

# Corporate PRESENTATION

December 2023



# Disclaimer

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. Macrotech Developers Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

# Lodha: Largest Indian housing platform with robust growth opportunities

## The Platform

### Residential

- India's **largest\*** residential real estate player with consistent track record of sales, collection & profits
- Industry seeing **robust demand growth & significant consolidation**
- **Strong** presence in **MMR & Pune**; Entered **Bengaluru**;
- Targeting medium term pre-sales CAGR of 20%

## Growth Opportunities – Low investment annuity income streams

### Digital Infra. Platform

- Developing Warehousing, Logistics, Data Centers, Light industrials catering to **digitization of economy**
- Pan-India Platform in JV with two marquee investors, to **create asset base of USD 1.0bn+**
- Sizeable land parcels available at our township for this segment

### Property Mgmt. & Digital Services

- Growing facilities management business with digital services layer
- Have a **captive base of 60,000 households** with high spending power; **to grow to 250,000+ by 2030**
- **Developed digital app BelleVie**, to serve entire value-chain of home ownership & Wider gambit of owners need through 'near commerce'

### Rental Portfolio

- Select **high quality office and retail portfolio** at our developments
- Have commercial assets with rental potential of INR **~2.6bn p.a.**,
- To grow over time with our mixed-use strategy

# Continued strong performance

## Sales Momentum

- Q2FY24 pre-sales at INR 35.3bn<sup>1</sup>, highest ever quarterly pre-sales in seasonally weakest quarter
- 1HFY24 pre-sales at INR 68.9bn<sup>1</sup>, 48% of FY24 guidance of INR 145bn
- Seven new location launch planned in 2HFY24, on target to achieve full year guidance

## Micro-market focused capital efficient growth

- Added 7 projects with GDV of INR ~143bn in 1HFY24 across MMR & Bangalore, 80% of INR 175+bn annual guidance for FY24

## Focus on creating annuity streams with low investment

- Pan India JV for Digital Infra with Bain Capital & Ivanhoe Cambridge progressing well
- Adding layer of Digital Services to existing property management business; to help maximize lifetime customer value; Launched pilot with brand name 'BelleVie'
- Portfolio of select high quality office and retail annuity assets

## Strengthening balance sheet

- Net Debt at INR 67.3bn as of Sep-23 (0.51x Net D/E)
- Continued reduction, targeting debt below ceiling of 1x Net Debt/OCF and 0.5x Net D/E in FY24

## Enhanced ESG focus

- GRESB<sup>2</sup>: Ranked No.1 amongst residential developers in Asia
- S&P Global 2023 Corporate Sustainability Assessment (CSA): 2nd Highest score out of ~200 global Real Estate Development companies

## UK Investments

- Repatriation of surplus started in 2QFY23 (INR ~5.5bn till Mar-23)
- Remaining INR ~5.5bn to be repatriated in FY24

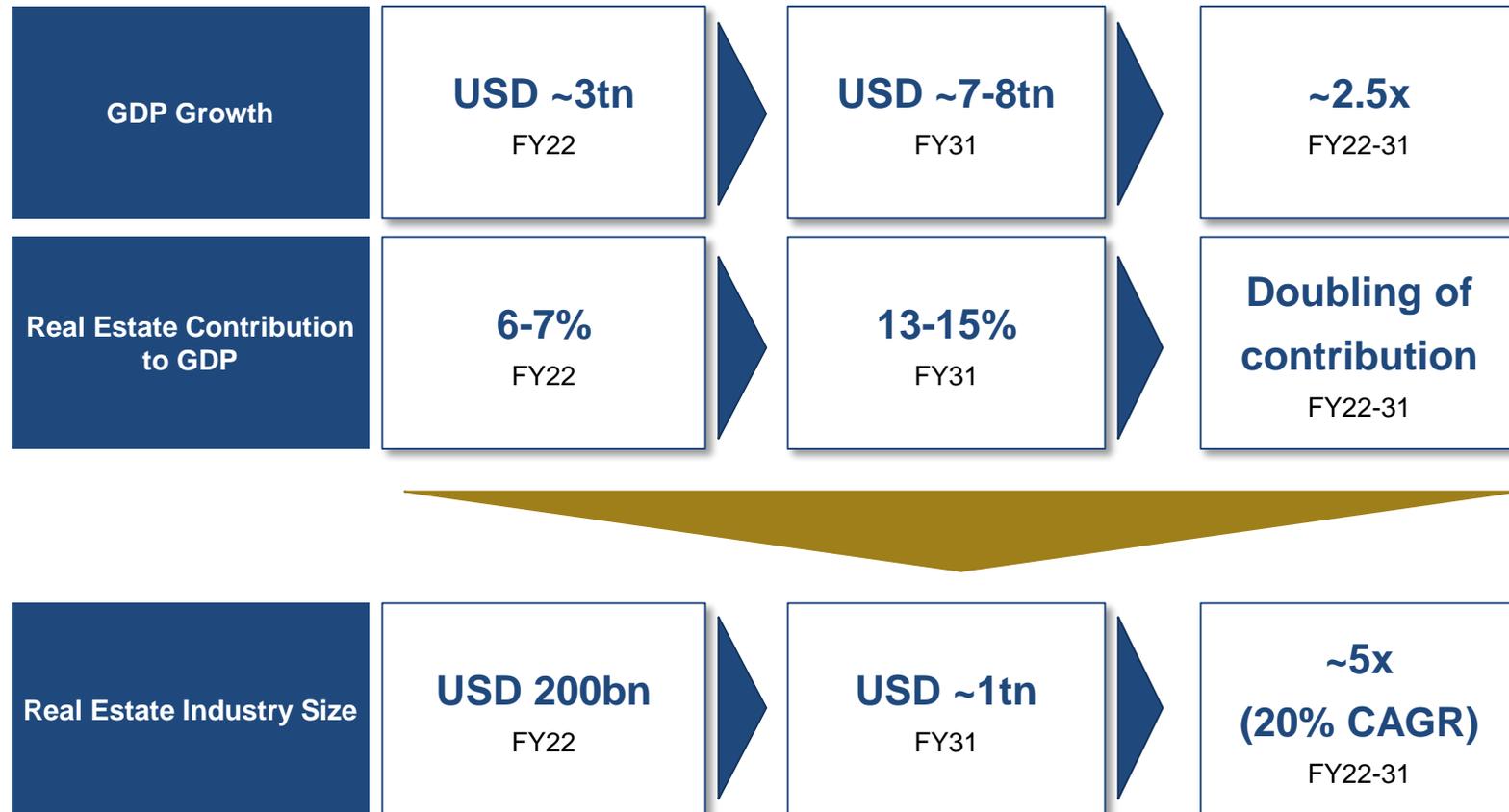
<sup>1</sup> Includes DM Sales: Q2FY24 INR 0.5bn and 1HFY24 INR 0.6bn

