have no

obligation to update this assessment for events, trends or transactions relating to the company or the market/economy in general and occurring subsequent to the date of this assessment.

Consultant's analysis, interpretation, projections, scenarios and conclusions from the Market Research shall not be treated as an advise to anybody to take buy or sell decision

The client has further agreed that any reports and deliverables under this assignment will not be submitted in any court of law anywhere in the world, neither submitted nor presented in any legal platform, including any government agency or arbitration proceedings.

## 2. OVERVIEW OF THE INDIAN ECONOMY

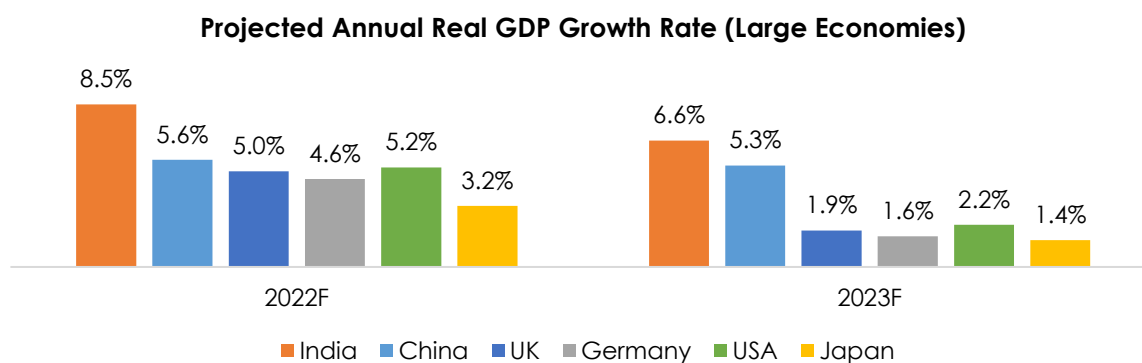
India is one of the fastest **growing** economies in the world driven by several factors such as its demography, large domestic consumption base, growth in investments into the country (in-bound investment), exports of services etc. India's economy is **robust** and **resilient**, which reflects in its **GDP growth rate**, quick **revival** post Covid-19 pandemic peak period and **consistency** of its growth rate over last one decade or so. Economic **indicators** such as total **forex reserves** (grown from USD 367 billion in March 2017 to USD 619 billion in March 2022) (*source RBI*), periodic change in currency value has shown resilience against the global currency of the US dollar in the recent past (India Rupee has demonstrated strength against depreciation by a cumulative annual rate of 2.74% for the period of March 2017 to March 2022 compared to the period of March 2012 to March 2017, which has witnessed a higher depreciation of 4.03%) (*source IMF*). This demonstrates **currency stability** and that of India's economic strength of India.

### 2.1 GROSS DOMESTIC PRODUCT GROWTH & IN-BOUND INVESTMENT INTO INDIA

Gross Domestic Product (GDP) growth is commonly acknowledged indicator of a country's economy. India's GDP growth rate (average) in last one decade or so has been **about 7%** for the period 2010- 2019 (*Source IMF*). Globally, year 2020 was a challenging year on account of Covid-19 pandemic and India's GDP fell, only **to rebound in year 2021 to 9.5%** (*Source IMF*) demonstrating **resilience** of India's economy.

IMF has further forecasted a GDP growth of **8.5%** for year 2022; all **other major economies** being forecasted to have growth rate **below 6%** for the same period. IMF's forecast for India's GDP growth rate for 2022 and 2023 is higher for that of countries of USA, China, UK, Germany and Japan that have large economies.

Graph No. 2.1 GDP growth rate forecasts for large economies in 2022 and 2023



**Source:** IMF

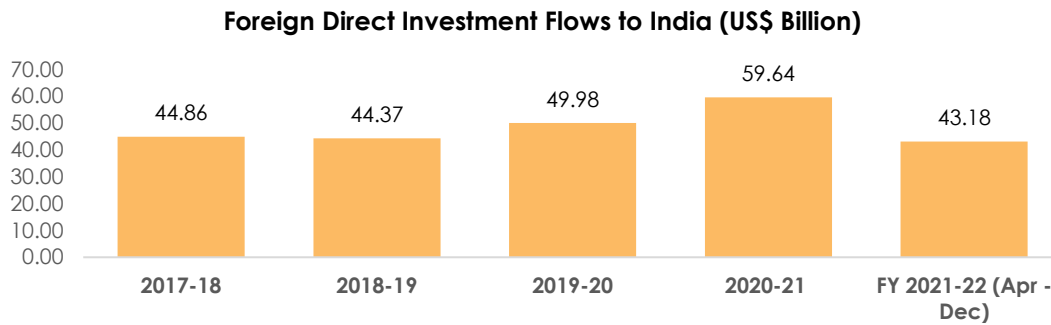
#### In-bound investments into India

India has witnessed **consistent growth** in the investment levels over the last 3-4 years backed by Foreign Direct Investment (**FDI**) related relaxations by the Government to attract investments across sectors. In FY2021-22 (from April 2021 – December 2021), India has witnessed FDI inflow of USD 43.18 billion.

**Total FDI in India across sectors**

India has consistently received FDI in last four years and three quarters, the total FDI into India being **USD 242.01 billion**, which demonstrates global investors' perception on **growth opportunities in India**.

Graph No. 2.2 FDI flows to India

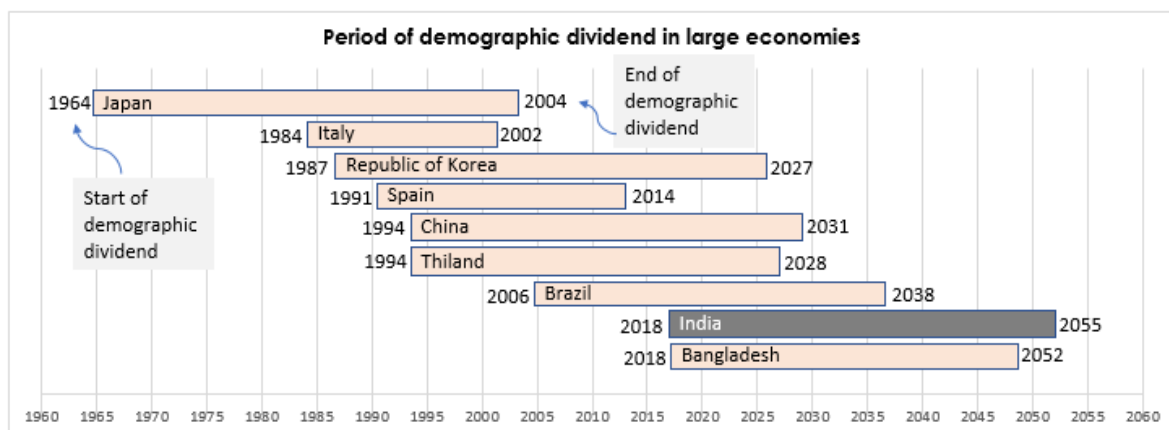


Source: DPPIT, Govt. of India

**2.2 DEMOGRAPHIC DIVIDEND & URBANIZATION**

India's **demographic profile** is one **factor of growth** demonstrated by India's economy. India's population has significant proportion of people belonging to age group of 15 years- 59 years, which considering as **working population** contributes to the country's economy. As per a report by the UNFPA (United Nations Population Fund, formerly known as United Nations Fund for Population Activities), in 2011 India had 61% of its population in the age group of 15-59 years which is increasing, in 2021 estimated at 64%, and is expected to peak around year 2036 when it will reach to 65%. With increase in young population, the **dependency ratio** has also been **declining** and India has **entered in the period of demographic dividend** around year 2018.

Once a country enters demographic dividend phase, there opens a window of **opportunity for economic development** and in India's case this opportunity is likely **to last for another three decades** till about year 2055.



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

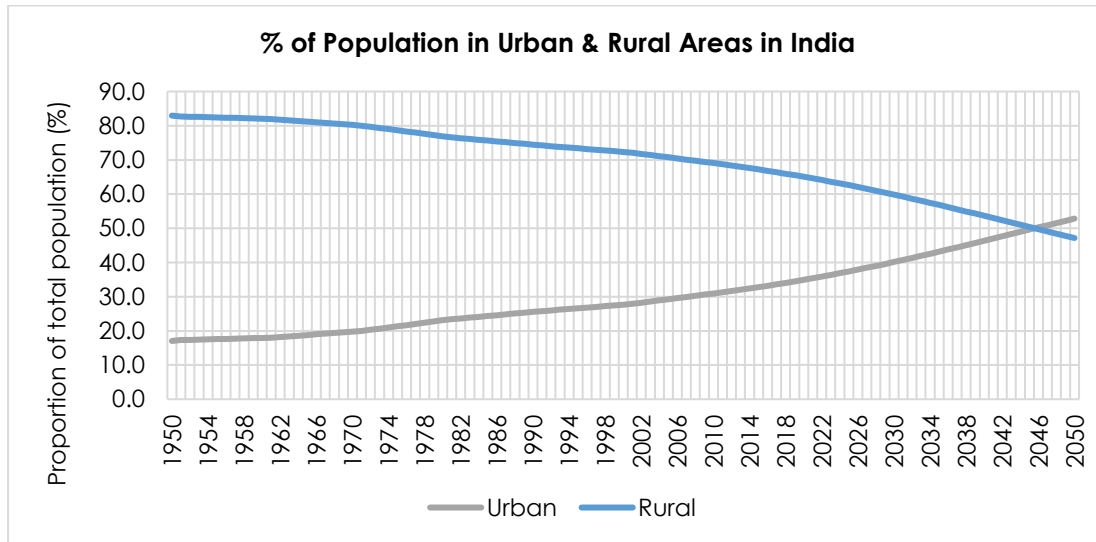




**URBANIZATION IN INDIA**

**Demographic shift impacts the demand for residential real estate**, and the process of urbanization has contributed to demand for housing in urban areas. In year 2022, India's estimated **urban population is 35%**. As per United Nations Development Programme (UNDP) projections, by **year 2046** India will have more urban population than rural. Rapid urbanization is likely to have a positive effect on the economy and is expected to **drive the demand for housing, offices and other real estate asset classes in urban areas**.

Graph No.2.3 Growth in urbanization in India

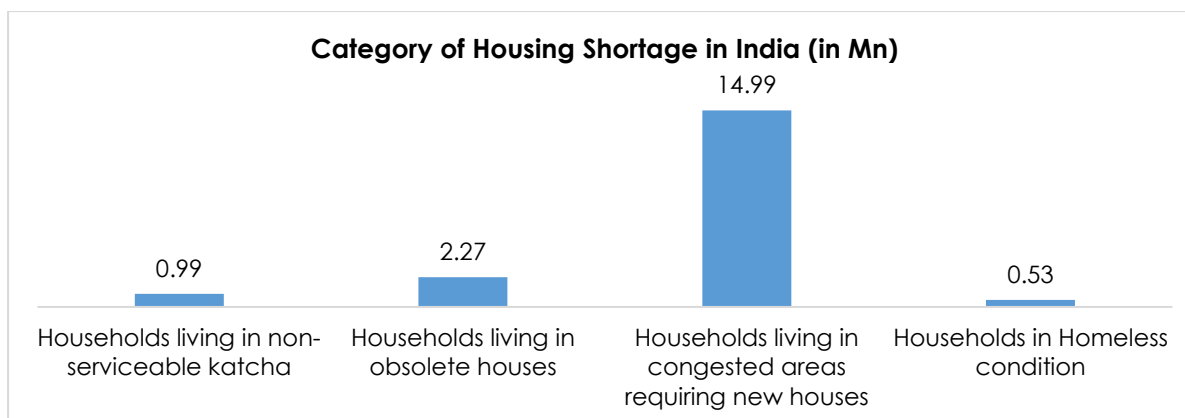


**Source:** UNDP World Urbanization Prospects, 2018

This process of urbanization resulting in people moving to cities has **led to shortage of houses** in India's cities as one of the factors for housing shortage and thus leading to **need for housing**, other factors being need arising out of households living in congested areas, obsolete houses, un-serviceable houses and not having any house. Different agencies have estimated the need and shortage of urban housing in India. **The World Bank** in 2013 reported that the housing shortage in urban India was estimated to be 24.7 million as in year 2007, and that urban areas **require an additional 1.8 million units annually** to accommodate new households. (Source IDFC Institute's India Infrastructure Report- 2018)

The Ministry of Housing & Urban Poverty Alleviation in year 2012 estimated a **housing shortage of 18.78 Mn houses** during the 12th period plan with 99% in the economically weaker section (EWS) and lower income group (LIG). Following figure provides the details of category wise housing shortage in India.

Graph No. 2.4 Category wise housing shortage in India



**Source:** Report of the technical group on Urban Housing Shortage (TG-12) (2012-17) by Ministry of Housing & Urban Poverty Alleviation

Pradhan Mantri Awas Yojana (**PMAY**) was initiated and is being implemented by the Government of India with an objective of promoting housing for all, estimates that **demand for housing in urban India is 11.22 million houses** for the period of year 2015- 2022.

## 2.3 HOUSING SCENARIO IN INDIA

**Real estate sector is an important contributor to country's economy**, and its role in terms of growing market size and share in India's GDP is well appreciated by Government of India as well, evident from the mention from the **CEO of Niti Ayog**, as addressed in 13<sup>th</sup> Edition of Confederation of India Industry – CII Realty and Infrastructure Conclave 2021 in Mumbai by NITI Aayog CEO, Mr. Amitabh Kant "The real estate sector plays a multiplier effect in the development of the economy and the ecosystem of the country. The sector is expected to reach a market size of USD 1 trillion and contribute 18-20 per cent of the country's GDP by 2030".

**Housing sector** in India is by and large **catered by private sector**. Housing or residential asset class form a part of real estate sector in India, that has witnessed several changes in the last four years. There are some **structural changes** such as implementation of Real Estate Regulator Act (**RERA**), implementation of Goods and Service Tax (**GST**) for under construction housing, and effects owing to **demonetization**, the temporary liquidity crisis of 2018-19 (NBFCs related) and 2020 (Covid-19 pandemic related).

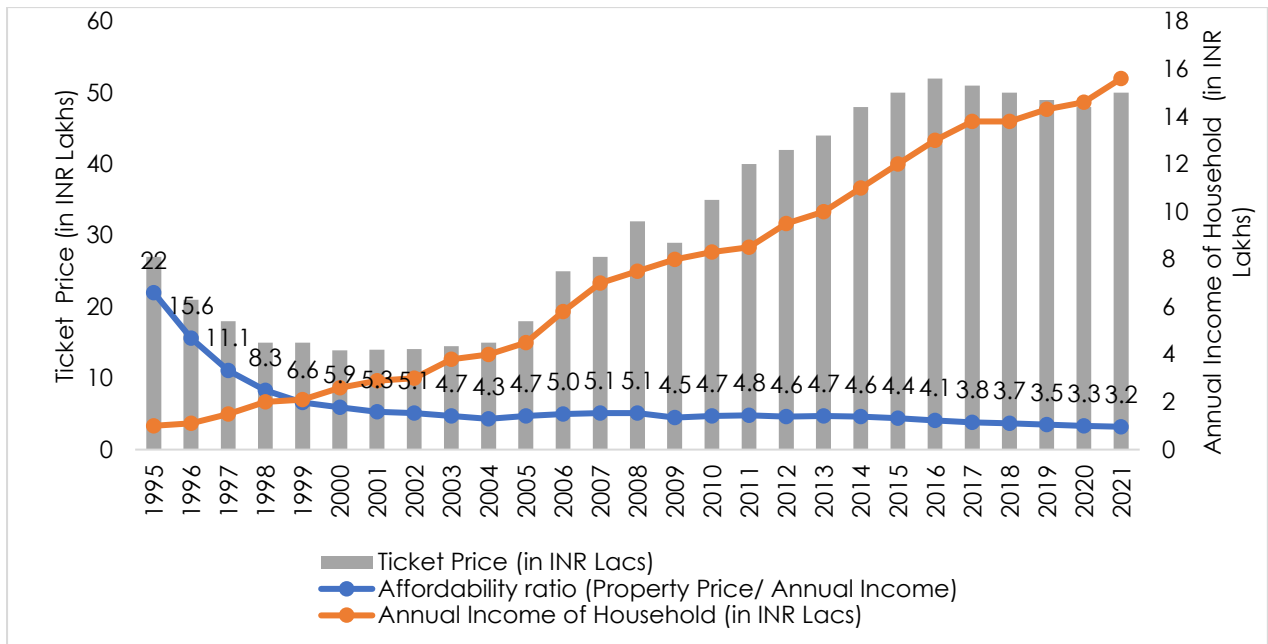
The Indian residential sector **made a significant comeback** in year 2021, in which the supply and sales of residential units were almost similar like in pre-covid period (year 2019).

Main **factors** governing housing scenario are **ability of buyers to purchase** houses and **ability of developers to create housing stock** for buyers to buy. Government's **policies** and initiatives as facilitating measures also are a factor among others, being affordability, home loan interest rates and penetration of home loans as a facility for the home buyers etc.

### 2.3.1 Affordability & Changing Affordability Index

As per a report by HDFC (August 2021), government's policy support and supportive intervention and increase in household income have improved the overall affordability levels in last two and a half decades. **Affordability to buy a house is at its best in year 2021 with an affordability ratio of 3.2 which has gradually decreased since 1995 when it was 22.**

Graph No. 2.5 Affordability Index

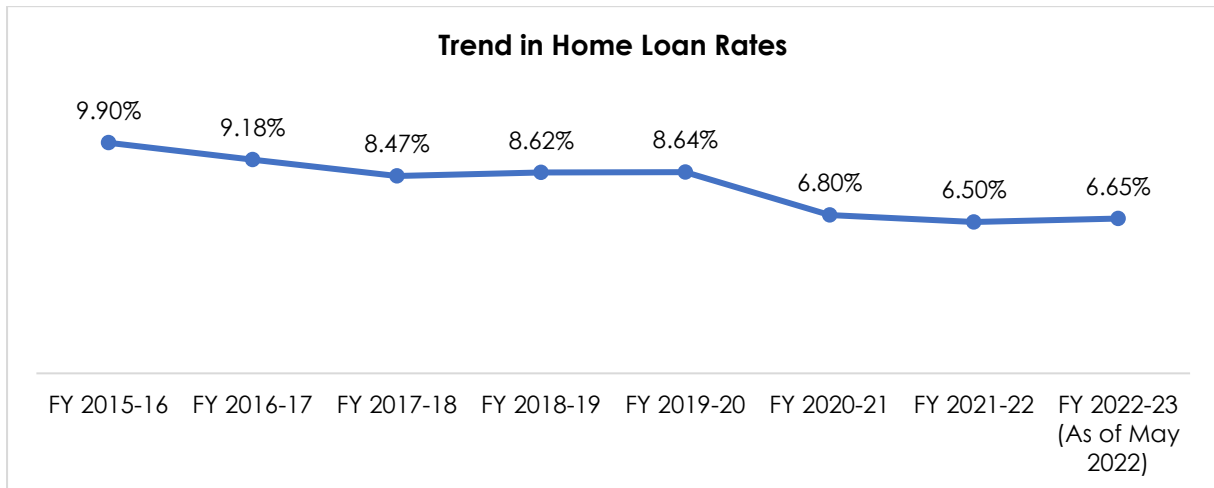


Source: HDFC Limited 2021

### 2.3.2 Home Loan Rates and growth in Home Loan Penetration

In order to infuse liquidity into the market, the **RBI reduced the repo rate** by 115 basis points during the period of February 2020 to December 2021, which resulted in reduction in the home loan interest rates. **Increase in household income** coupled with steady ticket prices have resulted in an **increase in affordability** of residential units.

Graph No. 2.6 Trends in home loan interest rates

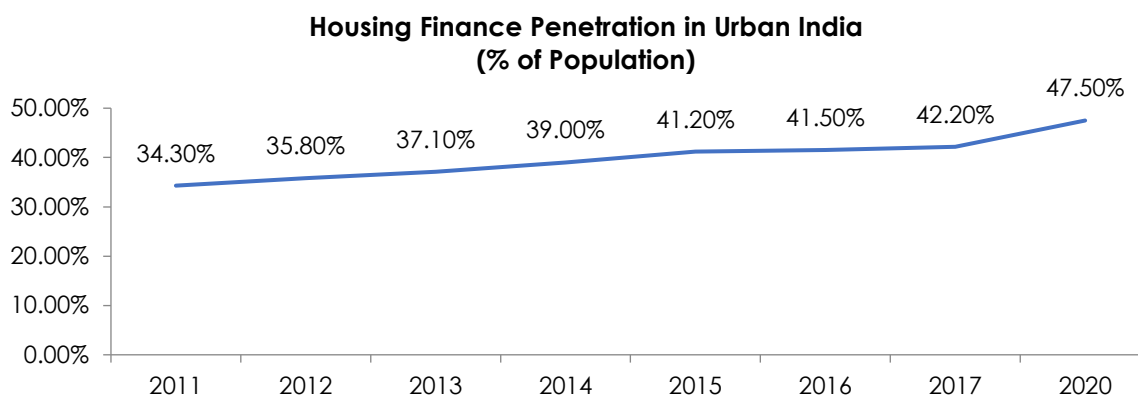


Source: Information published by various Nationalised Banks

With reduction in home load rates, and **expansion of banking network, penetration** of housing finance has been gradually improving in last one decade.



Graph No. 2.7 Housing finance penetration in India from 2011 – 2020:



Source: RBI

**Access to home loans for almost half of urban population** is a significant **enabler** towards ability and affordability of home purchase resulting into increase in demand for residential sector.

## 2.4 GOVERNMENT & RBI INITIATIVES FOR RESIDENTIAL REAL ESTATE

The Central as well as State Governments along with RBI have been instrumental in improving transparency and accountability into the real estate sector through policies and interventions. The governments (Central and various State Governments) have been supportive to India's real estate sector in recognizing the challenges faced by the sector due to Covid-19 pandemic and implementing short-term measures for the benefit of this sector.

### Structural Interventions

#### a. Goods & Services Tax (GST)

GST came into force with effect from July 1, 2017. Ready-to-move-in properties and land are exempt from GST.

Initially, for under-construction properties, GST was charged at 8% for affordable housing projects. Post April 1, 2019, buyers of under-construction affordable housing projects (priced up to INR 4.5 million both in metro as well as non-metro cities) are charged GST at 1% whereas the GST is at 5% for other under-construction housing projects, without the ITC benefit. **Lower GST for affordable housing is helpful in maintaining affordability of home buyer in this category.**

#### b. Real Estate (Regulation and Development) Act, 2016

Real Estate (Regulation and Development) Act, 2016 ("**RERA**") came into force with effect from May 2016 and State Governments allowed a certain initial time period for the developers to achieve compliance. RERA has been successful **to improve transparency, bringing financial discipline and accountability in the real estate sector**, to increase buyers' confidence and preventing developers from wilful misuse of funds that led to delay in project execution.

### Short-term Interventions

#### a. Banks permitted to restructure loans of real estate companies at the project level

In August 2020, RBI further allowed a one-time restructuring of corporate and personal loans (including home loans). This allowed developers and suppliers of raw materials to rest their debt and to service their debt prudently.



### b. Specific window provided to push back repayment

Developers were provided an additional year to repay lenders which is over and above one year already available, helping in the management of cash flows and reduce asset classification stress of Real Estate focused NBFCs. Further, a window of INR 50,000 crore under *Targeted Long Term Repo Operations (TLTRO)* was meant to provide incremental liquidity to NBFCs, MFIs which could be utilised for onward lending to the real estate sector.

### c. INR 10,000 crore allotted to National Housing Bank

In August 2020, the central bank decided to allot INR 10,000 crore to National Housing Bank, which helped the real estate sector in managing cash-flows during the Covid-19 pandemic period.

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

This was meant to support the objective of Housing for All by 2022. The additional outlay was over and above the INR 8,000 crore already spent in 2020.

### e. Loan moratorium

Loan moratorium was permitted for a period of six months without affecting the credit profile of the borrower.

In May 2021, the Reserve Bank of India announced second resolution framework for the borrowers due to the second wave of Covid 19. The borrowers who have not availed restructuring in previous frameworks along with others whose accounts are classified as 'standard' as on March 31<sup>st</sup>, 2021, were eligible under the second restructuring framework.

### f. Rationalization of risk weights for home loans

RBI, in October 2020 rationalized risk weightage for individual home loans irrespective of loan amount, and the risk weight is revised to 50% for loans having loan to value (**LTV**) **between 80% and 90%** and risk weightage to 35% to LTV of up to 80% The applicability of this revision was up to 31 March 2022, which has been **extended to 31 March 2023** by RBI as per its decision on 8 April 2023.

### g. Change in Repo Rates by RBI

In last three years, RBI has lowered repo rates. As on April 2019, the repo rate was 6 %, which was subjected to gradual decremental change of 0.85% (85bps), leading to a repo rate of 5.15% by February 2020. In order to infuse liquidity into the market, the RBI reduced the repo rate to 4% (115bps) during the period of February 2020 to December 2021, which resulted in **reduction in the home loan interest rates**. As on May 2022, repo rate stands at 4.4%.

## 2.5 KEY EMERGING TRENDS IN THE INDIAN RESIDENTIAL REAL ESTATE MARKET

In the recent past, particularly since the Covid-19 pandemic event, there are socio-cultural trends that are observed, which are contributing to the demand of housing in India. Some of these observations are:

- Owning a house is being thought of having a **security for the family**
- Sentiment of people is changing **from renting to owning** a house, as soon as some savings are achieved
- Millennials and **young working population** that by and large preferred rental houses, are also **preferring to buy** post pandemic months

### 2.5.1 Preference for Branded Developers

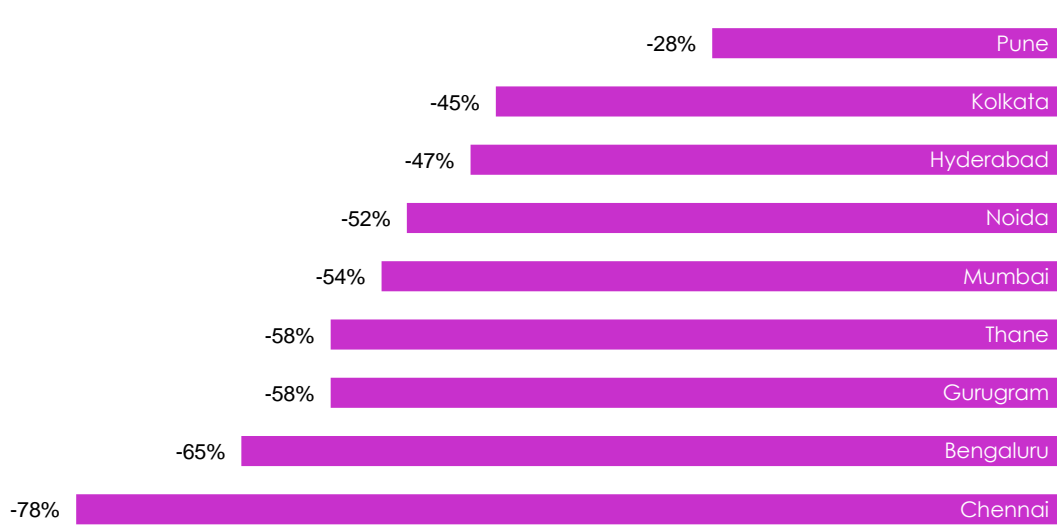
Homebuyers now prefer to buy units in projects launched by branded developers since such developers focus on delivering units within committed timelines, thereby improving buyer's confidence. As per Anarock, majority of customers have become risk averse, which is driving demand for branded developers with low execution risk, even though their projects are priced at a premium.

### 2.5.2 Consolidation of Developers

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 of 2018-19 (NBFCs related) further worsened the situation for such developers, which resulted in such developers leaving the sector.

The market has also undergone through a consolidation phase in last few years, particularly so after 2016 when reforms such as implementing RERA, demonetization etc. took place. The market witnessed a drop in number of developers remaining active, and thus making the market a place with more reliable and capable players than earlier.

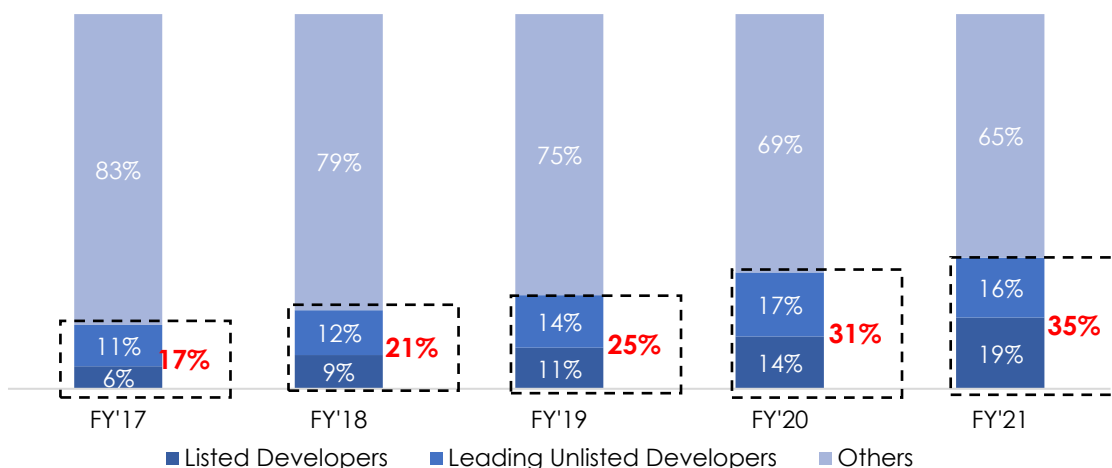
Graph No. 2.8 sets forth percentage decline in the number of developers in select Indian cities between 2012 and 2019:



Post structural changes, consolidation is on a rise and the share of organized and branded players is rising.

Graph No. 2.9 below shows the sales share analysis of various types of developers from FY'17 to FY'21. Listed and leading unlisted developers are showing an increase from 17% in FY'17 to 35% in FY'21 thus highlighting that branded developers are increasing the share in the market.

**Sales Share Analysis**



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

Branded tier-1 developers are witnessing strong double-digit growth. It is likely that in the near to medium term consolidation will further accelerate and listed players will see disproportionate growth vis-a-vis the industry.

### 3. OVERVIEW OF INDIAN AFFORDABLE HOUSING TRENDS

Affordable housing today is an integral part of the national agenda with significant significance in the urban areas. There have been introduction and revision in policies and measures at both the national and state level, oriented to encourage & regularize development in this sector. Attracting private players for quality construction and timely delivery has gained prominence in the recent past. Budget housing units that provide basic amenities with access to affordable transportation, education, and quality healthcare is the need of the hour. **The government has laid down several policies to encourage private participation through numerous incentives and benefits.**

#### 3.1 DEFINITION OF AFFORDABLE HOUSING

The term “affordable housing” is ambiguous as it lacks a universal definition. Numerous agencies and industry bodies have endeavoured to classify it based on various socio-economic factors such as household income, location, price, size of dwelling units, employment opportunities, government incentives among others. However, it still remains a concept which varies as per an individual’s financial capability and the city under consideration. Generally, affordable housing is targeted towards a section of society which has an income equivalent or lower than the median income.

RBI has recently revised the definition of affordable housing, post **awarding infrastructure status** to the sector. As per recent <sup>1</sup>**RBI guidelines**, for lending to the infrastructure sectors, banks/FIs shall refer to the following definition of affordable housing projects, as defined in the Harmonised Master List (HML) of the infrastructure subsectors.

*“Affordable Housing” as per RBI is defined as a housing project using at least 50% of the Floor Area Ratio (FAR)/Floor Space Index (FSI) for dwelling units with carpet area of not more than 60 square meters. “Carpet Area” shall have the same meaning as assigned to it in clause (k<sup>2</sup>) of section 2 of the Real Estate (Regulation and Development) Act, 2016.*

The Government of Haryana has launched two policies that encourage the development of affordable residential units in the stated. They are known as **Affordable Housing Policy** which is for high-rise group-housing and **Deen Dayal Jan Awas Yojna - Affordable Plotted Housing Policy** which is for plots and low-rise independent floors

Considering the maximum allowable carpet area by RBI along with state wise affordable housing policies that were formed including cap on capital pricing in few of these policies, for this report, affordable housing units have been considered **as units with ticket size less than INR 40 Lakhs across 7 major cities** namely Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai Metropolitan Region (MMR), National Capital Region(NCR) and Pune. Units with ticket size between INR 40 lakhs and 80 lakhs have been considered as mid income units.

#### 3.2 AFFORDABLE HOUSING DEMAND DRIVERS

**Rapid urbanization** across cities due to better job prospects and livelihood has led to the emergence of several challenges in most of these urban centres. Traffic congestion, pressure on basic amenities such as water and sanitation and most importantly, **severe housing shortages in cities**, especially in the low-cost segment, has been a challenge in the urban areas. In absence of affordable options, the demand by large part of society comprising of low income groups remains uncatered due to high property prices for outright purchase.

<sup>1</sup> <https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=11824&Mode=0>

<sup>2</sup> “Carpet Area” means the net usable floor area of an apartment, excluding the area covered by the external walls, areas under services shafts, exclusive balcony or verandah area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment.



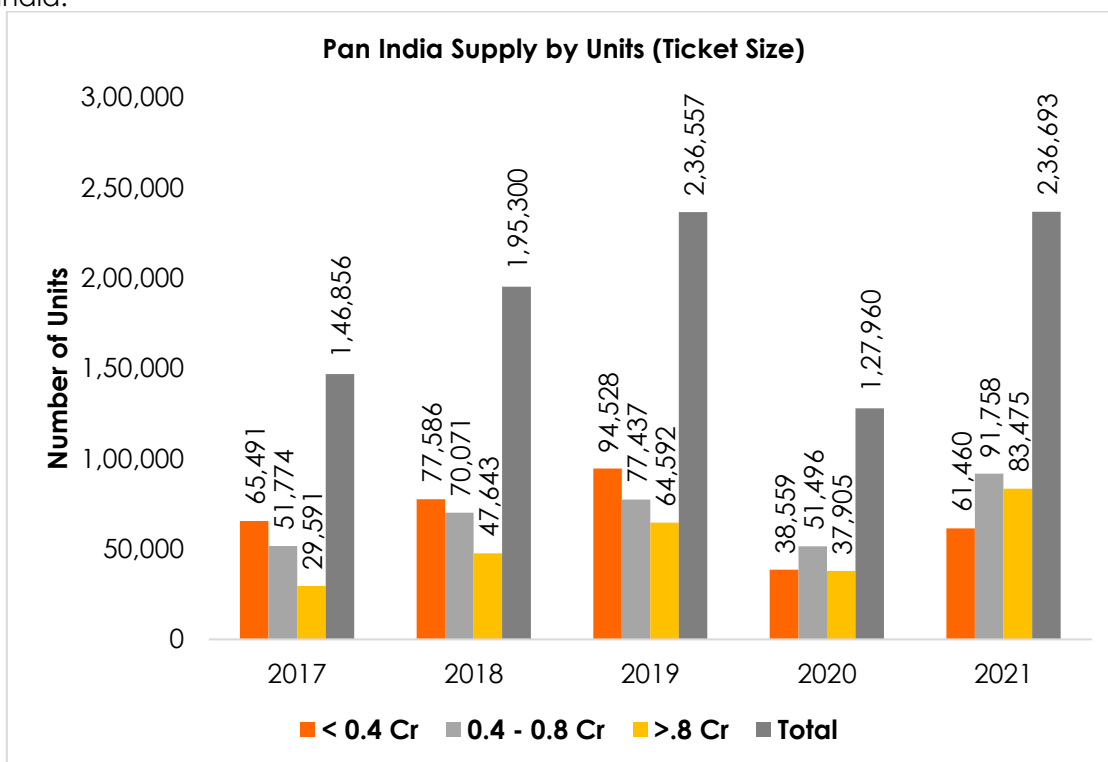
Below mentioned are the **key factors** strengthening the **growth in demand for affordable housing** in India:

- **Housing Shortage for affordable houses:** As per the report of the Technical Group (TG-12) on estimation of Urban housing shortage (2012), there has been a gap in demand and supply of urban housing in India. The economically weaker sections (EWS) and low-income group (LIG) accounted for 99 per cent of the total housing shortage in India with a **housing shortage of 18.78 Mn houses** during the 12th period plan.
- **Rapid Urbanization-** As per UNDP by 2046 approx. 50% of the population in India will be urban, which is further **fuelling the need for housing in the cities.**
- **Limited supply of affordable housing units in the past:** Housing was catered to people in the higher income segment where in the lower income groups remained largely uncatered by the developers. In Haryana before **AHP 2013**, there was a lack of affordable homes in the region as there was no supply from the private developers in the ticket size; and **introducing AHP by Haryana State Govt.** was a factor for private sector started catering to housing demand in this category.
- **Preference of homeownership-** Real estate historically has been a preferred investment class in India. Post Covid, **sense of security** associated with physical asset has motivated many to consider buying a home. As per CII -Anarock Consumer sentiment survey 2021, 57% of the respondents considered real estate as best asset class for investment. 48% of these were in the age-bracket of 25-35 years. This implies that 'millennials' are now homebuyers, and the trend is likely to continue in the future.
- **Rent v/s EMI: Prior to the rate hike in May 2022**, home loan rates were at their decadal low. The difference between home loan EMI and the rent has become narrower in recent years compared to previous times, thus encouraging buyers to prefer buying over renting.

### 3.3 SUPPLY & ABSORPTION OF RESIDENTIAL UNITS – PAN INDIA

The **supply of affordable segment** categorised by ticket size below INR 40 Lacs has witnessed **year on year growth** except for year 2020, which was impacted due to Covid-19 pandemic. The activity in affordable market also picked up post the Central Government's announcement of "Housing for All by 2022".

Graph No. 3.1 Ticket-wise residential supply trends from CY 2017 to CY 2021 in the top 7 cities of India:



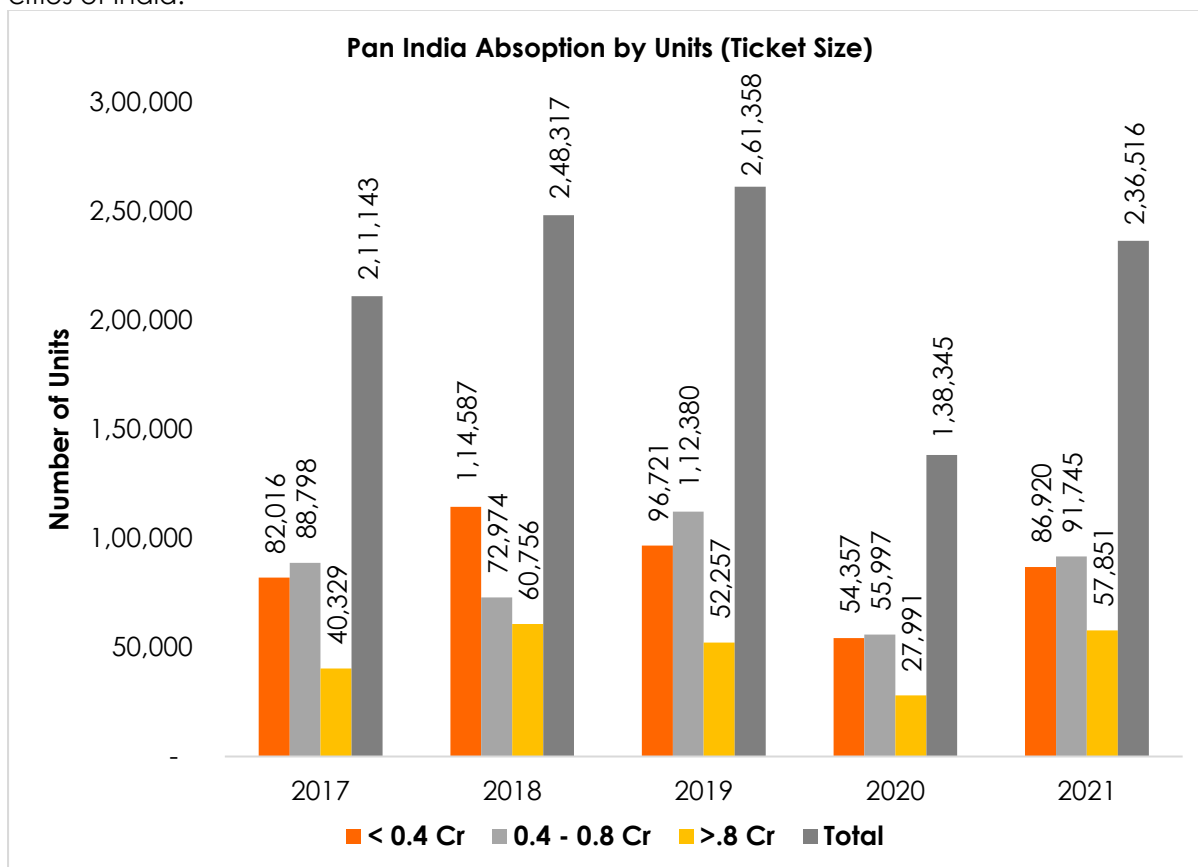
Source: Anarock Research, 2022

- Total **supply of affordable units** (ticket size less than INR 40 Lakhs) **and mid-segment units** (INR 40-80 Lakhs) from CY 2017 to CY 2021 in top 7 cities was approx. 0.68 Mn. units, which **is 72% of the total supply**, which indicates significant preference of affordable and mid-segment category of housing
- With improvements in market sentiments, the residential segment observed a gradual increase in supply from year CY 2017 to CY 2019, however, due to the Covid-19 pandemic, the construction activities were hit for some period in year 2020 leading to limited supply in CY 2020.
- Further, **CY 2021** witnessed an annual **increase of 34 %** from previous calendar year in the supply of units in affordable and mid- segment category



### Absorption (sales) of Affordable Housing Units

Graph No. 3.2 Ticket wise residential absorption trends from CY 2017 to CY 2021 in the top 7 cities of India:



Source: Anarock Research, 2022

- The annual sales in the period CY 2017- CY 2019 **showed growth for combined ticket price of up to INR 80 lac** priced units. However, the absorption levels in the segment were hit due to pandemic in CY 2020. Nevertheless, as the overall market sentiments improved, the mid-income segment & affordable segment **marked improvement** as compared to year 2020 in the market with sale of approx. 0.18 million units, which is 76% of the total sales in CY 2021
- While the share of supply in affordable and mid segment category from CY2017 to CY 2021 in the total supply is approx. 72%, this number for sales is approx. 78%, which suggests sustainable demand for affordable and mid segment category, further leading to decrease in unsold inventory on account of higher absorption than supply.
- For categories of under INR 4 million and for 4 INR 0.4 cr to 0.8 cr, the **absorption has always been more than the supply** every year since 2017, with an exception of year 2021 in which supply of units in INR 0.4 cr- 0.8 cr was marginally more than the absorption.
- **Absorption** of units in INR up to 0.8 cr category in terms of units for years 2017- **2021 is more by 25.9% than the supply** in the same period for the same category.