<sup>2</sup> GRESB: Global Real Estate Sustainability Benchmark



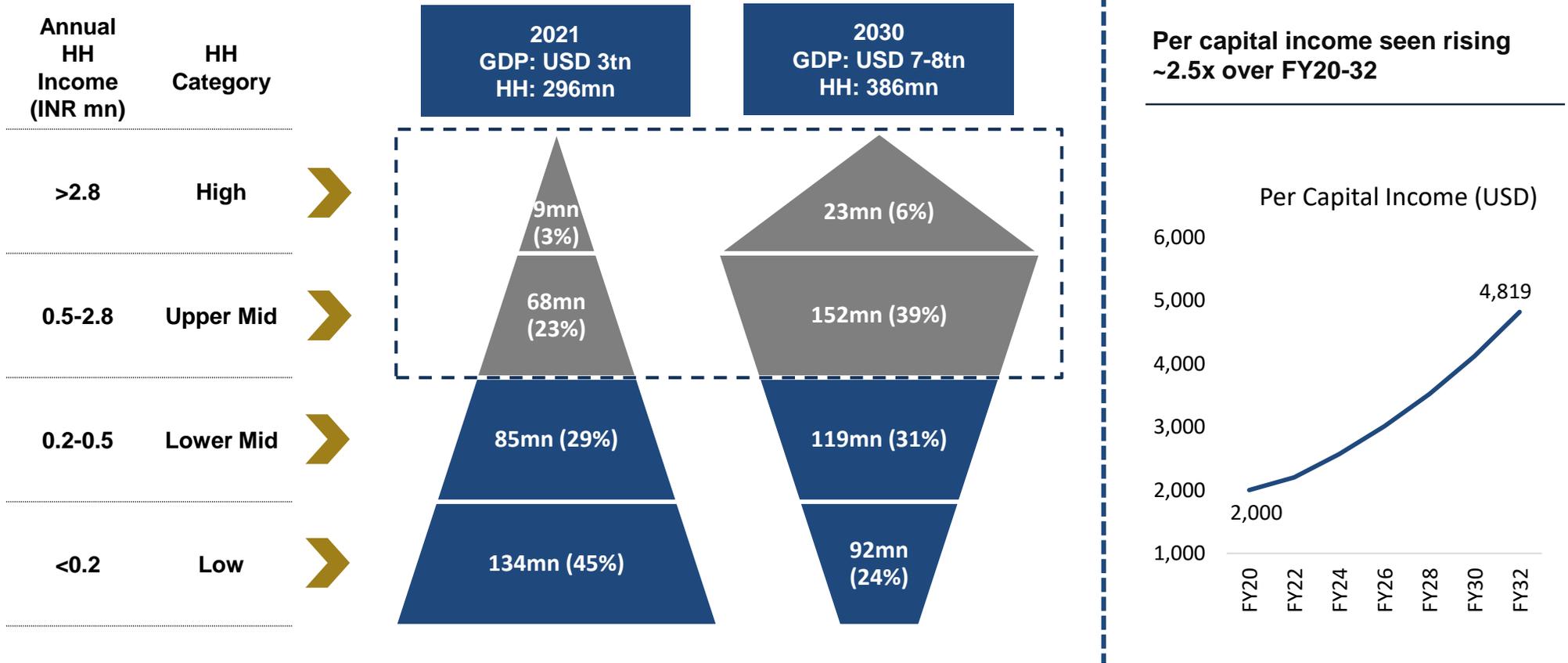
# 01 Industry tailwinds

# Transition to middle income: Real Estate to grow ~2x faster than the Indian economy



Housing to be key driver of and key beneficiary from GDP growth

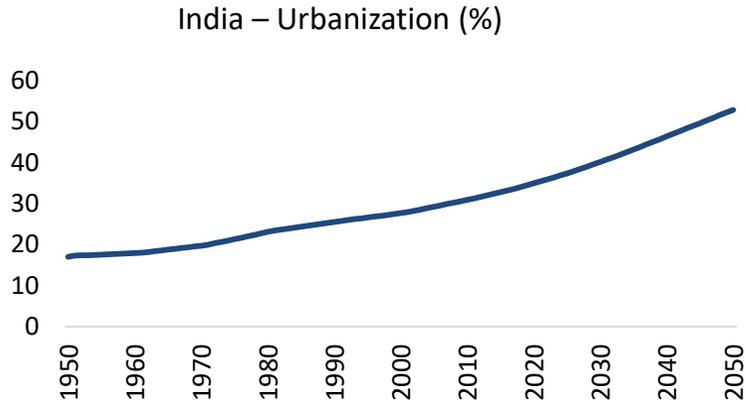
# 100 mn new households to become 'home ownership capable' this decade



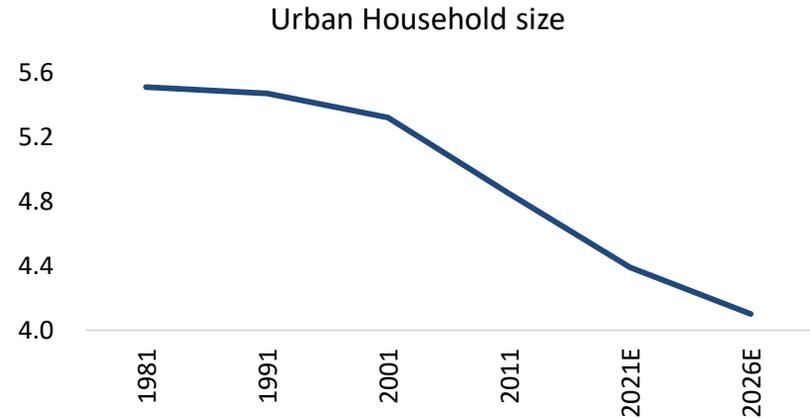
Once in a country's lifetime opportunity!