### 3.4 SUPPORT TO AFFORDABLE HOUSING INDUSTRY BY CENTRAL GOVERNMENT

**Pradhan Mantri Awas Yojana (PMAY)** is a flagship mission by Government of India being implemented by Ministry of Housing & Urban Affairs (MoHUA). The mission was launched in CY 2015 to address the urban housing shortage across among the economical weaker section, lower income and the middle-income group along with considering slum dwellers by ensuring a permanent housing unit to all eligible households.

**Wide coverage of PMAY is also a demand driver for affordable housing:** The Mission covers the **entire urban area of India** consisting of statutory towns, notified planning areas, development authorities, special area development authorities, industrial authorities or any such authority under State legislation which is entrusted with the functions of urban planning & regulations. The **mission ensures preference** is given to differently abled persons, senior citizens, transgenders, minorities, single women and other weaker and vulnerable sections of the society.

The policy adopts a **pool of approaches** to suit the needs of individuals based on the geographical locations, topography, economic conditions, availability of land along with proper physical and social infrastructure to meet the basic requirements of the society. The scheme has been divided into four verticals as mentioned below:

- In-Situ Slum Redevelopment (ISSR)**  
 Central Assistance of Rs. 1 lakh per house is admissible for all houses built for eligible slum dwellers under the component of ISSR using land as Resource with participation of private developers.
- Credit Linked Subsidy Scheme (CLSS)**  
 Beneficiaries of Economically Weaker Section (EWS)/Low Income Group (LIG), Middle Income Group (MIG)-I- and Middle-Income Group (MIG)-II seeking housing loans from Banks, Housing Finance Companies and other such institutions for acquiring, new construction or enhancement of houses are eligible for an interest subsidy of 6.5%, 4% and 3% on loan amount upto Rs. 6 Lakh, Rs. 9 Lakh and Rs. 12 Lakh respectively. The scheme was valid till EWS and LIG segment till March 31<sup>st</sup>, 2022.
- Affordable Housing in Partnership (AHP)**  
 Under AHP, Central Assistance of Rs. 1.5 Lakh per EWS house is provided by the Government of India. An affordable housing project can be a mix of houses for different categories, but it will be eligible for Central Assistance, if at least 35% of the houses in the project are for EWS category. The States/UTs decide on an upper ceiling on the sale price of EWS houses with an objective to make them affordable and accessible to the intended beneficiaries. State and cities also extend other concessions such as their state share, land at affordable cost, stamp duty exemption etc.  
 One such example is such in case of Gurugram wherein the Haryana Urban Development Authority along with Town & Country Planning Department has capped the sale price on carpet area @ INR 4,200 per sq. ft with certain exemptions on additional charges.
- Beneficiary led construction**  
 Central Assistance upto Rs. 1.5 lakh per EWS house is provided to eligible families belonging to EWS categories for individual house construction/ enhancement.

### Infrastructure Status to Affordable Housing Segment

Through Government of India initiative "Housing for All by 2022", the Government granted the infrastructure status to affordable housing segment owing, to its status, affordable housing projects are categorized as low risk projects, thus, banks now can offer loans to developers at lower rate of interest as compared to a conventional real estate project. Infrastructure status to affordable housing has further led to **easier access to institutional capital** thereby reducing developer's cost of capital for projects.



## Additional Support from the Central Government

- For AHP Projects: **Effective GST rate of 1%** without Input tax credit available for residential house/flat<sup>3</sup>
- Affordable Housing Projects approved between 01.06.2016 to 31.03.2022 by the competent authority are subject to 100 % deduction of the profits and gains derived from the business of developing and building housing projects u/s 80 IBA of Income Tax, 1961. This exemption is subject to Minimum Alternate Tax (MAT).
- **Loan to Value (LTV)** up to 90%, thus reducing the upfront payment required by the buyer while buying a home

### 3.5 SUPPORT TO AFFORDABLE HOUSING POLICY BY HARYANA GOVERNMENT

- **Affordable Housing Policy (AHP)**

The Affordable Housing Policy was notified in Haryana in August 2013. The main aim of the policy was to encourage the planning and completion of "Group Housing Projects" herein apartments of "**pre-defined size**" are made available at "**pre-defined rates**" to be completed within a "targeted time-frame" as prescribed under the present policy to ensure increased supply of affordable housing in the urban housing market to the deserving beneficiaries.

Below are some of the incentives which benefits the developer while developing a project under Affordable Housing Policy over conventional Group Housing Policy:

- The policy offers higher FAR of 2.25 as compared to the FAR of 1.75 for normal group housing projects
  - Waiver on license fee and Infrastructure development fee
  - Increase in commercial component from 4% to 8% of the Net Planned Area at 175 FAR to be sold in open market would further enhance the profit margin. Haryana Government has been responsive and has increased the price as fixed from INR 4,000 per sq. ft. to INR 4,200 per sq. ft. over carpet area and increase in price of balcony area from INR 500 per sq. ft. to INR 1,000 per sq. ft. capped at INR 1,00,000 per unit.
- **Deen Dayal Jan Awas Yojna - Affordable Plotted Housing Policy (DDJAY - APHP)**

Launched in 2016<sup>4</sup>, the Deen Dayal Jan Awas Yojana is intended to encourage the development of **high density plotted colonies** in the state of Haryana (Low, Medium, Hyper & High Potential Zones). It is an initiative of Government of Haryana to encourage development of "high density plotted colonies" and contribute in achieving the target of 'Housing for All 2022', a central govt. scheme. The Government has planned to build 2 Lakh homes under the scheme by the year 2022.

As per the policy, allotment of 50% residential plots covering saleable area (excluding 50% area frozen by the Department) shall be undertaken in the first phase by the licensee/colonizer. The colonizer shall be allowed to sell the balance area after completion of internal development works (IDW).

<sup>3</sup> of carpet area of up to 90 sqm in non-metropolitan cities/towns and 60 sqm in metropolitan cities having value up to INR 45 lacs.

<sup>4</sup> The policy was launched in February 2016 for low and medium potential towns of Haryana such as Karnal, Kurukshetra, Ambala City, Ambala Cantt., Yamuna Nagar, Jagadhri, Bahadurgarh, Hisar, Rohtak, Rewari, Bawal-Dharuhera Complex, Gannaur, Palwal, Hodel, controlled areas declared in Faridabad District (excluding the controlled areas of Faridabad-Ballabgarh Complex), Oil refinery Panipat (Beholi) and Controlled Areas forming part of the Development Plan, Prithla. The policy was extended to the final development plan Gurugram Manesar Urban Complex – 2031 (Gurugram) in September 2019

Below are some of the incentives which benefit the developer while developing a project under DDJAY - Affordable Plotted Housing Policy over Haryana Residential Plotted Colony:

- Minimum land area required under DDJAY – APHP is 5 acres whereas the minimum land area required under Residential Plotted Colony Policy is 25 acres
- Density in DDJAY – APHP is within 240 – 400 ppa whereas the 100 – 300 ppa in Residential Plotted Colony Policy
- Separate floor registry is allowed in DDJAY – APHP independent floors which is not the case for plots below 180 sq. yd.
- Base FAR in DDJAY – APHP is 200 whereas Haryana Residential Plotted Colony policy allows base FAR in the range of 100 to 165 basis the plot size with higher plot size leading to lower FAR, i.e., base FAR of 100 applicable to plots above 500 sq.mt.



The parameters for the affordable housing projects are as follows:

- o In any residential sector, 30 acres area limit for Affordable Group Housing colony shall be independent of the prescribed limit for grant of license for Group Housing and DDJAY colonies

A detailed table is as illustrated below highlighting the **differences** between **Affordable Housing Policy**, and **Haryana Group Housing Policy**:

Factors	Affordable Housing Policy - Gurugram	Haryana Group Housing Policy (Normal)
<b>Policy Vision</b>	<ul style="list-style-type: none"> <li>• The Affordable Housing Policy was notified in Haryana in August 2013.</li> <li>• The main aim of the policy was to encourage the planning and completion of “Group Housing Projects” herein apartments of “pre-defined size” are made available at “pre-defined rates” to be completed within a “targeted time-frame” as prescribed under the present policy to ensure increased supply of affordable housing in the urban housing market to the deserving beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>• The Department of Town and Country Planning, Haryana is responsible to regulate the development and also to check the haphazard development in and around towns</li> <li>• In order to involve the private sector in the process of urban development, the Department grants licences to the private colonizers for development of Residential, Commercial, Industrial and IT Park/Cyber Park Colonies in accordance with the provisions of the Haryana Development and Regulation of Urban Areas Act, 1975 and rules</li> </ul>
<b>Site Area</b>	<ul style="list-style-type: none"> <li>• Minimum: 4 acres   Maximum: 30 acres</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum Site Area Group Housing: 5 acres<sup>5</sup></li> </ul>
<b>Development Parameter (FAR)</b>	<ul style="list-style-type: none"> <li>• Residential FAR: 225</li> <li>• Commercial FAR: 8% of the net planned area at 175 FAR</li> </ul>	<ul style="list-style-type: none"> <li>• Group Housing: 175</li> <li>• Commercial component - 0.5% of the total site area shall be reserved to cater for essential convenient shopping with the following conditions: (a) The ground coverage of 100% with FAR of 100 will be permissible. However, this will be a part of the permissible ground coverage and FAR of the Group Housing Colony.</li> </ul>
<b>Density</b>	<ul style="list-style-type: none"> <li>• 750 ppa<sup>6</sup> (min) &amp; 900 ppa (max)</li> </ul>	<ul style="list-style-type: none"> <li>• Min: 100 ppa   Max: 300 ppa</li> </ul>
<b>Product Mix</b>	<ul style="list-style-type: none"> <li>• Apartments</li> </ul>	<ul style="list-style-type: none"> <li>• Apartments</li> </ul>

<sup>5</sup> Hyper Potential Towns – Gurgaon Manesar Urban Complex

<sup>6</sup> PPA – Persons Per Acre



Factors	Affordable Housing Policy - Gurugram	Haryana Group Housing Policy (Normal)
<b>Maximum Ground Coverage Allowed</b>	<ul style="list-style-type: none"> <li>• 50%</li> </ul>	<ul style="list-style-type: none"> <li>• 35%</li> </ul>
<b>Unit Size</b>	<ul style="list-style-type: none"> <li>• Carpet Area: 28 sq. mt. to 60 sq. mt. (301 - 645 sq.ft.)</li> </ul>	<ul style="list-style-type: none"> <li>• Guided by Market dynamics</li> </ul>
<b>Ticket Price</b>	<ul style="list-style-type: none"> <li>• Price capped at INR 4,200 per sq.ft. on carpet area &amp; INR 1,000 sq.ft. for balcony area limited to INR 1,00,000 per unit</li> </ul>	<ul style="list-style-type: none"> <li>• Group Housing: Avg Capital Pricing @ INR 6,175/ sq.ft.</li> </ul>
<b>Additional Charges (Buyer)</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• EDC / IDC, IFMS, Car park, Power Backup, Club Membership - Varies as per project</li> </ul>
<b>Average Ticket Size</b>	<ul style="list-style-type: none"> <li>• Avg Capital Pricing INR 0.12 Cr to INR 0.28 Cr</li> </ul>	<ul style="list-style-type: none"> <li>• Group Housing: Avg Capital Pricing INR 1 Cr onwards</li> </ul>
<b>Applicable Fee &amp; Charges (Developer)</b>	<ul style="list-style-type: none"> <li>• Licence Fee &amp; Infrastructural Development Charges (IDC) stands waived off</li> <li>• Scrutiny Fee @ INR 10 per sq.mt.</li> <li>• Conversion Charges @ INR 158 per sq.mt.</li> <li>• External Development Charges are as per prescribed rate (for plotted colony) - INR 1.04Cr per gross acre</li> </ul>	<ul style="list-style-type: none"> <li>• Licence Fee for Residential Group Housing @ INR 0.4 Cr per acre</li> <li>• External Development Charges @ INR 4.16 Cr per acre</li> <li>• Infrastructural Development Charges @ INR 500 per sq.mt.</li> <li>• Scrutiny Fee @ INR 10 per sq.mt.</li> <li>• Conversion Charges                             <ul style="list-style-type: none"> <li>^ National Highway: INR 210 per sq.mt.</li> <li>^ State Roads: INR 158 per sq.mt.</li> <li>^ Other Roads: INR 105 per sq.mt.</li> </ul> </li> </ul>
<b>Project Timeline</b>	<ul style="list-style-type: none"> <li>• All such projects shall be required to be necessarily completed within 4 years from the approval of building plans or grant of environmental clearance, whichever is later</li> </ul>	<ul style="list-style-type: none"> <li>• As informed by Developer to RERA Authority</li> </ul>
<b>Payment Plan / terms</b>	<ul style="list-style-type: none"> <li>• Fixed in accordance with the Policy                             <ul style="list-style-type: none"> <li>5% during application</li> <li>20% during allotment</li> </ul> </li> <li>Balance 75% amount will be recovered as per the stages of construction to be prescribed in the builder buyer agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Open to market</li> <li>• Flexible Payment Plan</li> <li>• Development Linked Payment Plan</li> <li>• Construction Linked Plan</li> </ul>



Factors	Affordable Housing Policy - Gurugram	Haryana Group Housing Policy (Normal)
<b>Benefits (Developer)</b>	<ul style="list-style-type: none"> <li>• The policy offers higher FAR of 225 as compared to the FAR of 175 for normal group housing projects</li> <li>• Waiver on license fee and Infrastructure development fee</li> <li>• Increase in commercial component from 4% to 8% of the Net Planned Area at 175 FAR to be sold in open market would further enhance the profit margin. Haryana Government has been responsive and has increased the price as fixed from INR 4,000 per sq. ft. to INR 4,200 per sq. ft. over carpet area and increase in price of balcony area from INR 500 per sq. ft. to INR 1,000 per sq. ft. capped at INR 1,00,000 per unit.</li> </ul>	<ul style="list-style-type: none"> <li>• NA</li> </ul>
<b>Benefits (End-User)</b>	<ul style="list-style-type: none"> <li>• Availability of housing at affordable price to the end user who cannot afford a 2/3 BHK in regular group housing project due to higher ticket size.</li> <li>• Provision of car parking is an additional benefit to the end-user interested in purchasing affordable housing units. However, maximum of one car park space per dwelling unit can be allotted by the coloniser at a rate not exceeding 5% of the cost of flat to the allottee<sup>7</sup></li> <li>• Amenities form part of the fixed rate and no additional charges are taken from the end user other than the fixed rate for the unit plus capped charges for balcony and car park space.</li> </ul>	<ul style="list-style-type: none"> <li>• NA</li> </ul>

A detailed table is as illustrated below highlighting the **differences** between **Deen Dayal Jan Awas Yojna - Affordable Plotted Housing Policy** and erstwhile **Haryana Residential Plotted Colony**:

<sup>7</sup> Mandatory parking space at the rate of half Equivalent Car Space (ECS) for each dwelling unit shall be provided. The colonizer may provide an additional and optional parking space, maximum to the extent of half Equivalent Car Space (ECS) per dwelling unit. In case such optional parking space is provided by the coloniser; maximum of one car parking space per dwelling unit can be allotted by the coloniser, at a rate not exceeding 5% of the cost of flat to such allottee.



Factors	Deen Dayal Jan Awas Yojana-APHP - Gurugram	Haryana Residential Plotted Colony
<b>Policy Vision</b>	<ul style="list-style-type: none"> <li>Launched in 2016, the Deen Dayal Jan Awas Yojana is intended to encourage the development of high density plotted colonies in the state of Haryana (Low, Medium, Hyper &amp; High Potential Zones).</li> <li>It is an initiative of Government of Haryana to encourage development of "high density plotted colonies" and achieve the target of 'Housing for All 2022', a central govt. scheme</li> <li>The Government has planned to build 2 Lakh homes under the scheme by the year 2022.</li> </ul>	<ul style="list-style-type: none"> <li>The Department of Town and Country Planning, Haryana regulates the development in towns &amp; cities in Haryana</li> <li>In order to Streamline the provisions of building rules and ensure uniform development, Haryana Building code 2016 was made applicable to the entire state of Haryana, whose first revision was published as Haryana Building code 2017</li> <li>The development parameters of residential plotted development are stated in Haryana Building Code 2017, as follows:</li> </ul>
<b>Site Area</b>	<ul style="list-style-type: none"> <li>Minimum: 5 acres</li> <li>Maximum: 40% Net Planned Area (NPA) limit in a given residential sector</li> </ul>	<ul style="list-style-type: none"> <li>Minimum Site Area Plotted colony: 25 Acres</li> </ul>
<b>Efficiency</b>	<ul style="list-style-type: none"> <li>Maximum area allowed under Residential &amp; Commercial Plots is 65% of the licenced area</li> </ul>	<ul style="list-style-type: none"> <li>Maximum area allowed under Residential &amp; Commercial Plots is 55% of the licenced area</li> </ul>
<b>Development Parameter (FAR)</b>	200 <sup>8</sup> Additional 0.64 = 2.64	Upto 100 sq. m: 1.65 <sup>9</sup> - Additional - 0.99 = 2.64 100 - 250 sq. m: 1.45 - Additional - 1.19 = 2.64 250 - 350 sq. m: 1.25 - Additional - 1.15 = 2.40 350 - 500 sq. m: 1.20 - Additional - 1.20 = 2.40 Above 500 sq. m: 100.0 - Additional - 1.40 = 2.40
<b>Density</b>	<ul style="list-style-type: none"> <li>Min: 240 ppa   Max: 400 ppa</li> </ul>	<ul style="list-style-type: none"> <li>Min: 100 ppa   Max: 300 ppa</li> </ul>
<b>Product Mix</b>	<ul style="list-style-type: none"> <li>Plots &amp; Independent Floors</li> </ul>	<ul style="list-style-type: none"> <li>Plots</li> </ul>
<b>Unit Size</b>	<ul style="list-style-type: none"> <li>Max Plot Size: 180 sq.yd.</li> </ul>	<ul style="list-style-type: none"> <li>Guided by Market dynamics</li> <li>Max Plot Size: 300 - 350 sq. yd.</li> </ul>
<b>Ticket Price</b>	<ul style="list-style-type: none"> <li>Average Pricing Plots: INR 35,000 - 1,20,000 per sq. yd Independent Floors: 4,500 - 7,200 per sq. ft</li> </ul>	<ul style="list-style-type: none"> <li>Average Pricing: INR 1,20,000 - 2,50,000 per sq. yd</li> </ul>

<sup>8</sup> As per the Memo No. MISC-2266/2019/SD(D)/ 7/25/2019-2TCP dated September 2nd, 2019, additional FAR of 0.64 is permitted for residential plots in licensed colonies as well as CLU granted projects along with purchasable development rights

<sup>9</sup> As per the Memo No. MISC-2266/2019/SD(D)/ 7/25/2019-2TCP dated September 2nd, 2019, additional FAR of 0.99 to 1.40 depending upon the plot size, is permitted for residential plots in licensed colonies as well as CLU granted projects along with purchasable development rights



Factors	Deen Dayal Jan Awas Yojana-APHP - Gurugram	Haryana Residential Plotted Colony
<b>Additional Charges (Buyer)</b>	<ul style="list-style-type: none"> <li>• EDC / IDC, IFMS, Car park, Power Backup Varies as per project</li> </ul>	<ul style="list-style-type: none"> <li>• EDC / IDC, IFMS, Car park, Power Backup, Club Membership - Varies as per project</li> </ul>
<b>Applicable Fee &amp; Charges (Developer)</b>	<ul style="list-style-type: none"> <li>• 10Licence Fee @ INR 0.12Cr per acre (for plotted residential component)</li> <li>• External Development Charges @ INR 1.04 Cr/ acre</li> <li>• Infrastructural Development Charges @ INR 500 per sq.mt.</li> <li>• Scrutiny Fee @ INR 10 per sq.mt.</li> <li>• Conversion Charges                             <ul style="list-style-type: none"> <li>^ National Highway: INR 210 per sq.mt.</li> <li>^ State Roads: INR 158 per sq.mt.</li> <li>^ Other Roads: INR 105 per sq.mt.</li> </ul> </li> <li>• <sup>11</sup>All fee &amp; charges viz licence fee, conversion charges, EDC &amp; IDC shall be applicable at the rate of 75% (High Potential Zone) of the respective rates applicable for residential plotted colony in the said Development Plan, wherein as per the payment terms 25% recovery before grant of licence and balance in 6 half yearly instalments with interest. <b>These charges are relatively lower in nature than applicable charges in Haryana Residential Plotted Colony.</b></li> </ul>	<ul style="list-style-type: none"> <li>• Licence Fee @ INR 0.12 Cr per acre (for plotted residential component)</li> <li>• External Development Charges @ INR 1.04 Cr/ acre</li> <li>• Infrastructural Development Charges @ INR 500 per sq.mt.</li> <li>• Scrutiny Fee @ INR 10 per sq.mt.</li> <li>• Conversion Charges                             <ul style="list-style-type: none"> <li>^ National Highway: INR 210 per sq.mt.</li> <li>^ State Roads: INR 158 per sq.mt.</li> <li>^ Other Roads: INR 105 per sq.mt.</li> </ul> </li> </ul>
<b>Project Timeline</b>	<ul style="list-style-type: none"> <li>• All such projects shall be required to be necessarily completed within 7 years (5+2 years) from the date of grant of licence.</li> </ul>	<ul style="list-style-type: none"> <li>• As informed by Developer to RERA Authority</li> </ul>
<b>Payment Plan / terms</b>	Open to Market <ul style="list-style-type: none"> <li>• Flexible Payment Plan</li> <li>• Development Linked Payment Plan</li> </ul>	Open to Market <ul style="list-style-type: none"> <li>• Flexible Payment Plan</li> <li>• Development Linked Payment Plan</li> </ul>
<b>Benefits (Developer)</b>	<ul style="list-style-type: none"> <li>• Minimum land area required under DDJAY – APHP is 5 acres whereas the minimum land</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>

<sup>10</sup> All charges for hyper potential zone – Gurugram

<sup>11</sup> The fee and charges for DDJAY – APHP project to be developed under Hyper Potential zone stands at the rate of 100%, similar to charges applicable for Haryana Residential Plotted Colony

Factors	Deen Dayal Jan Awas Yojana-APHP - Gurugram	Haryana Residential Plotted Colony
	<p>area required under Residential Plotted Colony Policy is 25 acres</p> <ul style="list-style-type: none"> <li>• Density in DDJAY – APHP is within 240 – 400 ppa whereas the 100 – 300 ppa in Residential Plotted Colony Policy</li> <li>•</li> </ul>	
<b>Benefits (End-User)</b>	<ul style="list-style-type: none"> <li>• First come first serve basis allotment, no hassle of draw &amp; allotment</li> <li>• Plotted development at a better location in an affordable range and prominent locations</li> <li>• Separate floor registry is allowed in DDJAY independent floors which is not the case in group housing for plots below 180 sq. yd.</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>



### 3.6 FUTURE DRIVERS OF AFFORDABLE HOUSING MARKET IN NCR

NCR is a large territory that encapsulates Delhi NCT along with certain districts of Rajasthan, Haryana and Uttar Pradesh. Due to the vast region under coverage, there are numerous pockets in the entire NCR where affordable houses (priced less than INR 40 lakh) are built. These include a mix of established and upcoming locations and offer significant options to the affordable housing home buyers.

While there are many locations in the NCR that can be identified as affordable housing destinations, Gurugram- Sohna region collectively accounted for 68% (CY 2021) of the affordable supply in NCR.

#### Future Potential of Affordable Housing in Gurugram

Given the trends from previous years we foresee that the affordable housing segment will have continued traction in the market with respect to supply due to sustainable demand. Over the past five years, the average share of affordable housing in total supply of residential units is close to 56%. Going forward, a similar trend is likely to be observed, given the large demand from end-users. Gurugram, has witnessed multiple affordable housing projects in various micro markets viz. Golf Course Extension Road, Southern Peripheral Road, New Gurugram, Dwarka Expressway and Sohna town. The availability of land parcels in these regions is likely to lead to multiple new projects in the affordable segment.

#### Potential of Affordable Group Housing Policy (AGH) projects- a driver to facilitate further growth

As per the information furnished by the Town & Country Planning Department (Haryana), accessed on February 13<sup>th</sup>, 2022; a public notice was shared on the website (DTCP) inviting application for grant of licence for setting up of affordable group housing under affordable housing policy with density within the limit (less than 30 acres).

Thus, as per the information within the invitation, it can be interpreted that the mentioned regions or micro markets have **considerable area available for development of affordable housing** projects in particular as illustrated below:

S. No	Micro Markets	Balance area under AGH (within 30-acre limit) acres	Presence of Signature Global
1	GCER	237.67	✓
2	SPR	157.85	✓
3	New Gurugram (New Gurugram)	458.92	✓
4	Dwarka Expressway	315.58	✓
5	Sohna Town	401.00	✓
6	<b>Total</b>	<b>1,571.02</b>	✓

**Source:** Department of Town & Country Planning (accessed on February 13<sup>th</sup>, 2022)

As per the Department of Town & Country Planning, Haryana, **balance area under Affordable Group Housing** in some of the emerging and established micro market currently stands at approx. **1,571 acres**. Thus, following the same it is anticipated that in future, the **region has a potential FAR to develop approx. 154 Mn. Sq.ft. of affordable housing**.

The sale price for affordable housing segment is fixed by the Haryana Government. However, we anticipate that as per the current supply and demand gap followed by rising construction cost due to increase in cost of procuring construction materials such as steel, aluminium and cement, the Government may increase the sale price for the segment.

**Outlook on builder- floor projects under DDJAY Policy:** Post Covid the demand for individual floors (builder floors) has increased, and with projects under DDJAY offering quick possession,

better design efficiency and availability of comparatively lower ticket size in the established micro-markets of Gurugram, this segment is likely to witness considerable demand as well as absorption in coming years.

## 4. NCR RESIDENTIAL REAL ESTATE OVERVIEW

### 4.1 OVERVIEW OF NATIONAL CAPITAL REGION

The National Capital Region has a total area of about 1253,817 sq. km and population of over 58.15 million (Census 2011). As per the report on “Population Projections for NCR (2016-2041)” the population of the NCR is projected to be 71.82 million (2021), 100.48 Mn (2036) and 113.02 Mn (2041). While the region encompasses NCT of Delhi and several districts surrounding it from the states of Uttar Pradesh, Haryana and Rajasthan, the prominent cities of the urban agglomeration include Gurugram, Faridabad, Ghaziabad, Noida and Greater Noida.

The table below illustrates the Delhi Urban Agglomeration Region (herein referred to as NCR) and their characteristics:

	<table border="1"> <thead> <tr> <th>Region</th> <th>Characteristics of Region</th> </tr> </thead> <tbody> <tr> <td><b>Delhi</b> Administrative and Service</td> <td>Political seat of the country, Trade &amp; Commerce hub for North India</td> </tr> <tr> <td><b>Gurgaon</b> Industrial + Business and Service Town</td> <td><b>Established Commercial &amp; IT hub of NCR</b>, well positioned to attract big corporates</td> </tr> <tr> <td><b>Noida</b> Industrial + Service Town</td> <td>Emerged as an alternative to Gurugram</td> </tr> </tbody> </table>	Region	Characteristics of Region	<b>Delhi</b> Administrative and Service	Political seat of the country, Trade & Commerce hub for North India	<b>Gurgaon</b> Industrial + Business and Service Town	<b>Established Commercial &amp; IT hub of NCR</b> , well positioned to attract big corporates	<b>Noida</b> Industrial + Service Town	Emerged as an alternative to Gurugram
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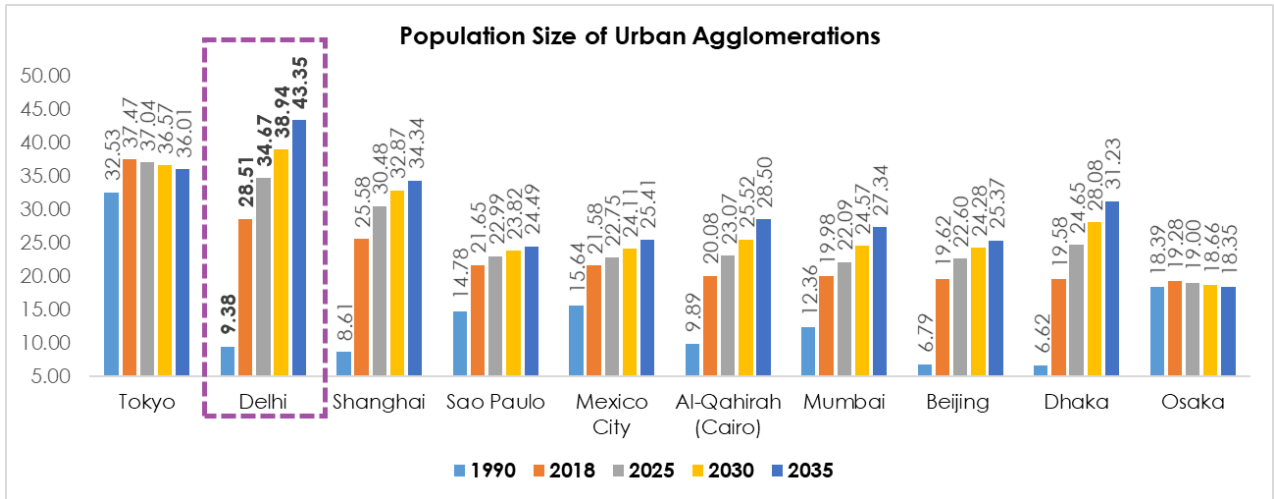
According to a report published by United Nations, the population in <sup>13</sup>**Urban agglomeration of Delhi** is expected to **surpass Tokyo by 2028\***, to become the largest megapolis in the world. Apart from being the biggest urban agglomeration in India, Delhi has also the <sup>14</sup>second highest population of interstate migrants. Rapid increase in population and changing socio-economic landscape has resulted in housing shortage in the region, primarily in the affordable category.

<sup>12</sup> National Capital Territory area constitutes merely 3% (1,483 km) of the land area with most of the NCR comprised by thirteen districts of Haryana followed by seven district of Uttar Pradesh and two districts of Rajasthan

<sup>13</sup> Data for 1991, 2001 and 2011 refer to the metropolitan area that is not restricted to state boundaries (National Capital Territory). Contiguous suburban cities and towns, such as Faridabad, Gurugram, and Ghaziabad are included in Delhi. The official estimates for New Delhi and Delhi Urban Agglomeration were 257,803 and 16,349,831 in the year 2011, respectively

<sup>14</sup> Census 2011

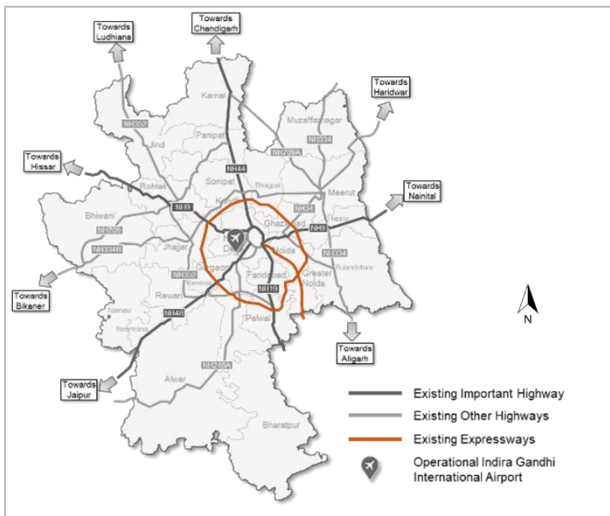
\*Considering urban agglomeration population; while Census of India based population includes districts population within NCR



## 4.2 KEY GROWTH DRIVERS FOR NATIONAL CAPITAL REGION

### Infrastructure Initiatives in NCR

Delhi NCR shares **excellent connectivity** with other parts of the country via well-developed transportation infrastructure.



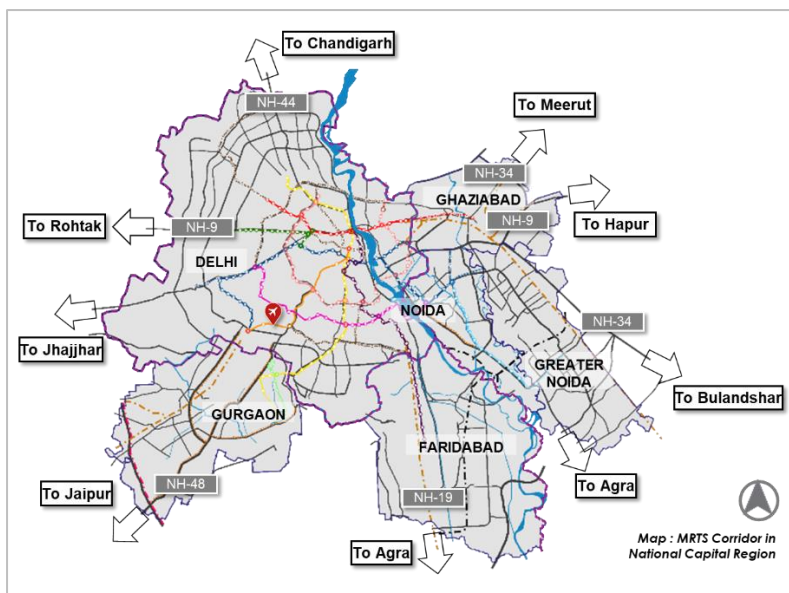
**Roadway:** Converging point of many prominent major roads of which **six national highways** (NH-44, NH-9, NH-48, NH-9, NH-19 and NH-34) ensure excellent regional connectivity.

Other than the national highways, the region ensure excellent connectivity through **Eastern & Western Peripheral Expressway** commonly known as Kundli-Ghaziabad-Palwal (**KGP**) and Kundli-Manesar Palwal (**KMP**) Expressways. The expressways help in smooth and quick transportation from Northern states to the other states of India.

**Railway:** Almost every major city falling in NCR has a dedicated railway station with high frequency of trains on it. This ensures good connectivity of the region with other parts of the city. Major railway stations in the region are located at New Delhi, Ghaziabad & Faridabad

**Airway:** Indira Gandhi International Airport ('IGIA') is primary international airport of the National Capital Region ('NCR') and connects the region with cities across the globe.





### Metro Network

Delhi has a well-established metro network **spanning 391 km** (including NOIDA- Gr, NOIDA Aqua Line and Gurugram Rapid Metro), which extends to the adjoining cities including Gurugram, Noida, Faridabad, and Ghaziabad, thereby providing excellent connectivity to these cities.

Apart from this there are number of infrastructure initiatives that are at various stages of development and are **likely to have a positive**

**impact on the overall real estate** of the region. Following are some of the upcoming key infrastructure initiatives.

### Regional Rapid Transit System (RRTS)

National Capital Region Planning Board (NCRPB), in order to enhance the connectivity within the NCR, has **proposed to connect urban, industrial (SEZs/industrial parks), regional and sub-regional centers** through a fast rail based Regional Rapid Transit System (RRTS). The objective of this system is to reduce dependence of commuters on road-based transportation. NCRPB has identified 8 RRTS corridors for development. 3 of them i.e., Delhi – Gurgaon – Alwar, Delhi – Panipat & Delhi – Ghaziabad- Meerut have been approved till now and are being developed. Development of RRTS will lead to easy flow of people and creation of organized real estate developments in the region.

### Commercial Destination & Employment Hub

NCR has been a preferred hub for fortune 500 companies. **Growth in IT/ITes, BFSI, logistics** sector has paved a strong growth for NCR's robust economy and real estate sector. With excellent inter and intra connectivity and investments by Corporates and industries, the satellite towns such as Gurugram, Noida, Greater Noida, Ghaziabad, and Faridabad, have emerged as established **employment hubs** of the region.

Delhi NCR has a total of **125 Mn. Sq. ft of development in the commercial (office space)** **Gurugram** accounts for about **63%** of Grade-A office space in the National Capital Region (NCR).

### Delhi NCR is the startup capital of India

As per the Economic Survey of India (2021-2022), Startups in India have grown remarkably over the last six years, most of these belong to the service sector. The Government of India recognized over 14,000 new startups during 2021.

- Over the recent years, Delhi has replaced Bangalore as the startup capital of India.
- Over 5,000 recognized startups were added in Delhi as compared to 4,514 in Bangalore during April 2019 to December 2021.

This is due to the abundant commercial supply available at reasonable rents across Noida, Gurugram and Delhi, allowing upcoming entrepreneurs to save costs. With well-connected

public transportation and construction of highways, the good infrastructure of Delhi NCR is yet another factor that made it the startup capital of India.

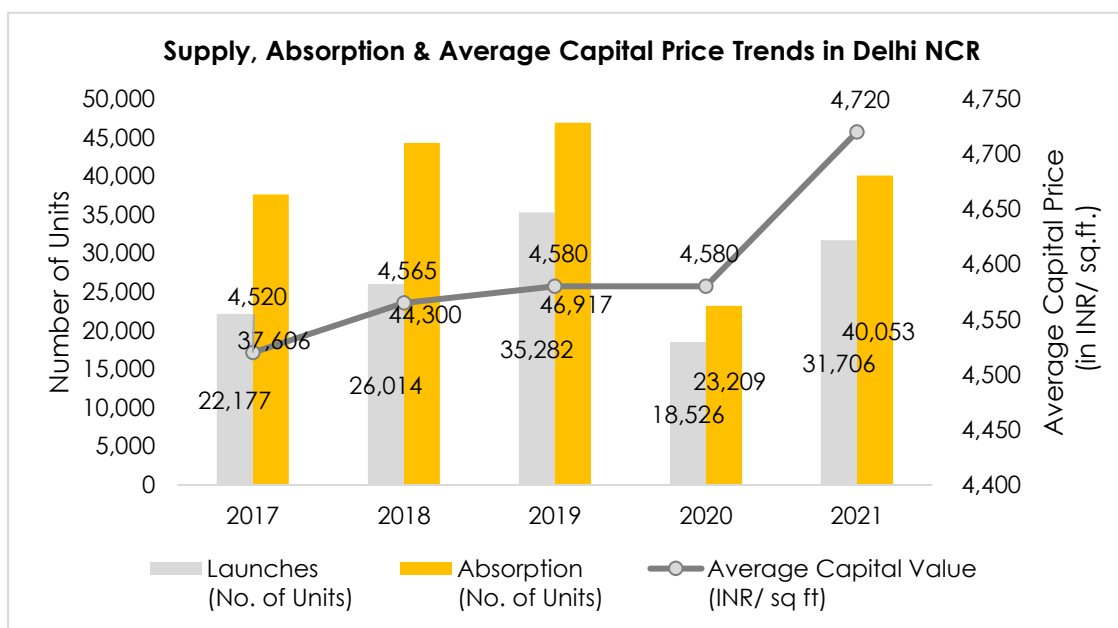
The kind of employment opportunities that Delhi NCR present, substantiated by the above fact as well, will lead to increased housing demand in the region.

### 4.3 SUPPLY AND ABSORPTION TRENDS – NCR RESIDENTIAL

In last five years, the period of 2017-2019 was of growth in supply and even more growth in absorption of residential units. Year 2020 was an abrasion owing to Covid-19 effect on economy and real estate. With lockdowns during Covid in CY H1 2020, residential real estate market in National Capital Region (NCR), slowed down for about a quarter of a year. With **opening up of activities** during CY H2 2020, decadal **low interest rates** for home loans, and **incentives** offered by the developers in the form of various **payment plan options**, additional offerings such as white goods, basic interiors, additional car parking etc., the **residential demand got revived**.

As per the current market situation, with improvement in economic activity, NCR's residential market is likely to see robust activity driven by end user demand.