# Strong affordability drives conversion of housing need to demand

## Rapid urbanization to create need for quality urban housing

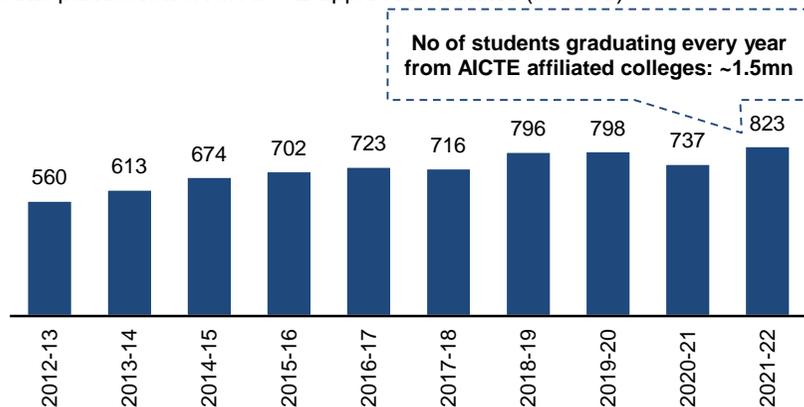


## Family nuclearization

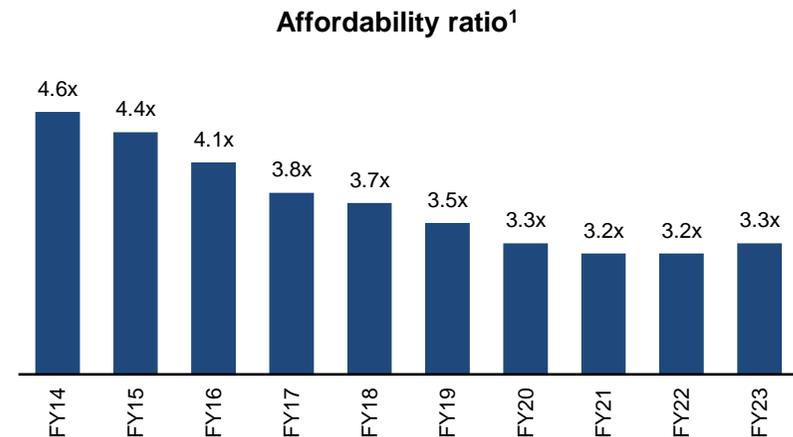


## Large no of educated workforce added every year

Total placements from AICTE approved institutes (in '000s)



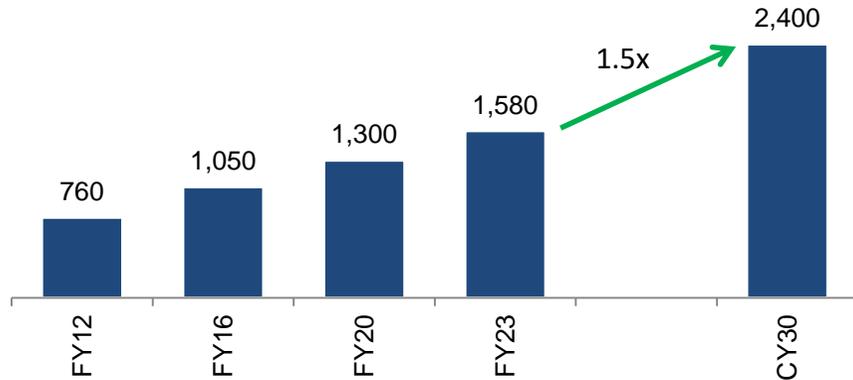
## Improved affordability to support demand



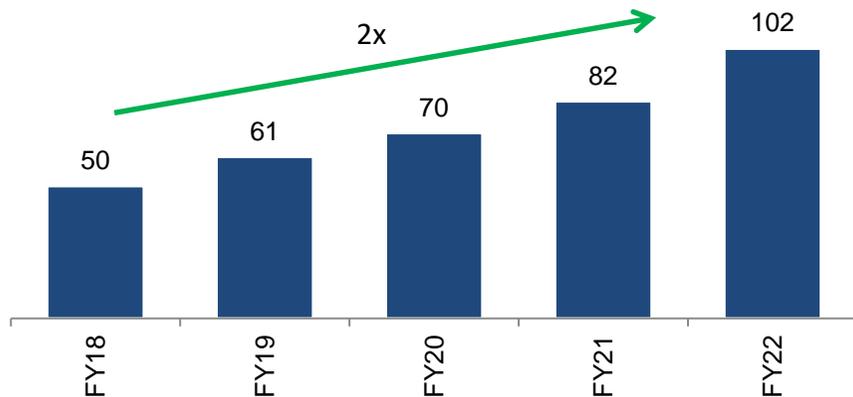
As long as housing price growth is slightly below white collar wage growth, housing demand will grow sustainably

# Robust job creation to sustain housing demand

## Increasing presence of GCC\* in India....

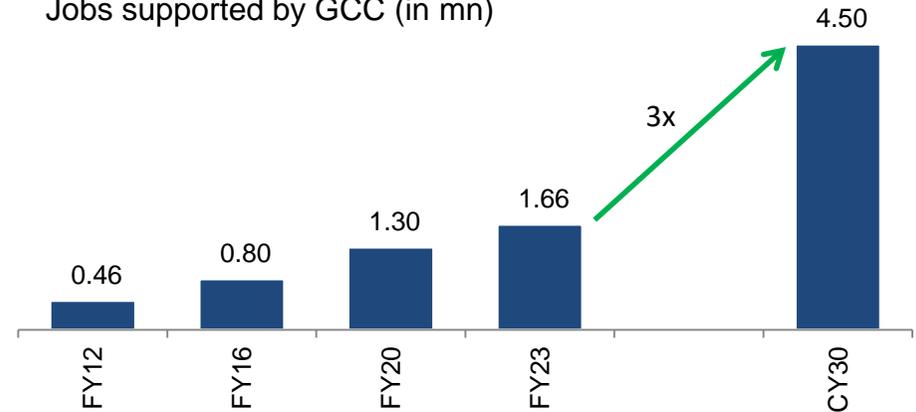


## Large BFSI GCCs also increasing their presence: JPM has nearly doubled its presence in India



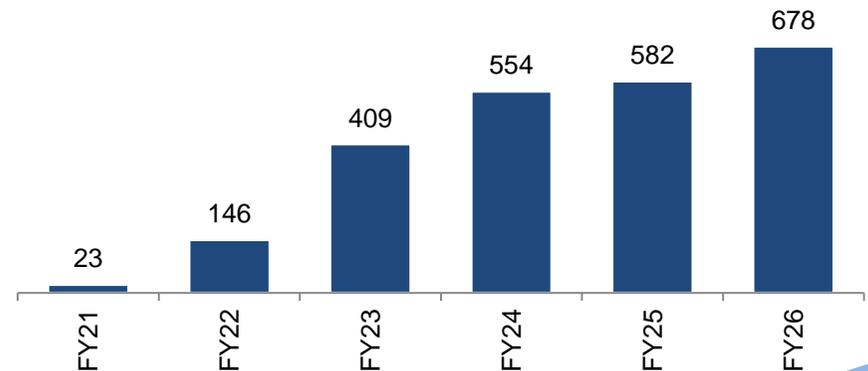
## ...has led to robust job creation, more than offsetting slowdown in hiring by IT services companies