Graph No. 4.1 Supply, absorption and price trend for residential units during CY 2017 – CY 2021 for NCR:



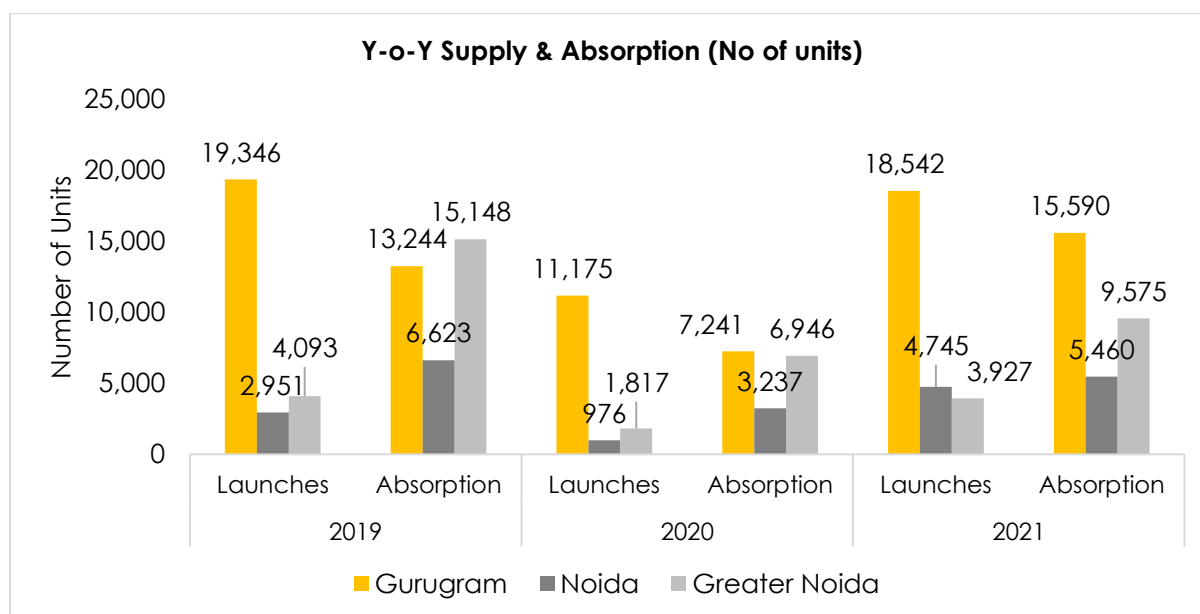
Note: Capital Price Movement is average in nature on saleable area / super area  
Source: Anarock Research

The momentum continued in 2021 as well, because of the **economic revival, pent-up demand, and inclination towards home ownership** by buyers being the main **demand drivers**. Entire NCR saw housing sales increase by 73% – from 23,209 units in CY 2020 to 40,053 units in CY 2021. Back in the pre-COVID-19 period of 2019, total **sales** in the region were 46,917 units, thereby **reaching 85% levels of the pre-Covid period**, depicting confidence and robust demand in the market. This is also evident from the Anarock CII Real Estate consumer sentiment survey H2 2021, where 57% of the consumers have rated real estate as the best asset class for investment.

MMR and NCR were leading markets in terms of sales during CY 2021. MMR witnessed housing sales of nearly 76,400 units in CY 2021 while **NCR saw sales of 40,053 units**. Gurugram dominated the sales of units, with 15,590 units thereby contributing 39% of the total sales across NCR.



Graph No. 4.2 Supply and absorption trends (in units) in major cities in the Delhi NCR viz. Gurugram, Noida and Greater Noida during CY 2019 to CY 2021 period:



Source: Anarock Research

### Takeaways and Observations

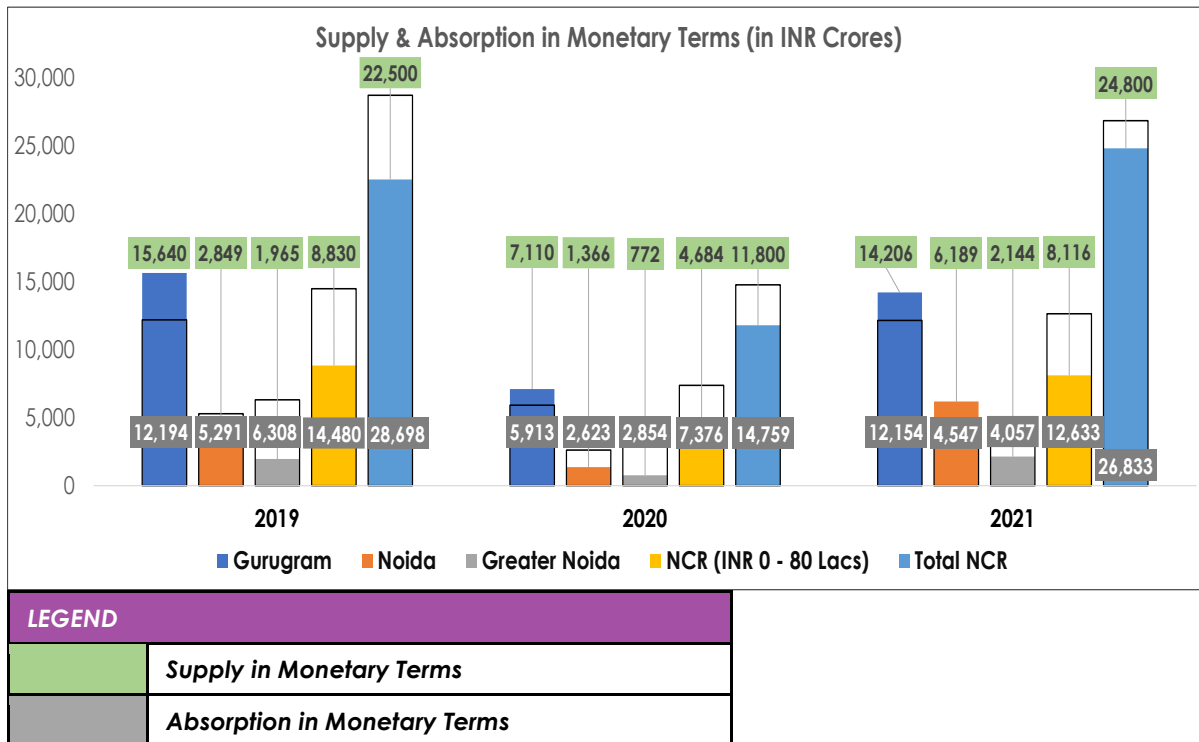
- Gurugram has been one of the most active real estate markets in NCR in terms of residential supply. Of the total **units launched** in NCR in 2021 (31,706 units), **Gurugram comprised of 58% share**. Gurugram added as many as 18,542 units in 2021, thereby seeing a rise of 66% over previous year.
- There have been limited launches in Noida and Greater Noida in the past years as developers have been focusing on completing the existing projects. However, on the backdrop of economic recovery in 2021, and after many years, Noida witnessed more than 4 times increase in the supply while the growth for G. Noida was approx. two times more as compared to previous year.
- Of the total **units sold** in NCR in 2021 (40,053 units), **Gurugram comprised 39% share**. Gurugram sold as many as 15,590 units in 2021, thereby seeing a **rise of 115%** over previous year.
- Over the last three years, **Gurugram has had the highest absorption in the three cities**. Many launches in Gurugram were in the form of plotted projects and units with additional spaces like study room, to address the need driven by work from home concept.

The following table depicts supply and absorption trends (in monetary terms) across Gurugram, Noida and Greater Noida during CY 2019 to CY 2021 period:

Particulars (in INR crore)	City	2019	2020	2,021
<b>Launches</b>	Gurugram	15,640	7,110	14,206
<b>Absorption</b>		12,194	5,913	12,154
<b>Launches</b>	Noida	2,849	1,366	6,169
<b>Absorption</b>		5,291	2,623	4,547
<b>Launches</b>	Greater Noida	1,965	772	2,144
<b>Absorption</b>		6,308	2,854	4,057
<b>Launches</b>	Total NCR	22,500	11,800	24,800
<b>Absorption</b>		28,698	14,759	26,833

<b>Launches</b>	INR 0-80 lacs	8,830	4,684	8,116
<b>Absorption</b>	NCR	14,480	7,376	12,633

Source: Anarock Research



In terms of value of new units launches and sales, NCR witnessed year 2021 **surpassing** year 2019 for value of new launches and in 2021 **nearing reaching** the value by sales seen in year 2019, demonstrating that the pandemic's effect on the sector by and large **confined to year 2020**.

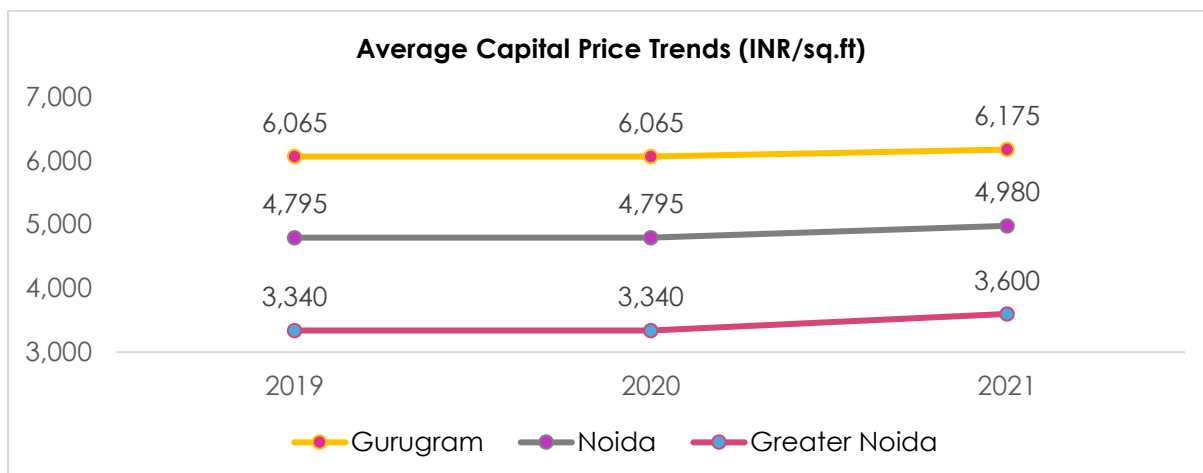
In last three years, NCR has by and large witnessed **higher levels of absorption as compared to the supply** in the region. This is mainly due to improved **affordability** coupled with existing and upcoming infrastructure initiatives **improving mobility** of people, **employment prospects** and employment linked **end-user driven market** which allows end-users variety of options in satellites towns of NCR.

The cumulative units launched in last three years from CY 2019 to CY 2021 period based on monetary terms in NCR is INR 59,100 Cr, wherein **Gurugram's share was approx. 63%, highest amongst all other regions**.

In 2021, Gurugram witnessed a total **sales value** of INR 12,154 Cr which is **almost 45%** of the total sales in NCR. In fact, the increase in the total absorption value was **more than 2 times than the previous year**, also highest among the three cities, indicating relatively quicker bounce back of demand in Gurugram as compared to other cities in NCR.



Graph No. 4.3 Average capital price movement across major cities viz. Gurugram, Noida and Greater Noida during CY 2019 – CY 2021 period:



Source: Anarock Research

- Gurugram which used to be an investor driven market earlier is primarily shifting to an end-user market helped by stable prices and improving affordability of buyers
- After a dip in 2017 post structural policy changes such as RERA & GST by the government, the prices remained stagnant

#### 4.4 MARKET SHARE OF SIGNATURE GLOBAL IN NCR ON THE BASIS OF SUPPLY & ABSORPTION (IN UNITS)

There are select developers pan India within residential segment who have remained active throughout the real estate life cycles. During the past decade, the real estate sector has witnessed several reforms including demonetization and the implementation of GST and RERA. While these reforms have resulted in increased transparency as well as increased the compliance costs, resulting in smaller developers exiting the business and providing an opportunity to branded developers to increase their market share.

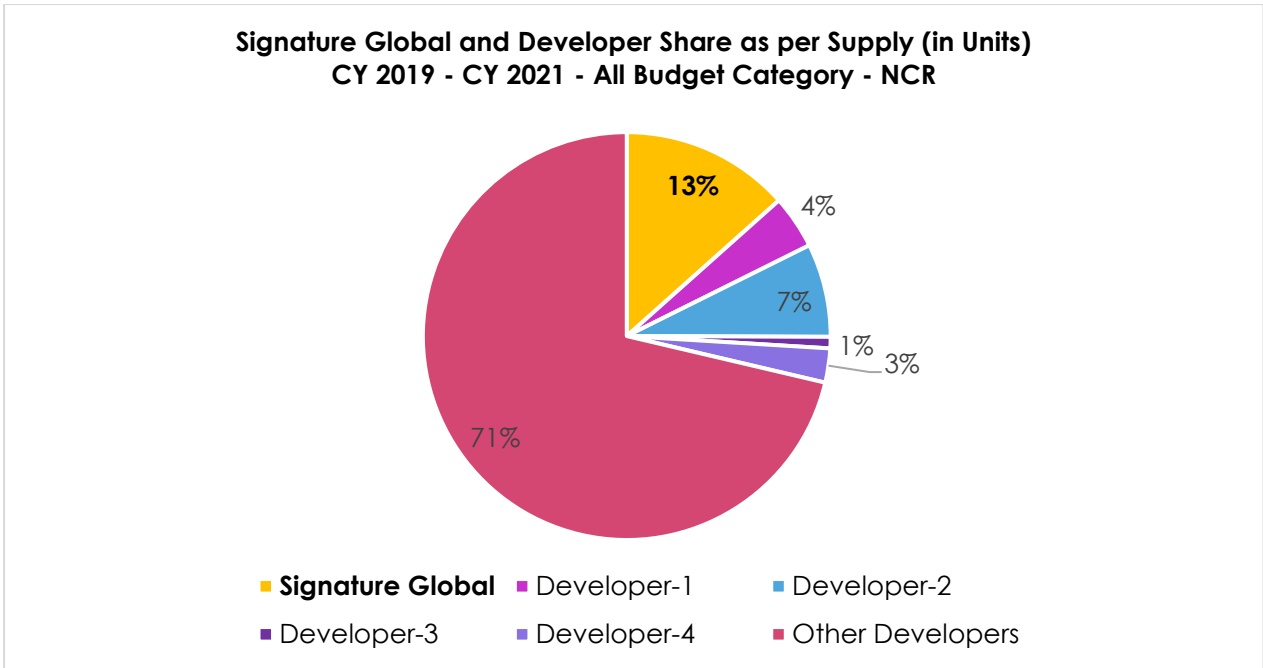
#### Share of Signature Global Group and other developers in Delhi NCR as per supply (in number of units) – all budget category<sup>15</sup>

The total supply of combined micro markets in Delhi NCR from CY 2019 to CY 2021 is 85,514 units.

Out of the total NCR supply, **Signature Global Group has 13% market share** (all budget category). Approx. 15% of the total market share is by four other developers (13,051 units). Signature Global has the largest market share in the segment in Delhi NCR.

<sup>15</sup> All Budget Category is units falling within all budget segments starting less than INR 40 Lacs to units priced above INR 250 Lacs

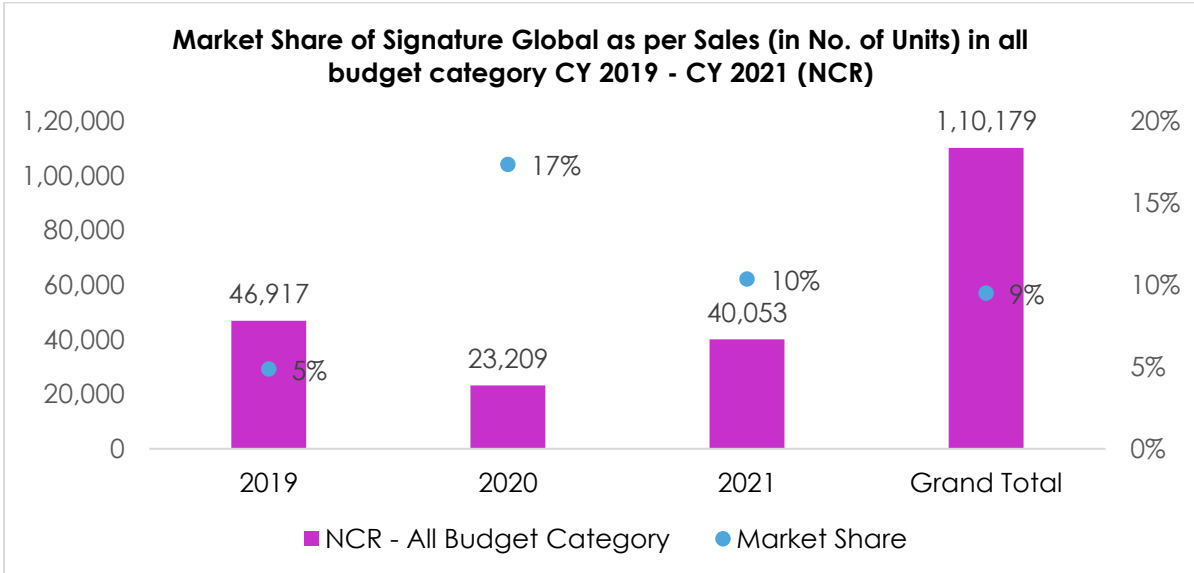




Source: Anarock Research, 2022

### Share of Signature Global Group in Delhi NCR (CY 2019 – CY 2021) as per sales (in number of units) – all budget category

The total sales of combined micro markets in Delhi NCR from CY 2019 to CY 2021 are 1,10,179 units. Out of this, the total share of Signature Global consolidated from CY 2019 to CY 2021 stands at **9%**. The year-on-year market share is as illustrated below:



Source: Anarock Research, 2022

For years CY 2020 and CY 2021, Signature Global has maintained a share in double digits, its highest share (for the period 2020 - 2021) being in pandemic driven challenging year of CY 2020.



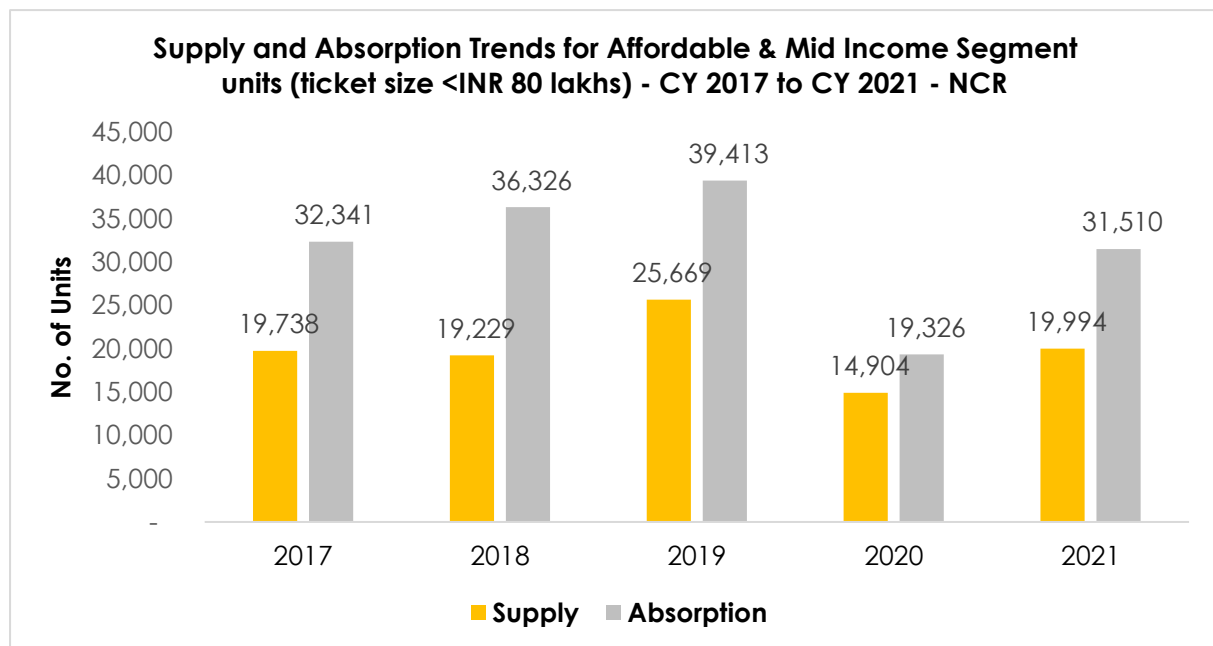
#### 4.5 AFFORDABLE & MID-SEGMENT HOUSING IN DELHI NCR

With a population of more than 46 million and spread over 53,000 square kilometres, the urban agglomeration of Delhi: National Capital Region (NCR) has witnessed urbanization level of around 62%. This urban agglomeration is also the country's largest planned region.

There are growing needs about the provision of adequate and up to date urban infrastructure and basic amenities, with NCR's urbanization rate being almost double of the national level. Various national initiatives such as Pradhan Mantri Awas Yojana (**PMAY**), **Housing for All** by 2022, Atal Mission for Rejuvenation and Urban Transformation (**AMRUT**), **Smart Cities Mission** and **Infrastructure status to Affordable Housing** have been taken to address the pressing urban housing shortage. Regional authorities such as Delhi Development Authority (DDA), Haryana Urban Development Authority (HUDA) and Ghaziabad Development Authority (GDA) are also actively participating to ensure that affordable housing is provided to the target segment of the population.