### Jobs supported by GCC (in mn)



## Manufacturing job creation led by PLI# capex

### Capex outlay under PLI scheme (INR bn)



# Supply side consolidating - unlikely to keep pace with accelerating demand

## Consolidation wave due to policy reforms and liquidity crisis...



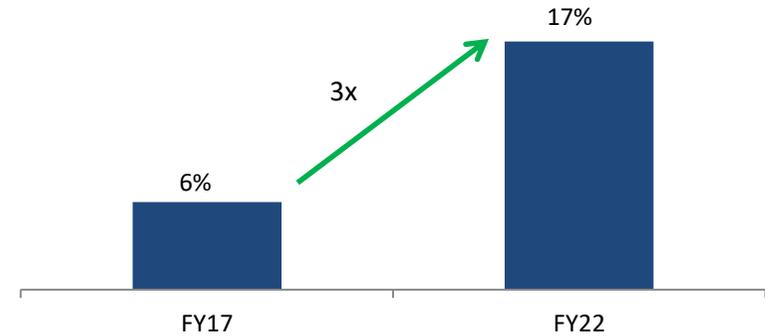
### Remaining Tier - 2 & 3 players develop:

- ✓ Small-sized projects (< INR 5bn)
- ✓ One at a time
- ✓ Take longer (5-7 years) to complete

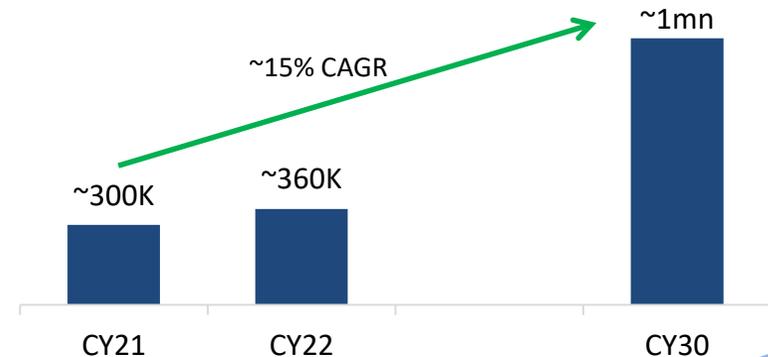
## Multiple forces leading to consolidation

- ✓ Regulatory push: **RERA**, **Demonetization**, **GST**, **Amendment to Benami Act**.
- ✓ Funding squeeze for Tier – 2 & 3 developers:
  - NBFC's exiting market after large losses – wholesale lending bubble popped after IL&FS implosion
  - Inability to **sell during construction**
- ✓ Consumer loss of confidence with Tier – 2 & 3 developers:
  - Having **burnt their lifetime savings**
  - **Failure to deliver or untimely delivery** with poor quality