##### Affordable & Mid Income Housing

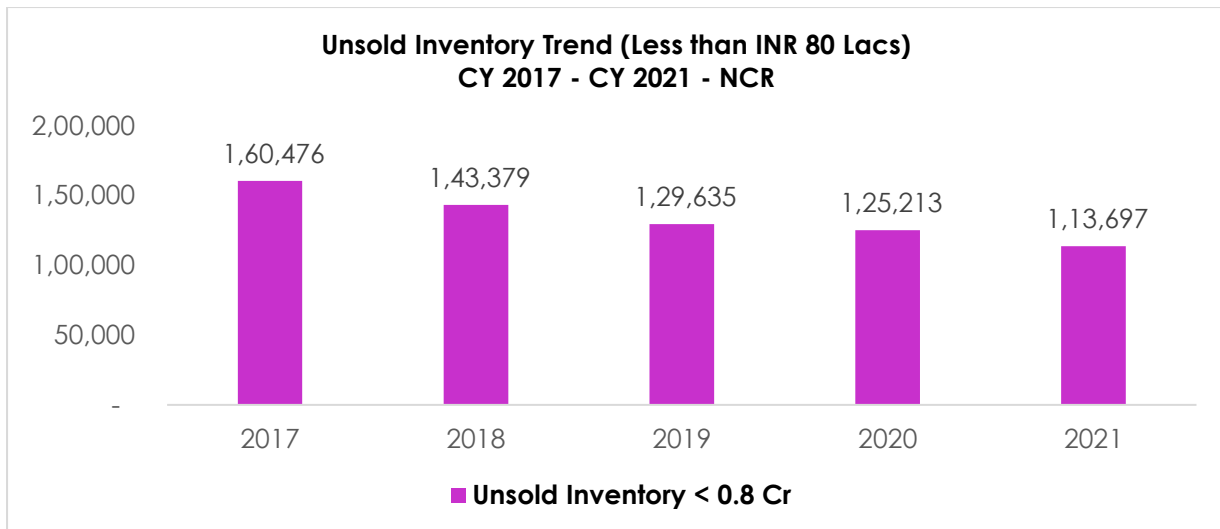
Graph No. 4.4 Residential supply, absorption trends in the affordable & mid income segment combined (ticket size less than INR 80 Lakhs) in NCR during CY 2019 to CY 2021 period:



Source: Anarock Research, 2022

- Around 99,534 units were launched in the affordable and mid-segment (ticket size less than INR 80 lakh) in NCR during CY 2017 to CY 2021 period. **Gurugram was the key contributor** and accounted for 41% of the overall affordable supply in NCR during CY 2017 and CY 2021 period.
- In the past 5 years the **absorption level which cumulatively for last 5 years stood at 1,58,916 units has outnumbered supply** (99,534 units) in the affordable and mid-segment category, which suggests there is sustainable demand in this category

Graph No. 4.5 Residential unsold inventory in the affordable & mid segment combined in NCR during CY 2017 to CY 2021 period:



Source: Anarock Research, 2022

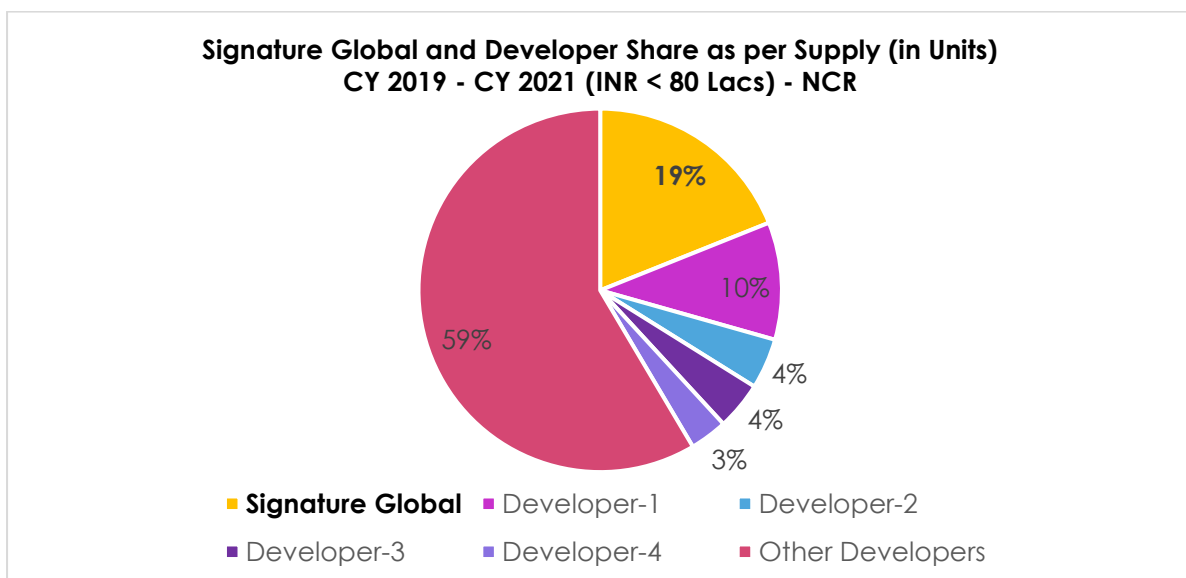
The inventory of affordable and mid-segment units has been witnessing a **continuous decline in the last five years**. This is due to increase in higher absorption of affordable & mid-segment units as compared to the launches in the segment in these years.

#### 4.6 MARKET SHARE OF SIGNATURE GLOBAL IN NCR ON THE BASIS OF SUPPLY & ABSORPTION (IN UNITS) – AFFORDABLE & MID-SEGMENT

**Share of Signature Global Group and other developers in Delhi NCR as per supply (in number of units – with ticket size less than INR 80 Lakhs) – in affordable and mid segment combined**

The total supply of combined micro markets in Delhi NCR from CY 2019 to CY 2021 in affordable and mid segment combined is 60,567 units.

Out of the total NCR supply in affordable and mid segment combined (less than INR 80 Lakhs), **Signature Global Group has 19% market share** (affordable and mid segment category combined). Approx. 23% of the total market share is by four other developers (13,661 units).



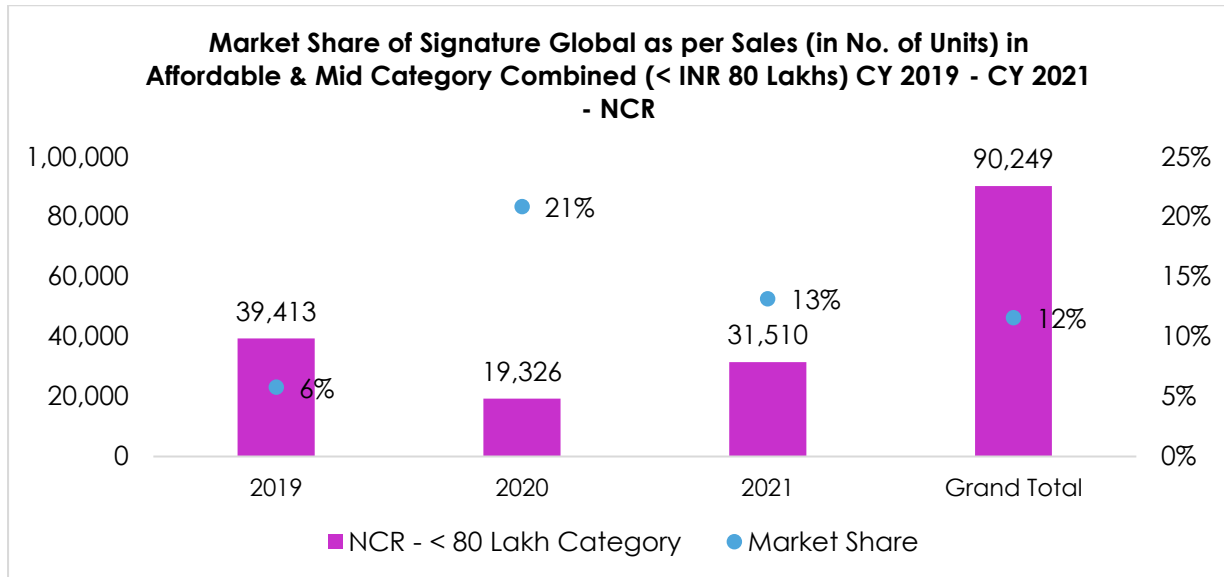
Source: Anarock Research, 2022

The total market share of Signature Global Group in NCR in affordable and mid segment combined is more than the top 3 developers in the category. Further, Signature Global has the largest market share in the affordable and mid-segment category combined in Delhi NCR.

**Share of Signature Global Group in Delhi NCR as per Sales (in number of units – with ticket size less than INR 80 Lakhs) – in affordable and mid segment category combined (CY 2019-CY 2021)**

The total sales across all micro markets in Delhi NCR (CY 2019 to CY 2021) in affordable and mid segment category combined is 90,249 units. Out of this, the total share of Signature Global consolidated from CY 2019 to CY 2021 stands at **12%**.

The year-on-year market share is as illustrated below:



Source: Anarock Research, 2022

For years CY 2020 and CY 2021, Signature Global has maintained a share in double digits, its highest share (for the period 2019- 2021) being in pandemic driven challenging year of CY 2020.

## 5. GURUGRAM REGIONAL REAL ESTATE OVERVIEW

### 5.1 Overview of GURUGRAM

Located adjoining the South-West fringe of Delhi, Gurgaon is one of the most rapidly developing cities of the NCR. The city's proximity to the National Capital, well developed infrastructure and availability of Grade A real estate developments have established Gurgaon as the **economic hub of the region**. Prior to emerging as an economic hub, the city was known as industrial hub and today along with Faridabad accounts for a major share of industrial activity in the state of Haryana.

Further, the National Capital Region Planning Board (NCRPB) has projected the population for Gurugram in its Draft Regional Plan for year 2041. The projected population for Gurugram for year 2021 was 2.56 Mn, 4.25 Mn (2031) and 9.62 Mn for year 2041. With latest and ongoing infrastructure development, the city has been witnessing magnificent growth. The dream city of Gurgaon attracts people from all over India as offices of major multinationals are set up here. Thus, a large number of Gurgaon's population is migratory.

### 5.2 KEY GROWTH DRIVERS FOR GURUGRAM

#### Strong Economic Setup

- Haryana is the <sup>16</sup>third largest exporter of software and one of the preferred destinations for IT/ITeS facilities in India and Gurugram is one of the significant contributors in that sector
- More than <sup>17</sup>57% of the households in the city falls under SEC A, B Category<sup>18</sup>, which is at par with metro cities in India, which indicates socio-economic affluence of the society in the region
- With presence of industrial setups such as by Hero, Maruti, Honda amongst others, Gurugram is one of the automotive hubs of north

#### IT Hub of North India

- Gurugram has evolved as a regional pivot for the IT/ITeS industry and a core for global and domestic corporates looking at setting up relatively large-scale operations in the National Capital Region (NCR). As on Q4'2021, the total **commercial (office) stock in NCR was 125 Mn sq.ft. of which approx. 63% is from Gurugram**
- Due to limited supply of quality commercial space in Delhi region, better infrastructure, and connectivity, and with significantly lower price points; several companies have shifted their offices in Gurugram.
- With maximum commercial development in the region combined with better employment prospects, Gurugram has emerged as IT hub of north.

Following are the details of stock, vacancy, capital and rental values in the 3 prominent commercial hubs of NCR

City	Total Stock (In Mn. Sq. ft.)	Vacancy	Capital Value (In INR/sq. ft.)	Rental (In INR/sq. ft./month)
Gurgaon	78.34	20.2%	6,000 – 24,000	45 – 200

<sup>16</sup> Source: IBEF 2021

<sup>17</sup> Nielsen MME-2019

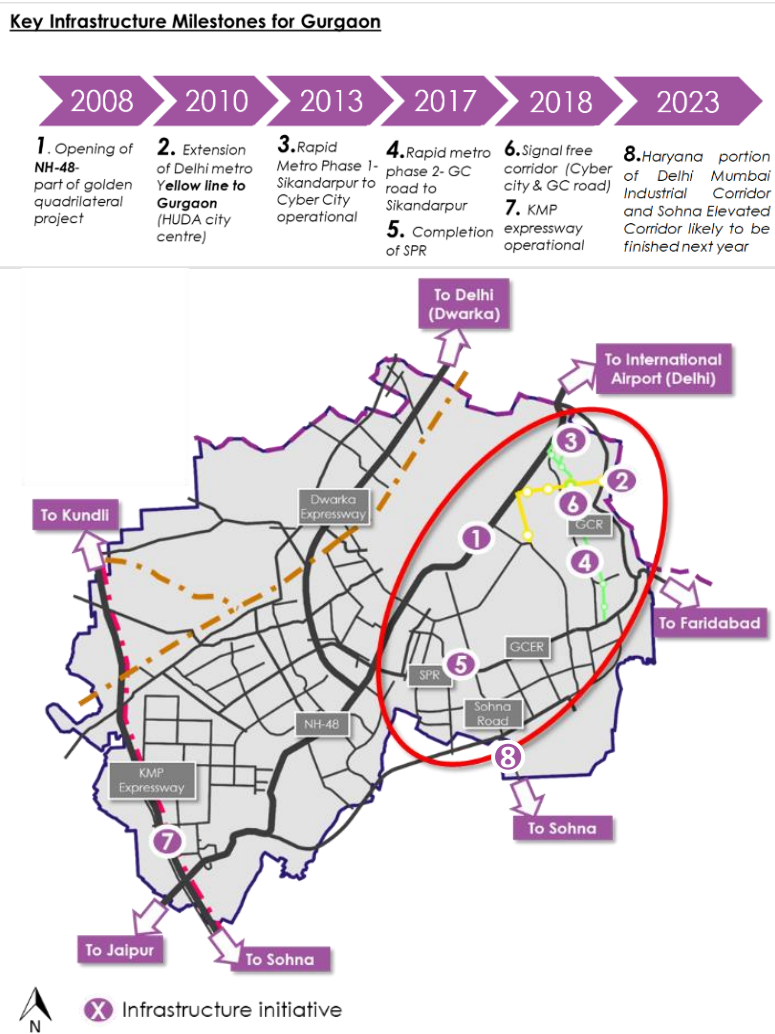
<sup>18</sup> A higher SEC rating suggests that the household has a high propensity to purchase high value items. In other words, SEC A households has a higher propensity to purchase automobiles than SEC B, who in turn have a higher propensity to purchase than SEC C and so forth.

Noida	31.7	24.58%	4,000 – 12,000	40 - 120
Delhi	14.6	32%	12,000 – 40,000	80 - 450

Source: Anarock Research, 2022

**Infrastructure initiatives - fuelled the growth in Gurugram**

- Development in Gurugram accelerated with the development of NH-48 in 2008. It was followed by other prominent infrastructure initiatives like Delhi metro extension, Rapid Metro, Signal free corridor in Golf Course Road and Cybercity, and Kundali Manesar Palwal (KMP) Expressway
- The National Capital Region currently has air connectivity through Indira Gandhi International Airport, which is located on the border of Gurugram, which has further boosted the development in the region
- It is observed that many of home buyers buying houses in peripheries of NCR including Gurgaon are migrating from Delhi because of improvement in connectivity in these areas and availability of new and integrated residential facilities with amenities



- With the Haryana portion of the Delhi-Mumbai industrial corridor and the Sohna elevated road likely to be finished by next year (2023), it is estimated that the real estate sector will see a major development as they improve access, create jobs and allow people to move with ease. The micro market will get excellent connectivity with corporate hub of Gurugram, reputed educational institutions and recreational developments in and around the city.

There are several infrastructure initiatives in the region at the various stages of the development which are likely to further improve the connectivity. Some of the large-scale initiatives include

- **Gurgaon Bawal MRTS Project-** The metro project is planned to be developed in three phases from Gurugram Railway and Manesar in the first phase. The project will act as a catalyst for infrastructure development in the city.



- **Delhi Alwar RRTS**- This line will pass through industrialized areas of Haryana and Rajasthan and is expected to benefit the entire region between Gurugram to Alwar, while increasing the productivity of many commuters travelling from Delhi and Gurugram to regions in Manesar, Bawal and Neemrana
- **Haryana Orbital Rail Corridor**- Planned New broad gauge electrified double line which will run along KMP Expressway and connecting logistics hubs of Gurugram. It will provide Direct connectivity to Gurugram and major Haryana districts
- **Delhi Mumbai Industrial Corridor** – The 1,483 km Delhi-Mumbai Industrial Corridor, also referred to as Delhi Mumbai Expressway which is known to cut-short the distance between the two metropolitan cities to 12 hours passes is aligned and is being developed in South of Gurugram in Sohna micro market. The Gurugram portion of the corridor is expected to be completed in year 2023.

There are greenfield road projects and some projects aimed at upgradation of existing roads that will further improve the accessibility of the region. Some of the prominent initiatives are highlighted at micro-market level in section 5.2

### Road Initiatives

- Several planned infrastructure developments including upgradation of **Golf Course Extension Road (GCER)** to signal free corridor and widening of 4 lanes to 6 lane road
- In the proposed makeover, **Southern Peripheral Road (SPR)** will get multiple flyovers, service roads, drainage, footpaths, with each junction improved.
- Under construction **Central Peripheral Road (CPR)** will further connect the SPR micro-market to New Gurugram and Dwarka Expressway
- With the completion of **Dwarka Expressway** and Central Peripheral Road, region will have seamless connectivity between Delhi & Gurugram, and the Dwarka Expressway micro-market will have one of the best connectivity with Delhi as compared to the other upcoming regions of Gurugram
- A 46 km long **Pataudi Rewari National Highway** is planned. It will run parallel Dwarka Expressway and is a part of highway that will connect Gurugram with the state border with Rajasthan beyond Narnaul. New Gurgaon sectors will have direct access to Dwarka Expressway
- Under construction 6 lane **Sohna Elevated Corridor (NH - 248A)** along with a 24-lane toll plaza on Sohna road will improve connectivity from Rajiv Chowk to Sohna Town reducing travel time for daily commuters. It is estimated to be completed by next year (2023).

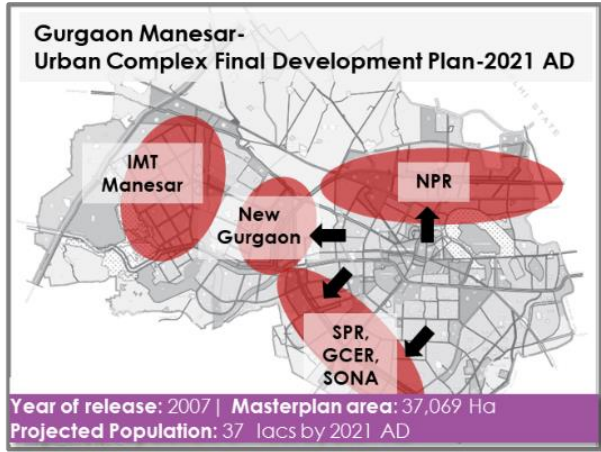
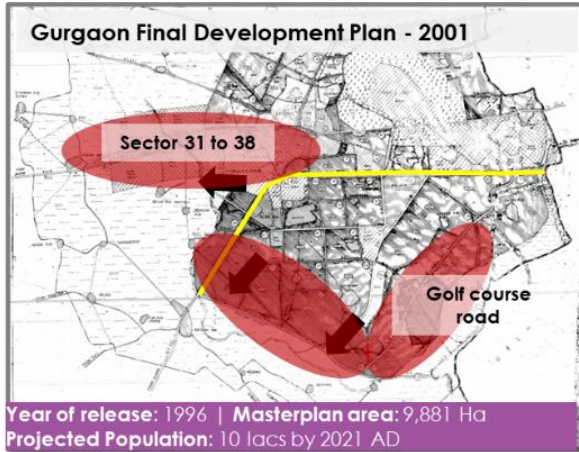
### Established Social Infrastructure

- The city has one of the best healthcare as well as educational infrastructure within the region. It is home to some prominent hospital chains of India including Medanta, Max healthcare, Fortis, Columbia Asia etc.
- City has also strong presence of both national as well as international level schools and institutes

## 5.3 RESIDENTIAL MICRO-MARKETS - GURUGRAM

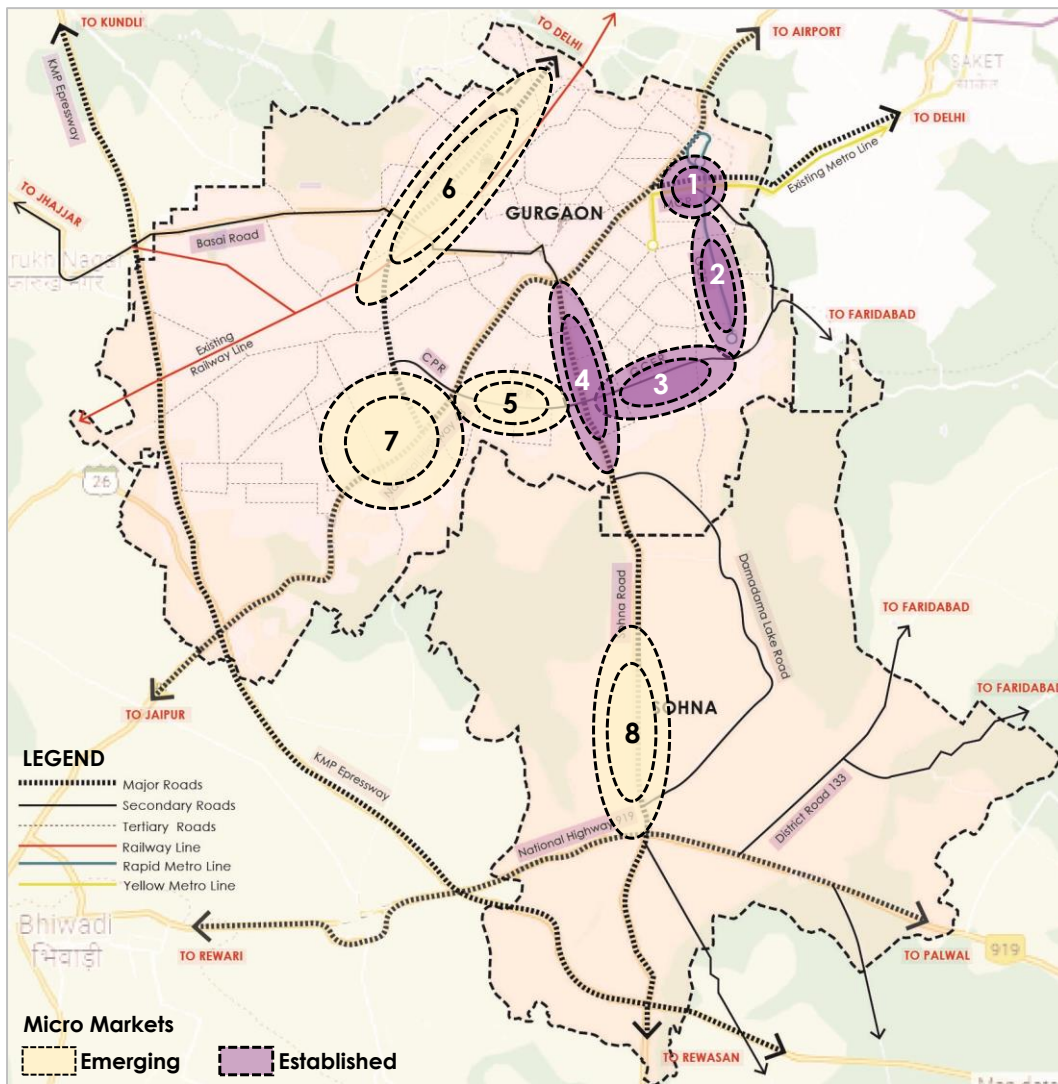
The residential development in the city was driven by the **master plan development and infrastructure initiatives**. From a residential segment perspective, Gurugram can broadly be divided into eight different micro-markets based on geography, profile of population and type of real estate developments. Some of the micro-markets which were a part of initial master plan and have witnessed completion of infrastructure initiatives way before other areas, are the **developed or established micro-markets**. With expansion of master plan, improvements in connectivity and limited expansion possibility in the established micro-markets there are **emerging micro-markets** in the city which are witnessing significant real estate activity. Following map shows the evolution of Gurgaon with changes in master plan and infrastructure development.