## ...has led to market share gains for listed developers

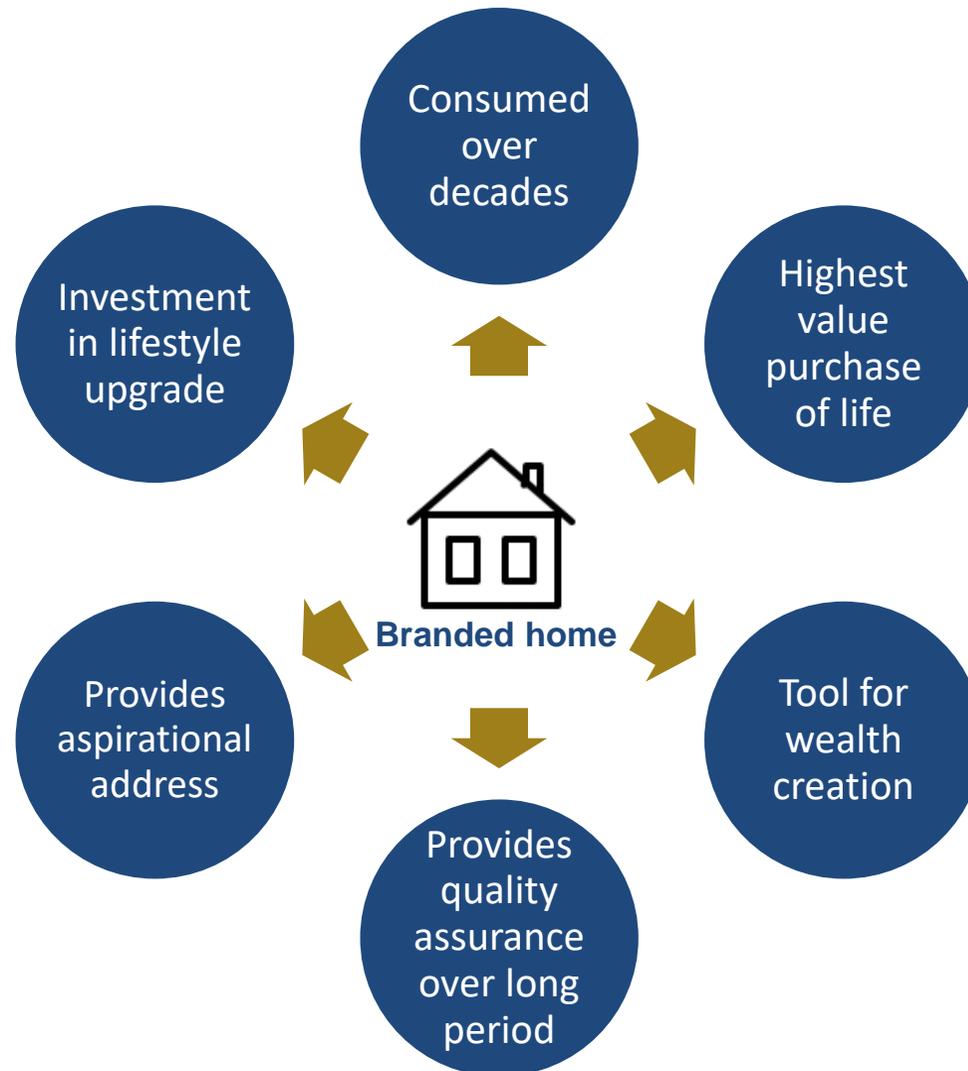


## Housing sales in top cities to reach 1mn by 2030



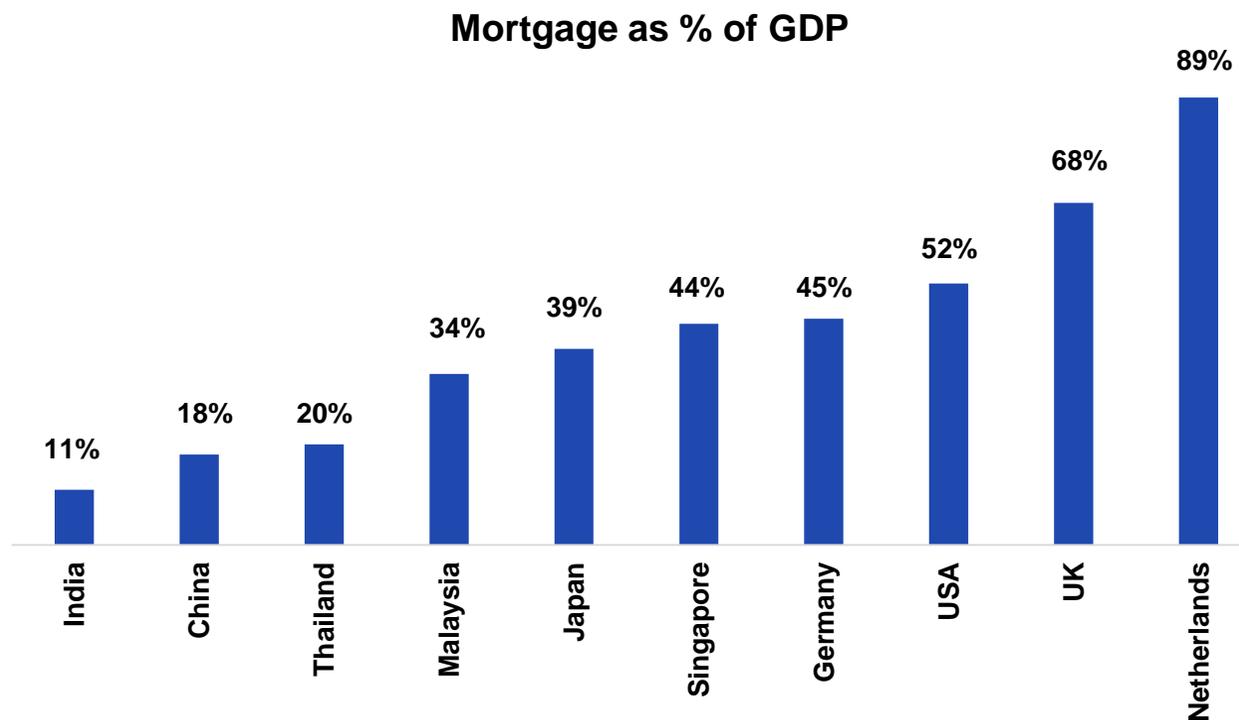
# 'Housing' increasingly becoming a branded 'Consumer Product'

Brand matters the most



## Steady as it goes: Mortgage an enabler, not inducer of demand

- ✓ Conservative Central Bank, low risk mortgage market: LTV < 75%, no teaser rates
- ✓ Rate cycle seem to have peaked pivot likely in 2HFY24
- ✓ Strong performance of mortgages through all parts of the cycle - Intense competition for safe haven mortgage assets leading to plentiful availability
- ✓ A floating rate product; rate cycle well understood by homebuyers. Interest rate change modifies tenure, not EMI
- ✓ Salary growth of 8-10% enables mortgage repayment in 7-8 years



*Low penetration of mortgage provides significant room for growth*

*Housing sales driven by fundamental need and nominal price growth, not by mortgage inducement*

## Low risk to margins from construction cost inflation

- ✓ Construction costs typically forms 25% to 45% of the sales price
  - Of which, one-third is related to low skilled and semi-skilled labor: plentiful supply though migration from rural areas (250+ mn people estimated to be 'underemployed' in agriculture). Hence, labour inflation is low and keep inflation from being 'sticky'
  
- ✓ Commodity inflation, though often sharp, generally of short cycles as demand and supply adjust to new normal, bringing price moderation in the short term
  - Spurt in commodity price due to Russia-Ukraine war is reversing
  
- ✓ ~3 year period of construction provides flexibility to manage costs across the project lifecycle
  
- ✓ Ready and advance under-construction inventory provides hedge against the commodity price inflation

## Construction cost – inflation moderation since Mar-22

Commodity/Component	% Share in total cost	Mar'21 to Mar'22		Mar'21 to Sep'23	
		% Change	Weighted Impact	% Change	Weighed Impact
Steel	12.9%	35.1%	4.5%	-2.0%	-0.3%
Flooring Tiles	5.0%	23.9%	1.2%	15.3%	0.8%
Electrical/Plumbing	11.8%	10.1%	1.2%	4.9%	0.6%
Labour	34.4%	3.0%	1.0%	4.9%	1.7%
External Windows	3.9%	21.9%	0.8%	7.8%	0.3%
RMC + Cement	10.5%	6.3%	0.7%	15.5%	1.7%
Lifts & Elevators	3.3%	16.6%	0.5%	37.7%	1.2%
Carpentry Materials	3.5%	15.5%	0.5%	5.6%	0.2%
Painting	3.8%	13.1%	0.5%	32.7%	1.1%
<b>Overall</b>			<b>~13.7%</b>		<b>~10.3%</b>

*Construction cost increase since 1st April 21 at ~4% annualized rate (expected to continue moderating)*