Source: Google Maps, GMUC Master Plan, Anarock Research

Map No. 5.1 Established and emerging micro-markets of Gurugram



Source: Google Maps, Anarock Research, 2022

#	Micro-Market	Micro Market Characteristics	Future Outlook/Infrastructure Initiatives
<b>Established Micro-Markets</b>			
1	<b>MG Road</b> Sector 24, 25, 26, 28	<ul style="list-style-type: none"> <li>One of the most premium real estate corridors of Gurugram – along the arterial road connecting Gurugram with South Delhi</li> <li>Flanked with malls, Grade A office development and high end residential developments</li> </ul> <p><b>Residential Category Served</b> High End, Luxury and Ultra Luxury</p> <p><b>Prominent Developers:</b> DLF, EMAAR, MGF, JMD and Vatika</p>	<ul style="list-style-type: none"> <li>Due to paucity of land in this micro-market, limited residential launches are anticipated in the future</li> </ul>

#	Micro-Market	Micro Market Characteristics	Future Outlook/Infrastructure Initiatives
2	<b>Golf Course Road</b> Sector 51, 52, 53, 54, 55, 56, 57, 58, 59	<ul style="list-style-type: none"> <li>• Most premium micro-market with the costliest residential real estate in the city</li> <li>• Limited new launches due to limited land availability</li> </ul> <p><b>Residential Category Served</b> Luxury and Ultra Luxury</p> <p><b>Prominent Developers:</b> DLF, Vatika, and Suncity</p>	<ul style="list-style-type: none"> <li>• Established infrastructure and presence of luxury developments will continue to attract luxury buyers to the micro-market</li> </ul>
3	<b>Golf Course Extension Road</b> Sector 60, 61, 62, 63, 64, 65, 66, 67	<ul style="list-style-type: none"> <li>• An extension of the Golf Course Road, and upcoming micro-market is now being considered as one of the prominent emerging office and residential corridor of Gurugram</li> <li>• Witnessing large scale real estate developments with the typology mostly comprising of Grade A offices and many high-rise residential developments</li> </ul> <p><b>Residential Category Served</b> Mid End, High End and Luxury</p> <p><b>Prominent real estate developers:</b> M3M, Signature Global, EMAAR, and AIPL</p>	<ul style="list-style-type: none"> <li>• Upgradation of GCER road to signal free corridor and widening of 4 lanes to 6 lane road</li> <li>• Metro connectivity between Faridabad and Gurugram and extension of rapid metro to Southern Peripheral Road, will further improve the connectivity of the region</li> </ul>
4	<b>Gurugram Sohna Road</b> Sector 33, 48, 49, 67A, 68	<p>The road connecting Gurugram with Sohna town in the South-West; The area has witnessed large scale real estate activity and has many group housing societies and Grade A and Grade B office buildings</p> <p><b>Residential Category Served</b> Mid End and High End</p> <p><b>Prominent Developers</b> DLF, EMAAR, MGF, JMD and Vatika</p>	<ul style="list-style-type: none"> <li>• Fast paced developing physical and social infrastructure in the micro market is the key demand driver for this micro-market.</li> <li>• Due to paucity of the land, limited projects are likely to be launched in coming years</li> </ul>
<b>Emerging Micro-markets</b>			
5	<b>Southern Peripheral Road</b> Sector 69, 70, 71, 72, 73, 74, 74A, 75A	<ul style="list-style-type: none"> <li>• Stretching southwards from NH – 48 up to Golf Course Extension Road, this corridor is one of the upcoming growth corridors of the city</li> <li>• comprises of residential and commercial developments.</li> </ul> <p><b>Residential Category Served</b> Affordable and Mid End</p> <p><b>Prominent Developers</b> TATA, M3M, Pyramid, Tulip and Signature Global</p>	<ul style="list-style-type: none"> <li>• The overall connectivity of the region is likely to improve with planned and ongoing infrastructure initiatives along GCER and SPR road</li> <li>• Under Construction CPR</li> </ul>

#	Micro-Market	Micro Market Characteristics	Future Outlook/Infrastructure Initiatives
6	<b>Dwarka Expressway</b> Sector 37C, 37D, 88, 88B, 99 to 114	<p>One of the most promising emerging real estate corridors of the region, the Northern Peripheral Road (NPR) will connect Dwarka in Delhi with Gurugram on NH - 48. The corridor mainly comprises of residential developments offering a large variety of housing options.</p> <p><b>Residential Category Served</b> Affordable and Mid End</p> <p>Prominent Developers Puri Constructions, Vatika Group, Godrej Properties, ATS, Experion and Indiabulls, Hero Group and Signature Global</p>	<ul style="list-style-type: none"> <li>• Completion of Dwarka Expressway &amp; CPR</li> <li>• Gurugram-Bawal MRTS Project, RRTS Corridor on NH - 48</li> <li>• Development of logistic hubs such as ICD Gurugram - Garhi Harsaru, Gateway Rail Freight Limited, the demand for affordable and end-user housing is likely to increase manifold</li> </ul>
7	<b>New Gurugram</b> Sector 76 to 87, 87 to 95	<p>Strategically located at the intersection of NH - 48 and Dwarka Expressway, in close proximity to Manesar. Newly developed residential townships. Micro-market for affordable to mid-end housing, infrastructure is improving at a fast pace</p> <p><b>Residential Category Served</b> Affordable and Mid End</p> <p><b>Prominent Developers:</b> DLF, Godrej Properties, Bestech Group, Vatika Group and Signature Global</p>	<ul style="list-style-type: none"> <li>• Improving connectivity and proximity to established industrial area (IMT Manesar), the micro market has witnessed high real estate activity in the recent years.</li> <li>• Emerged as a preferred destination for people looking for budget to mid-range housing options</li> <li>• Affordable rentals and capital values, good connectivity, growing social and physical infrastructure facilities is attracting buyers to this region</li> <li>• 46 km long Pataudi Rewari National Highway</li> </ul>
8	<b>Sohna Town</b> Sector 2, 3, 6, 28, 20, 29, 31, 32, 33, 34, 35, 36	<p>Located adjacent to Gurugram, Sohna has easy accessibility to well-established employment of Gurugram, re-established industrial clusters in and around Bhiwadi &amp; Manesar</p> <p><b>Residential Category Served</b> Affordable and Mid End</p> <p><b>Prominent Developers:</b> Godrej Properties, Raheja, ILD, Ireo, Ashiana, Supertech and Signature Global</p>	<ul style="list-style-type: none"> <li>• Sohna elevated road (NH - 248A) along with a 24-lane toll plaza on Sohna road</li> </ul>

Source: Google Maps, Anarock Research, 2022

Note:

(1)^ The residential market can broadly be categorized based on ticket size of the dwelling unit: Affordable category: having a ticket size of less than INR 40 lakh; Mid-end category: having a ticket size that ranges between INR 40 lakh and INR 80 lakhs; High-end category: having a ticket size that ranges



between INR 80 lakh and INR 1.5 Crore; Luxury category: having a ticket size that ranges between INR 1.5Crore to INR 2.5 Crores; and Ultra-luxury category: having a ticket size above INR 2.5 Cr.

(2) The Sectors mentioned in micro market 8 viz. Sohna Town are in accordance with the Final Development Plan – 2031 Prepared for Sohna Town by The Department of Town & Country Planning, Haryana.

Major micro-markets and growth corridors have been established along the key peripheral roads of the city such as NH - 48 (connecting Delhi and Gurugram), Mehrauli - Gurugram Road (MG Road), Golf Course Road and Sohna Road. The **emerging micro-markets** are witnessing real estate developments along the proposed link roads and arterial roads such as Golf Course Extension Road, Dwarka Expressway (Northern Peripheral Road), Southern Peripheral Road, and the areas along NH - 48 towards Manesar (New Gurugram and IMT Manesar).

Graph No. 5.2 Residential supply, across various micro-markets (emerging & established) in the period CY 2019 to CY 2021:

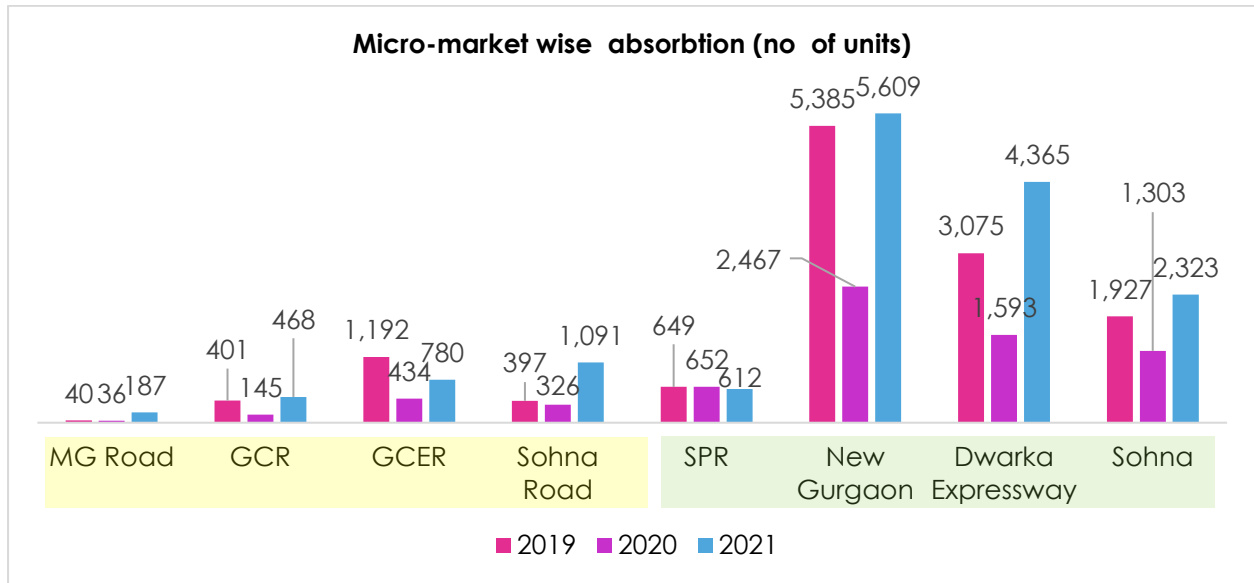


Source: Anarock Research 2022

Legend	
	Established Micro Markets
	Emerging Micro Markets

- With under construction and planned infrastructure initiatives, the connectivity of **New Gurugram and Dwarka Expressway** has been improving significantly and these have emerged as fastest growing markets in the region which have **together been contributing towards 55%-80% of total supply in Gurugram**
- **Established micro-markets** like MG Road, GCR and Sohna Road have observed **limited supply in the market primarily because of paucity of land**

Graph No. 5.3 Residential absorption (in terms of no of units) across various micro-markets in the period CY 2019 to CY 2021:



Source: Anarock Research 2022

Legend	
	Established Micro Markets
	Emerging Micro Markets

- Almost all the micro-markets have observed a dip in the absorption in 2020 because of pandemic. However, the market bounced back in 2021 and absorption levels in 2021 in **four micro-markets** of New Gurugram, Sohna Road, Dwarka Expressway and Sohna Town **surpassed the absorption levels of 2019**
- **New Gurugram** and **Dwarka Expressway** contribute absorption of 38% & 26% respectively to the cumulative sales in Gurugram in last 3 years
- **Strong demand in Sohna Town:** In last 3 years is approx. 8% of the total supply in Gurugram was in Sohna Town, while the absorption stood at 15% of the total absorption witnessed in the city. **The affordable rentals and capital values, good connectivity, growing social and physical infrastructure facilities** are the factors attracting buyers to this region.
- It is observed that **people from Delhi region are migrating** to peripheries of NCR; one of the primary reasons for the same is shift from old residential units to new ones with multiple amenities, have better living standards, and this is one demand driver for residential demand in Gurugram

**Current residential prices in key micro-markets**

#	Micro-Market	Average Capital Price -2021 (INR/sq. ft)
1	MG Road	14,935
2	Golf Course Road	13,327
3	Golf Course Extension Road	8,388
4	Gurugram Sohna Road	6,790
5	Southern Peripheral Road	6,494
6	Dwarka Expressway	5,562
7	New Gurugram	5,413
8	Sohna Town	4,300

Source: Anarock Research 2022

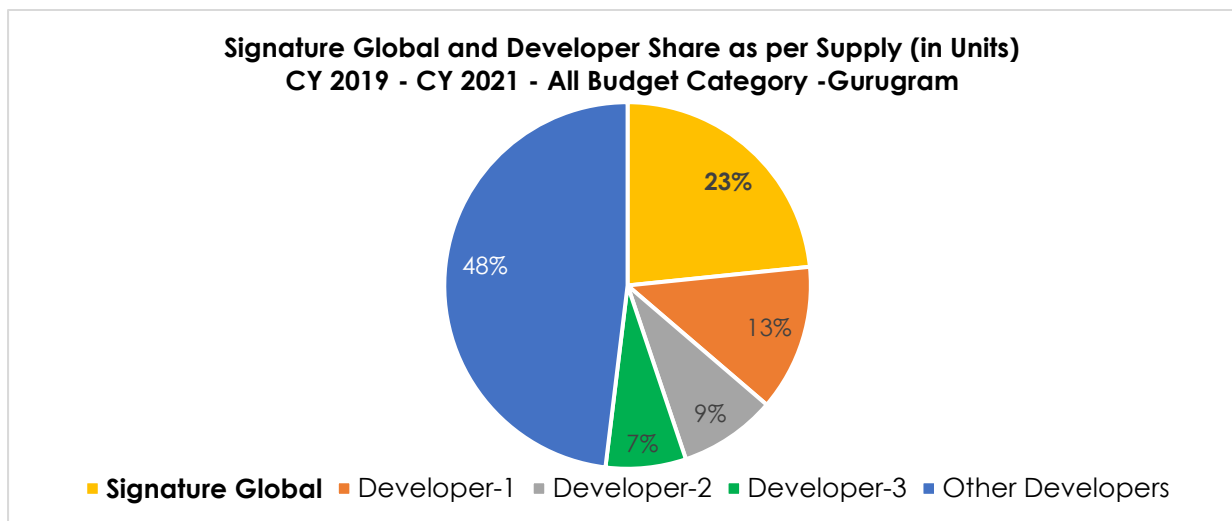
Going forward, with the completion of infrastructure initiatives, the prices are likely to increase further.

**5.4 MARKET SHARE OF SIGNATURE GLOBAL AND OTHER DEVELOPERS IN GURUGRAM ON THE BASIS OF SUPPLY & SIGNATURE GLOBAL MARKET SHARE AS PER SALES (IN UNITS)**

**Share of Signature Global Group and other developers in Gurugram region as per supply (in number of units) – all budget category**

The total supply of combined micro markets in Gurugram region (CY 2019 to CY 2021) is 49,063 units.

Out of the total supply in Gurugram **Signature Global Group has 23% market share** (all budget category). Other developers constitute of about 29% share spread among top three developers (14,011 units).



Source: Anarock Research, 2022

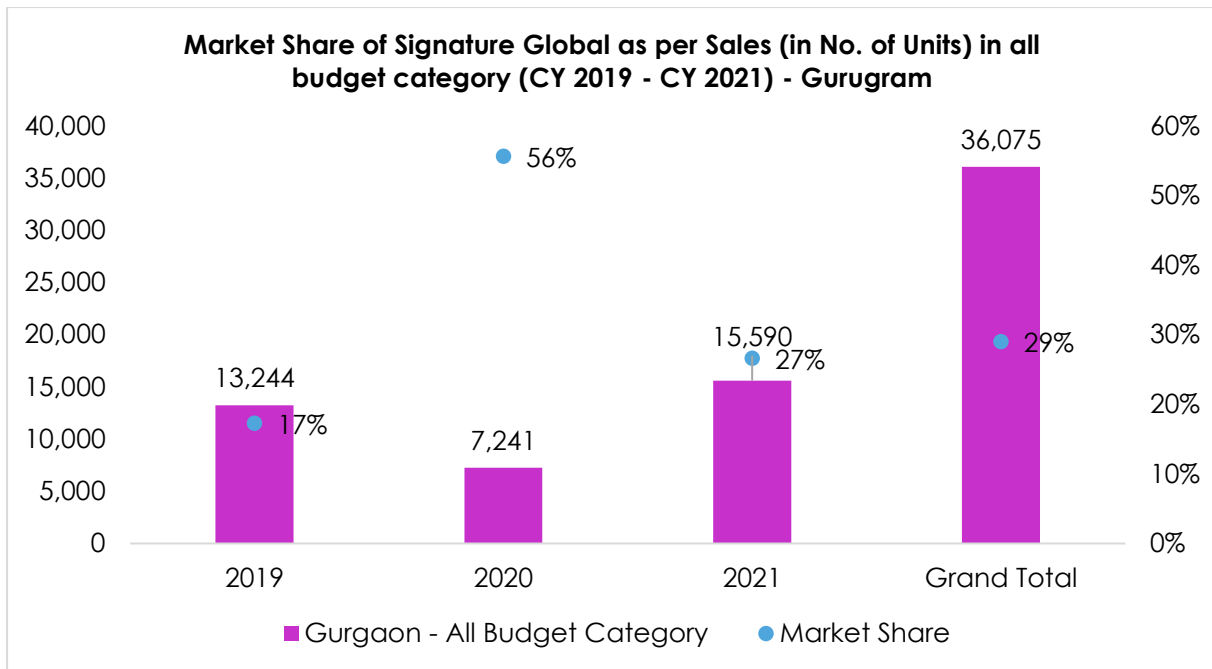
From CY 2019 through CY 2020, Signature Global's **supply is consistent around 3,500 units** mark annually, taking its share to 23% cumulative for last three years. Signature Global has the largest market share in the all-budget category in Gurugram leading with 23% of supply.

**Share of Signature Global Group in Gurugram region as per sales (in number of units) – all budget category (CY 2019 – CY 2021)**

The total sales of combined micro markets in Gurugram region (CY 2019 – CY 2021) are 36,075 units. Out of this, the total share of Signature Global consolidated from CY 2019 to CY 2021 stands at **29%**.

The year-on-year market share is as illustrated below:





Source: Anarock Research, 2022

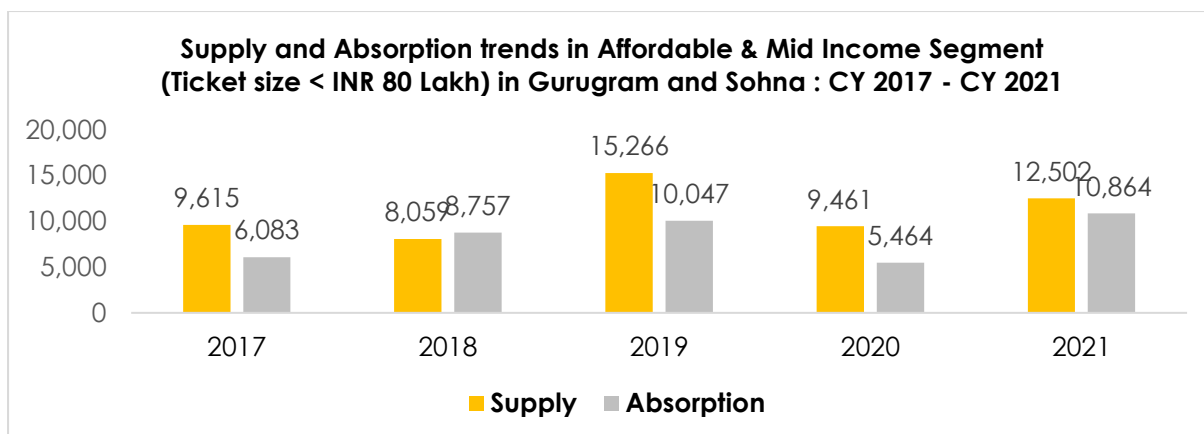
Signature Global's **share of 29% in cumulative sales** for last three years is higher compared to its **share in supply of 23%** in the same category for same period, demonstrating **better market response**. Signature Global has the largest market share (sales) in the all-budget category in Gurugram.

### 5.5 AFFORDABLE & MID SEGMENT HOUSING IN GURUGRAM & SOHNA REGION

Gurugram has off-lately emerged as one of the most prominent regions in Delhi NCR as an affordable housing destination. Lately, Gurugram residential market in its established micro markets was out of bounds for common people but through incentivised affordable housing policy of the Central Government (under PMAY) and that of Haryana, it has changed the housing landscape of the city, making it the one of most preferred affordable housing destination in the region. Today many developers are actively engaged in affordable housing, offering home buyers housing units in the affordable segment

#### Supply and absorption of affordable and mid income housing

Graph No. 5.4 Residential supply, absorption trends in affordable& mid income housing segment in Gurugram and Sohna Region during CY 2017 – CY 2021 period:



Source: Anarock Research, 2022

- The affordable and mid segment observed an **increase in supply** (in terms of units) from year CY 2017 to CY 2019. CY 2019 witnessed a growth of 89% in terms of number of units launched from previous calendar year. However, due to the pandemic-Covid-19, the construction activities were hit for some period due to lockdown leading to limited supply in CY 2020. Further, **CY 2021 witnessed a 32% increase** in terms of number of units launched in the affordable segment from previous calendar year.
- Most of the affordable and mid-segment projects in Gurugram region are being **launched in emerging micro markets such as New Gurugram, Dwarka Expressway, Southern Peripheral Road and Sohna Town**. These emerging markets are preferred over developed markets because of **availability of land, coupled with good connectivity to the employment hubs** namely Cybercity, Golf Course Extension Road, NH-48, and Sohna Road, along with education centres in the nearby vicinity.
- Infrastructure initiatives proposed in these micro-markets such as metro connectivity in New Gurugram, completion of Dwarka Expressway **will further ease out connectivity between these micro market and Delhi**. Further the interconnectivity of these micro-markets will improve with completion of clover leaf and Central Peripheral Road connecting New Gurugram, Dwarka Expressway and Southern Peripheral Road, and elevated flyover along Sohna Road and stretch of Delhi-Mumbai Industrial Corridor at Sohna.

### Observations and features on micro market dynamics for affordable and mid- income housing

Haryana Government and Town & Country Planning Department states that, if a project is licenced under the State's Affordable Housing Policy, the developer is required to sell the units through draw system and on carpet area basis wherein the selling rate is fixed. This facilitates that buyer in lower income category have fair chance of buying the units.

Other than the affordable segment units in Gurugram and Sohna region, the region also has considerable supply in the mid-segment (ticket size ranging between INR 40 lakh to INR 80 lakhs). This supply is majorly observed through units delivered under Deen Dayal Jan Awas Yojana (**DDJAY**) which allows a developer to sell **plotted development** within size of approx. 150 sq. m. The developers construct low rise independent **floors** in form of group housing project wherein they **are allowed to sell individual floors** which is not allowed for such smaller floors in the Gurugram region otherwise.

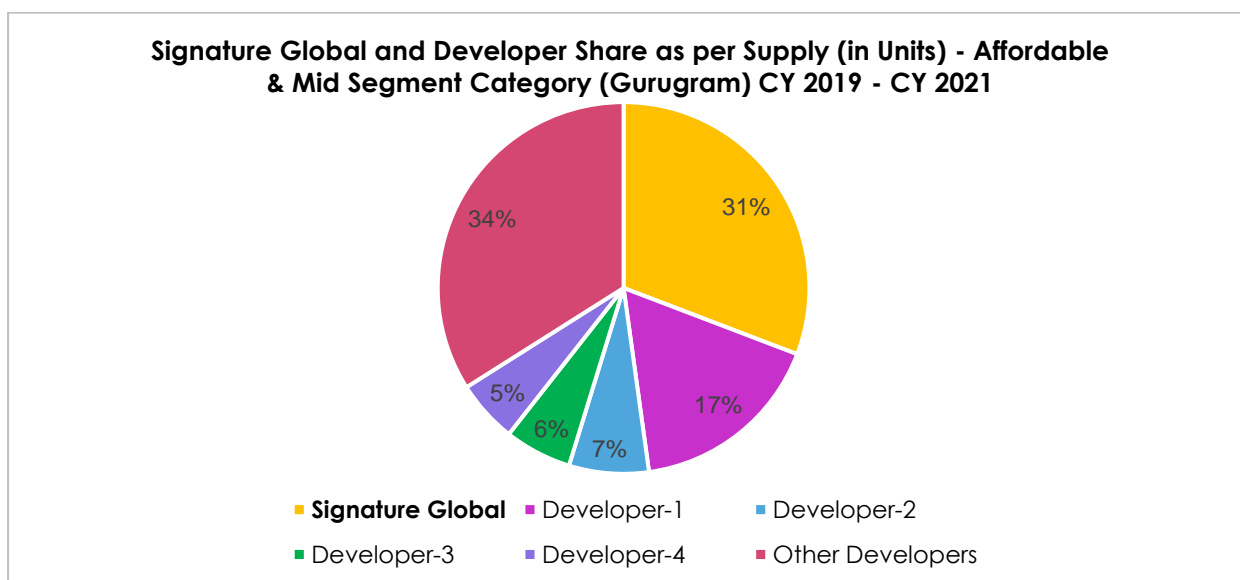
Post Covid-19 pandemic, **independent floors in Gurugram are experiencing an increase in demand** as they are delivered with speedy construction and are limited to four stories per plot along with amenities within a gated complex. The reason behind a significant boost in demand for independent floors was the Deen Dayal Jan Awas Yojana (**DDJAY-APHP**). **Introduced by the Haryana government in 2016** as part of the PMAY programme to support the Centre's 'Housing for All' plan, this concept **aimed to build high-density planned communities with affordable and mid-range housing**.

**DDJAY policy has led to market response majorly due to reasons as stipulated below:**

- Registry of individual floors developed on smaller plots (less than 150 sq. m.) which is otherwise not allowed
- Smaller unit size has further led to a decrease in the ticket size which has resulted in providing affordability to end-users to purchase housing unit in a developed micro market
- Speedy construction as compared to the delivery of an apartment in a group housing project

**5.6 MARKET SHARE OF SIGNATURE GLOBAL AND OTHER DEVELOPERS IN GURUGRAM IN AFFORDABLE & MID SEGMENT ON THE BASIS OF SUPPLY & SIGNATURE GLOBAL MARKET SHARE AS PER SALES (IN UNITS)**

The total supply of combined micro markets in Gurugram region in affordable & mid segment combined is 37,229 units. Out of the total supply in Gurugram in the affordable & Mid segment combined, **Signature Global Group has 31% market share** (Affordable & Mid Segment Combined). Another 35% share is spread among four other developers (13,116 units).

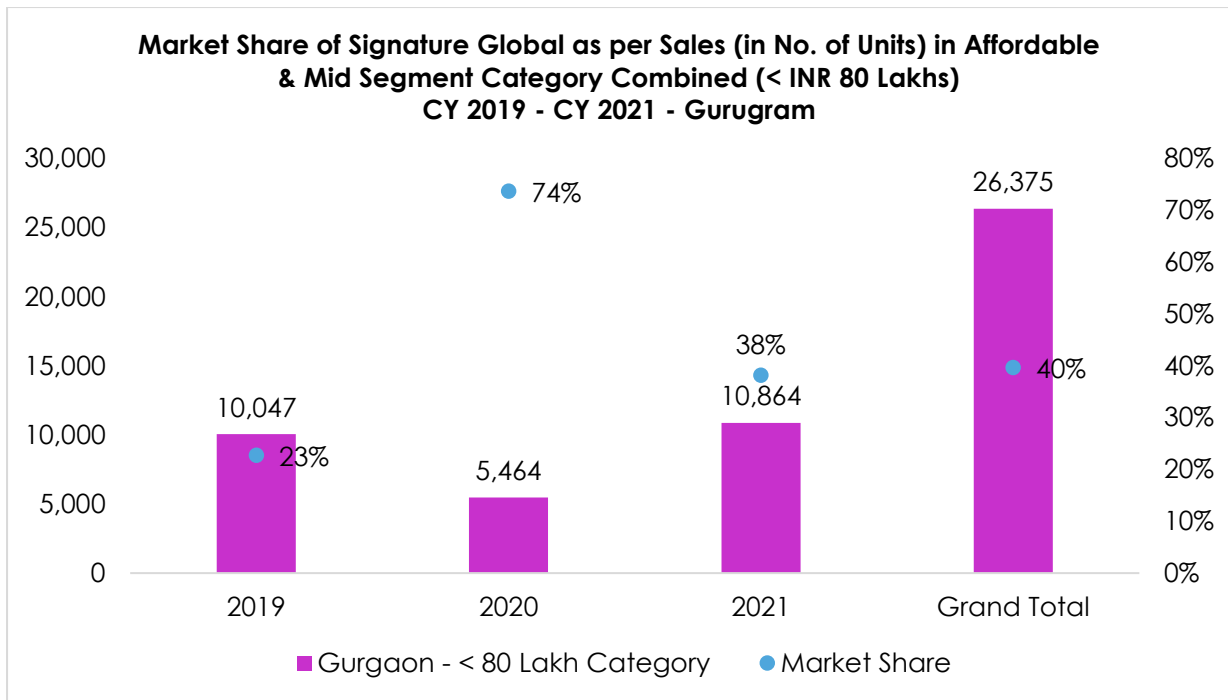


**Source:** Anarock Research, 2022

Signature Global has the largest market share in affordable and mid-segment category combined for Gurugram leading with 31% supply.

**Share of Signature Global Group in Gurugram as per sales (in number of units – with ticket size less than INR 80 Lakhs) – in affordable and mid segment category combined**

The total sales of combined micro markets in Gurugram in affordable and mid income category is 26,375 units. Out of this, the total share of Signature Global consolidated from CY 2019 to CY 2021 stands at **40%**. The year-on-year market share is as illustrated below:

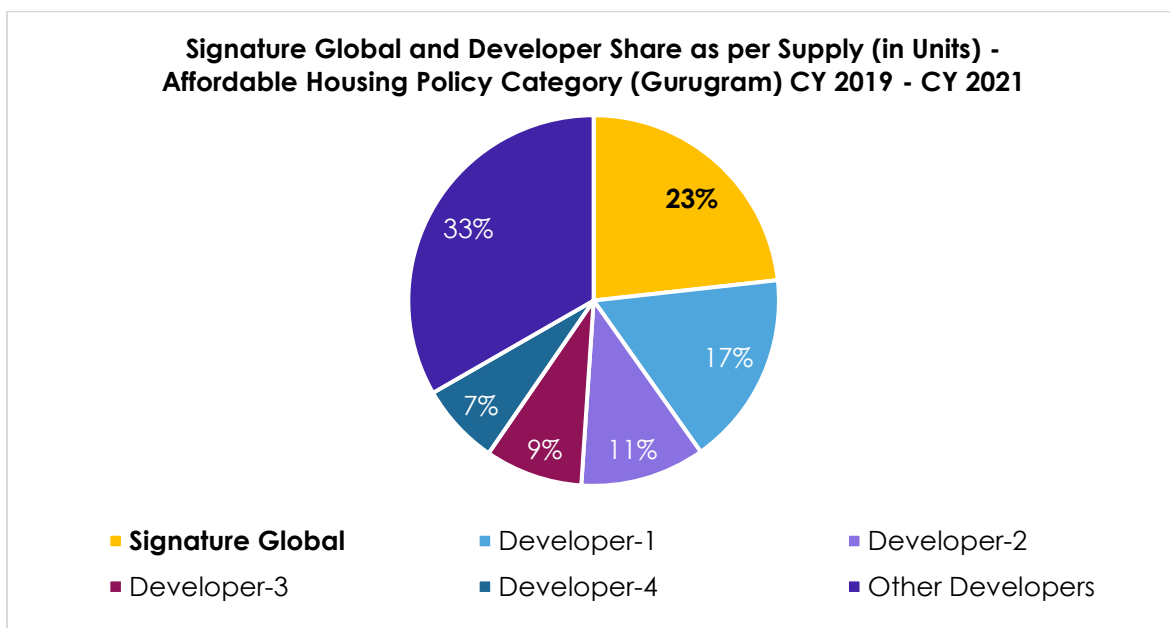


Source: Anarock Research, 2022

Signature Global's share of 40% in cumulative sales for last three years is higher compared to its share in supply of 31% (as illustrated in earlier pie- chart) in the same category for same period, **demonstrating better market response**. Signature Global holds the largest market share (sales) in the affordable and mid-segment category combined at Gurugram level.

#### Share of Signature Global Group in Gurugram & Sohna among the top five developers as per supply (in number of units) – Affordable Housing Policy (CY 2019 - CY 2021)

The total supply of units under Affordable Housing Policy, combined micro markets during the period CY 2019 – CY 2021 in Gurugram is 32,573 units. Out of this, the market share of Signature Global stands at 23% whereas that of other top 4 developers is 43% (14,156 units).

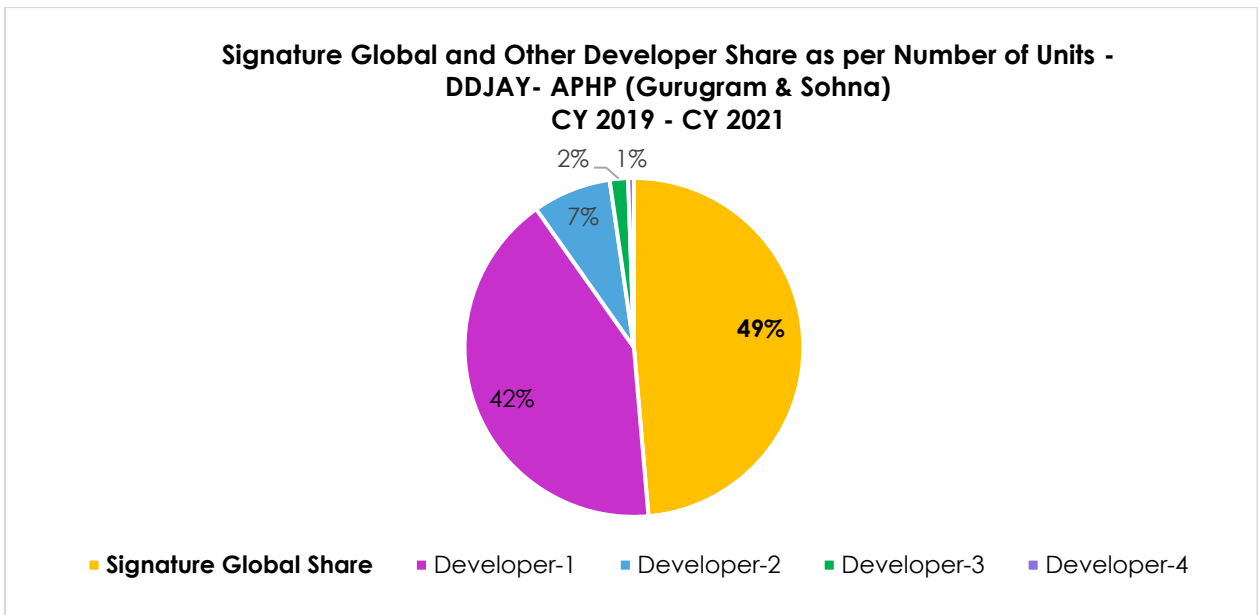


Source: Anarock Research 2022 & Haryana Real Estate Regulation Authority

Signature Global has scaled up its number of launches from CY 2019 to CY 2020 (the pandemic year) by almost 59%. Signature Global has the largest market share in Gurugram pertaining to supply of units under affordable housing policy.

**Share of Signature Global Group in Gurugram as per supply (No. of Units) – Deen Dayal Jan Awas Yojana – DDJAY- APHP (CY 2019 - CY 2021)**

The total supply of units under DDJAY floors, combined micro markets during the period CY 2019 – CY 2021 in Gurugram & Sohna is 8,012 units. Out of this, the market share of Signature Global stands at 49% whereas that of other top 4 developers is 51.373% (4,116 units). While the developers under the umbrella of DDJAY - APHP policy are developing plots, it should be further noted that there are only five developers in the region developing independent floors, of which Signature Global forms a significant share. There is no project launched under DDJAY – APHP in CY 2022 (YTD).



Source: Anarock Research, 2022

## ANNEXURE

### PERFORMANCE OF FEW PROMINENT LISTED DEVELOPERS BY CUMMULATIVE SALES VOLUME (FY 2017- FY 2021)

This section presents an analysis of notable listed developers at Pan India level. The analysis is prepared basis cumulative sales volume (in mn sq ft) recorded and published by the developers in last 5 financial years starting from FY 2017 -18 to FY 2021 – 22:

**Table-Sales Trend (in Million sq. ft.) for the period FY 2017-18 to FY 2021-22**

SR. NO.	DEVELOPER	ASSET TYPE	SALES TREND (IN MILLION SQ. FT.)					CAGR CALCULATIONS (COMPARISON BETWEEN FY 2019-20 AND FY 2021-22)	
			FY 2017 -18	FY 2018 -19	FY 2019 -20	FY 2020 -21	FY 2021- 22		CUMULATIVE SALES (IN MN SQ FT)
1	Godrej Properties Ltd**	Only Residential	6.02	8.52	8.74	10.78	10.81	55.75	11.21%
2	Prestige Estates Projects Ltd ^	All Assets	3.82	5.74	5.46	6.42	13.37	46.87	56.48%
3	Macrotech Developers Ltd (Lodha)	All Assets	7.40	6.37	6.20	5.10	8.00	40.67	13.59%
4	Sobha Limited #	All Assets	3.63	4.03	4.07	4.01	4.91	26.46	9.84%
5	Brigade Enterprises Ltd	Only Residential	1.39	2.67	3.98	4.47	4.64	22.33	7.97%
6	Purvankara Ltd	All Assets	3.13	3.36	2.83	3.43	3.52	19.92	11.53%
7	DLF	All Assets	NA	NA	NA	3.88	5.80	13.28	NA
8	Oberoi Realty	Only Residential	0.45	0.56	0.59	1.72	2.09	7.43	77.68%

Source: Investor Presentations available in respective Company / Developer's website

\*\*Mentioned sales numbers for Godrej Properties Limited is including landowners' share

^ Only the share of Prestige Estates has been considered and not the total share which includes Landlord share.

# Only the share of Sobha Limited has been considered and not the total share which includes Landlord share.

**Note:** Some of the developers have bifurcated residential sections in the report and in some cases, the figures for all asset classes are mentioned in the report. The same has been mentioned in the table above.

**Table Sales Trend (in INR Crores) for the period FY 2017-18 to FY 2021-22**

Sales trend is documented for the same set of developers tabulated in Table No. \_\_\_\_

SR. NO.	DEVELOPER	ASSET TYPE	SALES TREND (IN INR CRORES)					CAGR CALCULATIONS (COMPARISON BETWEEN FY 2019-20 AND FY 2021-22)
			FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	
1	Godrej Properties Ltd**	Only Residential	4,371	5,129	5,843	6,663	7,861	15.99%
2	Prestige Estates Projects Ltd ^	All Assets	2,550	3,620	3,781	4,285	8,857	53.05%
3	Macrotech Developers Ltd (Lodha)	All Assets	8,130	7,163	6,570	5,968	9,020	17.17%
4	Sobha Limited #	All Assets	2,422	2,540	2,383	2,476	3,268	17.11%
5	Brigade Enterprises Ltd	Only Residential	756	1,429	2,135	2,658	2,950	17.55%
6	Purvankara Ltd	All Assets	1,807	1,920	1,714	2,202	2,407	18.50%
7	DLF	All Assets	1,700	2,435	2,485	3,084	7,273	71.08%
8	Oberoi Realty	Only Residential	1,311	1,752	1,257	3,280	3,883	75.73%

Source: Investor Presentations available in respective Company / Developer's website

\*\*Mentioned revenue numbers for Godrej Properties Limited is including landowners' share

^ Only the share of Prestige Estates has been considered and not the total share which includes Landlord share.

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**Note:** Some of the developers have bifurcated residential sections in the report and in some cases, the figures for all asset classes are mentioned in the report. The same has been mentioned in the table above.