*This, in turn, implies impact on COGS of <2% p.a. for our portfolio*

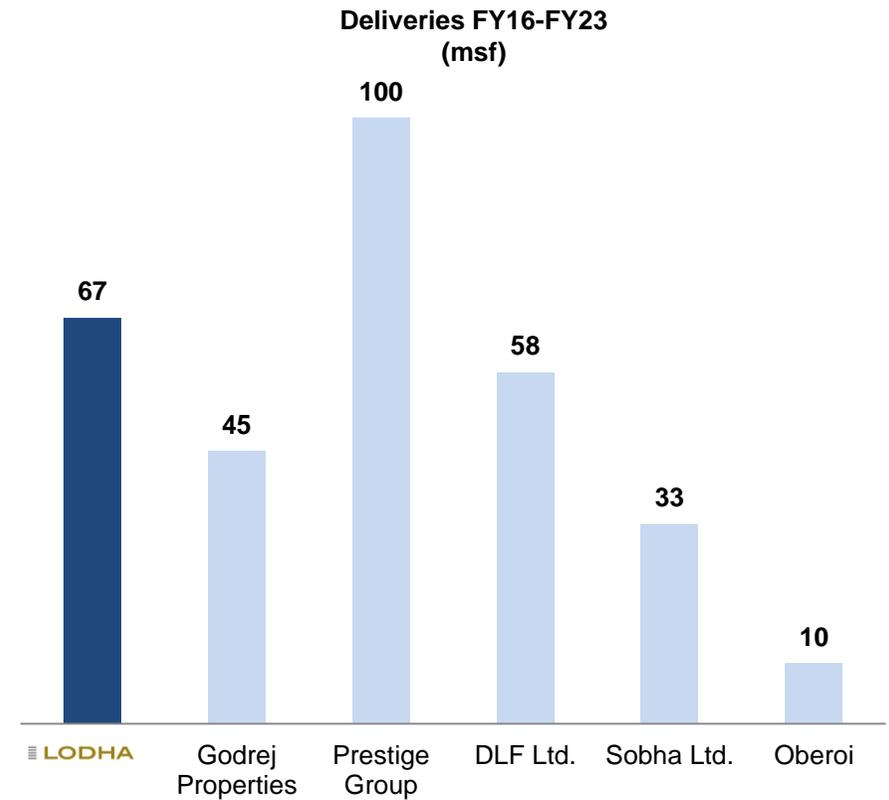
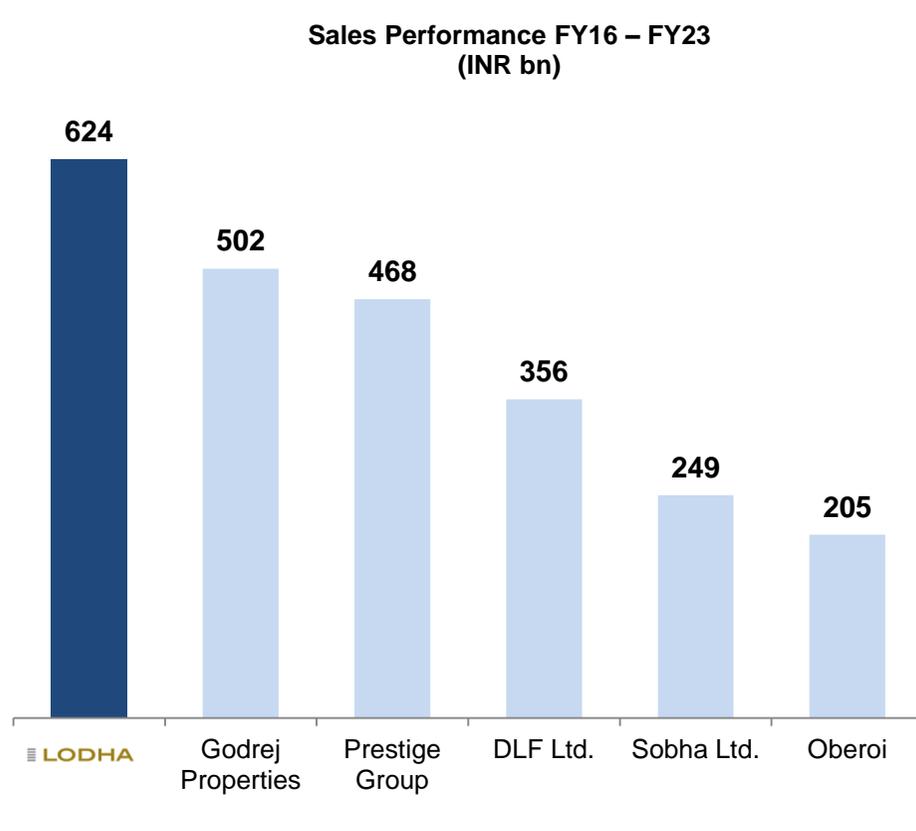


## 02 Lodha's Right-to-win

# Lodha is India's largest residential real estate developer

## Industry dominance through consistent performance

### Sales – Consistently outperformed peers



# Differentiated business model to deliver superior returns (1/2)

## Predictable and consistent Pre-sales growth from diversified presence

### Pre-sales

- **Not dependent on any single segment, location or project**
  - **Presence across all segments** - luxury, premium, mid-income & affordable
  - **30+ operating project** across MMR & Pune

## Better margins due to strong brand and leadership in all cost elements

### Pricing Power

- **Premium pricing due to superior product and strong brand**
- **Disciplined execution of moderate price growth (just below wage growth) supporting margin expansion**

### Land

- **Strong underwriting:** Acquiring land under **various modes and across cycles** - **allows to choose projects with targeted margin & return** from large opportunity set  
*Aggregated Land || Outright purchase on bilateral basis || Auction*  
*Redevelopment || JDA with Landowners*
- **4000+ acres of land reserve** –natural hedge against land price inflation

### Construction Cost

- **Only player with own GC capability** – avoids margin leakage & enables faster churn

### Overheads

- **Going deep & operating at scale** in the cities we are present in, keeping overheads in check

# Differentiated business model to deliver superior returns (2/2)

## Superior Returns & Robust Cashflows

### Fastest land to cash cycle

- **Bring to market expeditiously**- launch **within 9-12 months** of land acquisition
- **Accelerated monetization of land** through **product innovations** – Apartments, plots & villas, boutique offices, high street retail

### Large townships with annuity like cashflow

- **~50% cash margin** with land entirely paid for - **step up significantly** with infra project completions (**Airport, Metro, Bullet Train, etc.**)

### Strategically chosen annuity streams

- **Low capex intensity delivering RoEs inline with core resi business**
  - Facilities Mgmt. with near commerce through Bellevie app. – **adjunct to resi. business**
  - Warehousing & industrial platform
  - Select Retail & Office assets – **part of our mixed use development**

## Growing while deleveraging & in a sustainable manner

### Capital Structure

- **Net debt down to INR ~67bn vs INR ~161bn** at the time of IPO, simultaneously with **business addition of INR 480bn** Pre-sales grew by **42% CAGR** over FY21-23
- Net debt capped at lower of **0.5x Net D/E and 1x D/OCF, achieving in FY24**

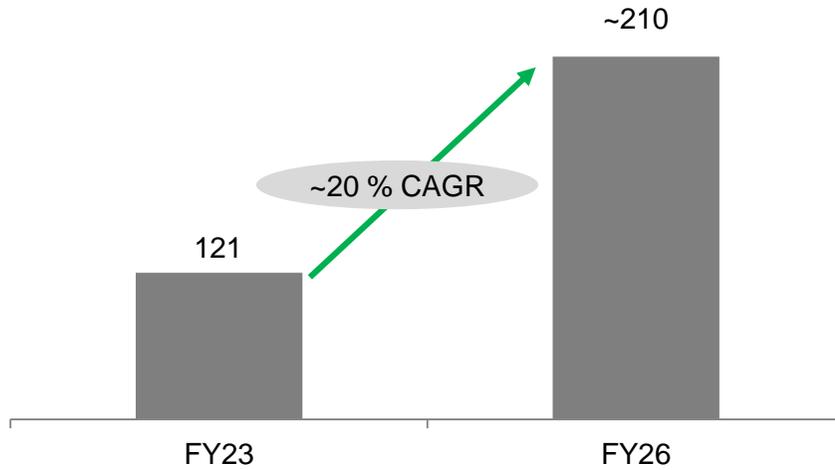
### Strong ESG focus

- **GRESB: Ranked No.1 in Asia & 2<sup>nd</sup> Highest score by S&P amongst global RE Dev.**
- **High governance standards with versatile board** (Consumer, Tech, BFSI, Sustainability etc.) guiding management

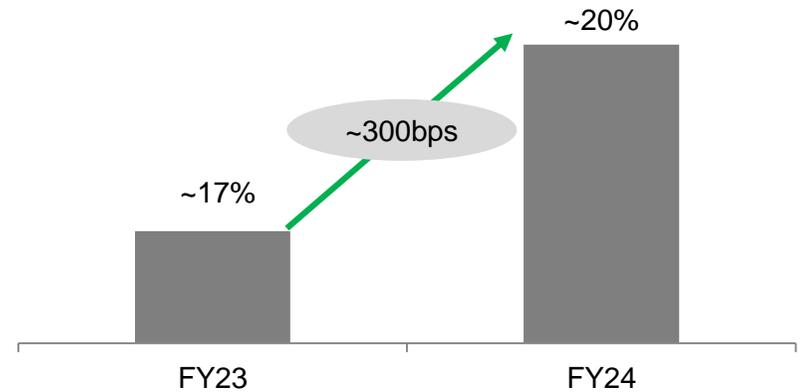
# '20:20' Action Plan

INR bn

Focus to deliver ~20% Pre-sales CAGR & 20% RoE with net debt ceiling of 0.5x D/E and 1x D/OCF



Pre-Sales



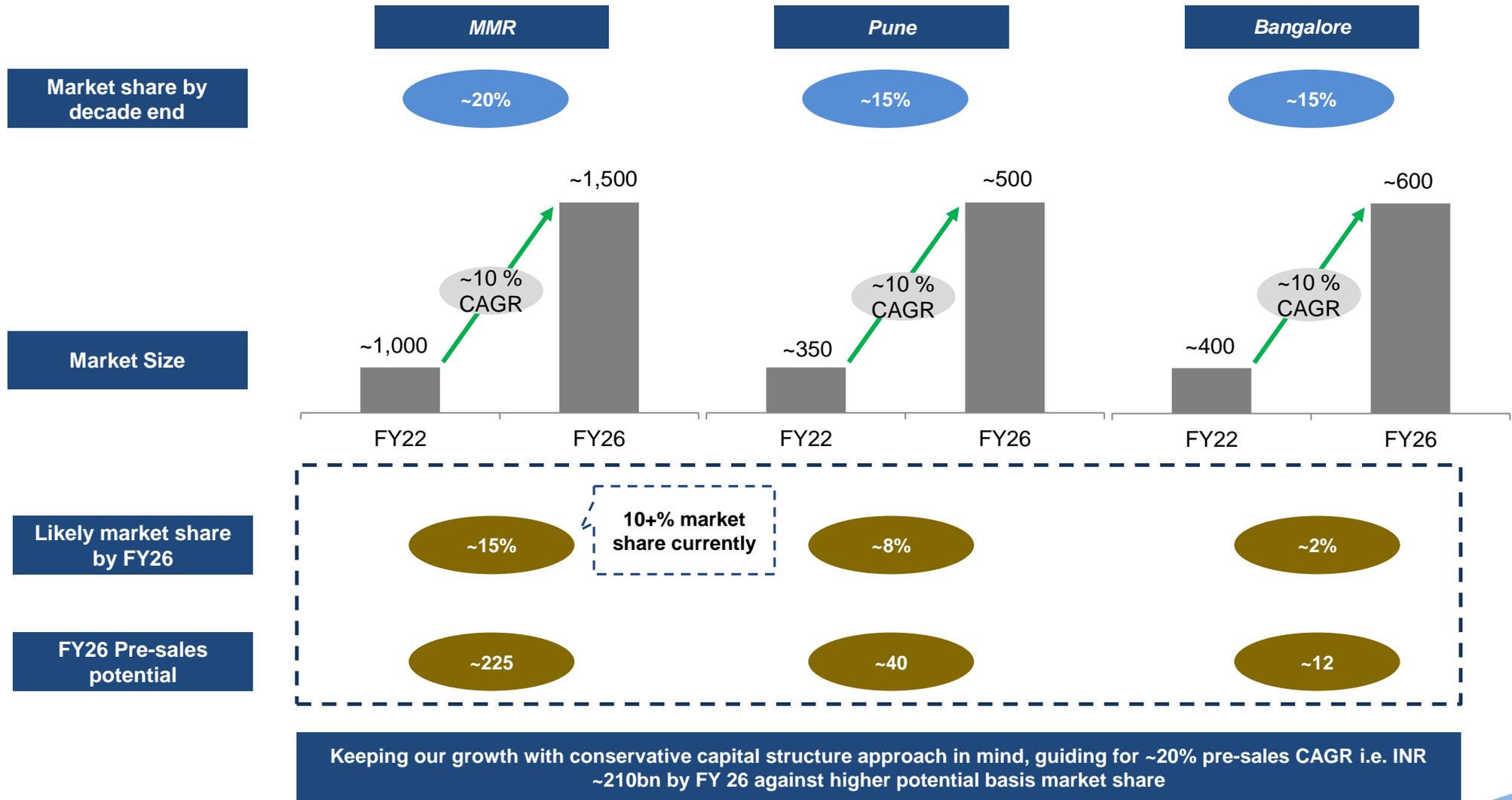
RoE

## ~20% ROE through mix of 'owned' & 'JDA' projects

	Share of pre-sales in steady state	PBT Margin Profile	ROE Profile
Owned land projects	~60%	27-30%	15% to 20%
JDA	~40%	17-19%	30%+
Overall			~20%

# Significant headroom for growth in core markets of MMR & Pune

INR bn



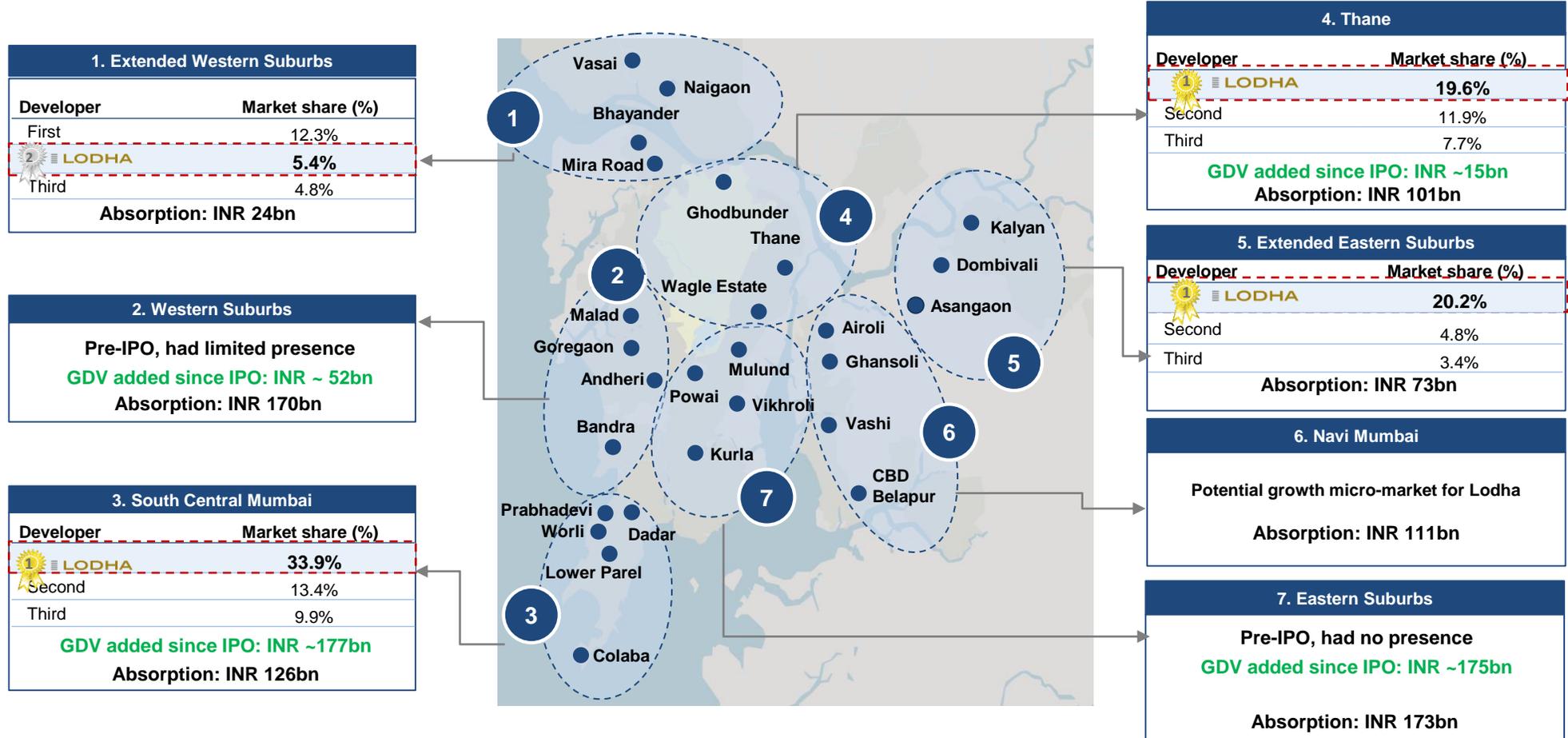
# Business Strategy

- ✓ Micro-market focused growth strategy in MMR, Pune & Bangalore through capital light JDA model
- ✓ MMR: Largest developer with dominant presence in just three of the seven micro-markets; Holding market share in the three micro-markets;
  - Growing significantly in micro-markets with limited presence
- ✓ Pune: Accelerating growth; Signed four projects with development potential of 7.6 msf and GDV of INR ~60bn since IPO; advanced stage of signing definitive documents for multiple projects
  - Successful launches reflects strong recognition of brand Lodha
    - NIBM Road (South-East) in Aug'21, sold INR 7.5bn in 25 months (69% of launched inventory)
    - Kharadi (North-East) in Nov-22, sold INR 8.3bn in 11 months (64% of launched inventory)
    - Hinjewadi (North-West) in March-23, sold INR 5.5bn in 7 months (57% of launched inventory)
- ✓ Bangalore: Ahead of time entry to build brand through delivery, deepen local knowledge & build local team
  - Measured low-risk growth in first phase; scale up after brand build up
  - Targeting two launches in FY24

# Significant opportunity to scale up in other micro-markets of MMR

## Market leading position in most micro-markets, with potential for growth in other regions

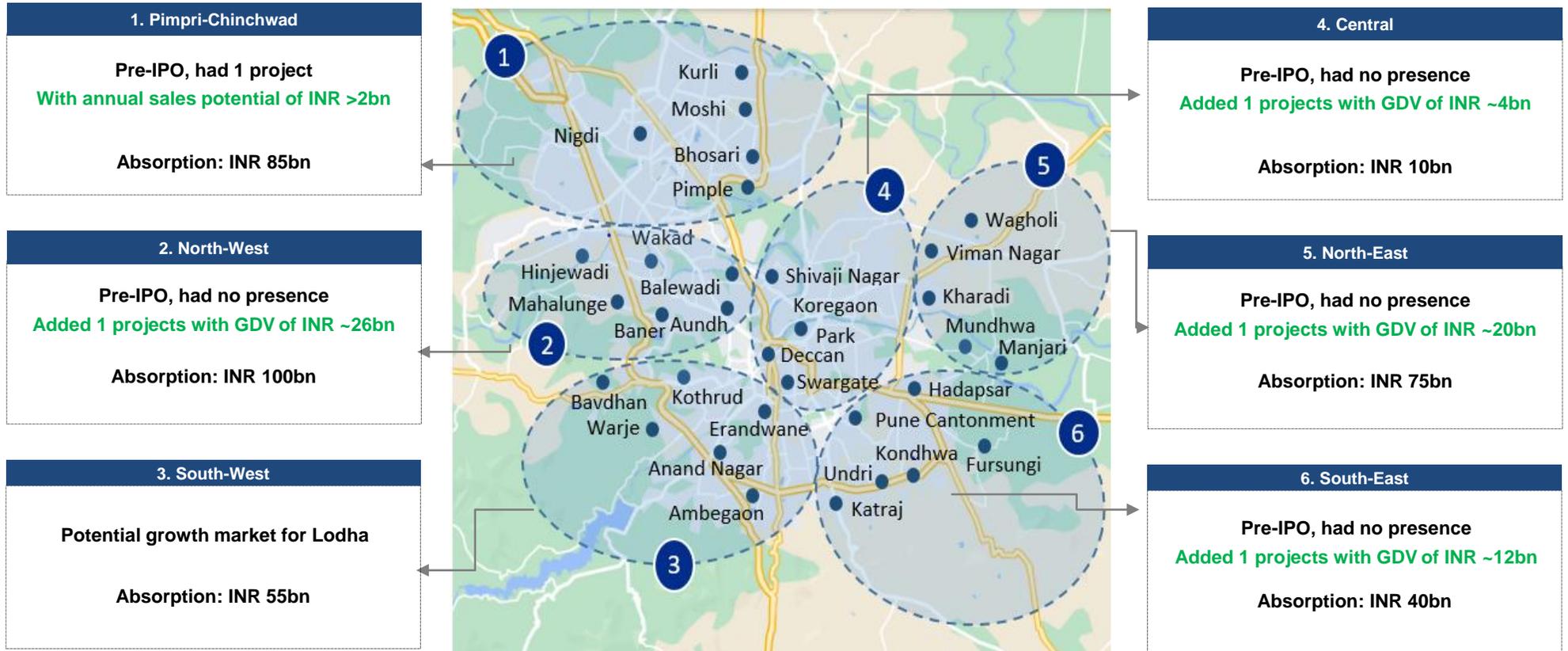
Market share by absorption in INR bn



Tied up INR ~403bn of GDV and development potential of ~20 msf across 24 projects in various micro-markets of MMR

# Accelerating growth in Pune

Establishing presence across multiple locations in INR 365bn market

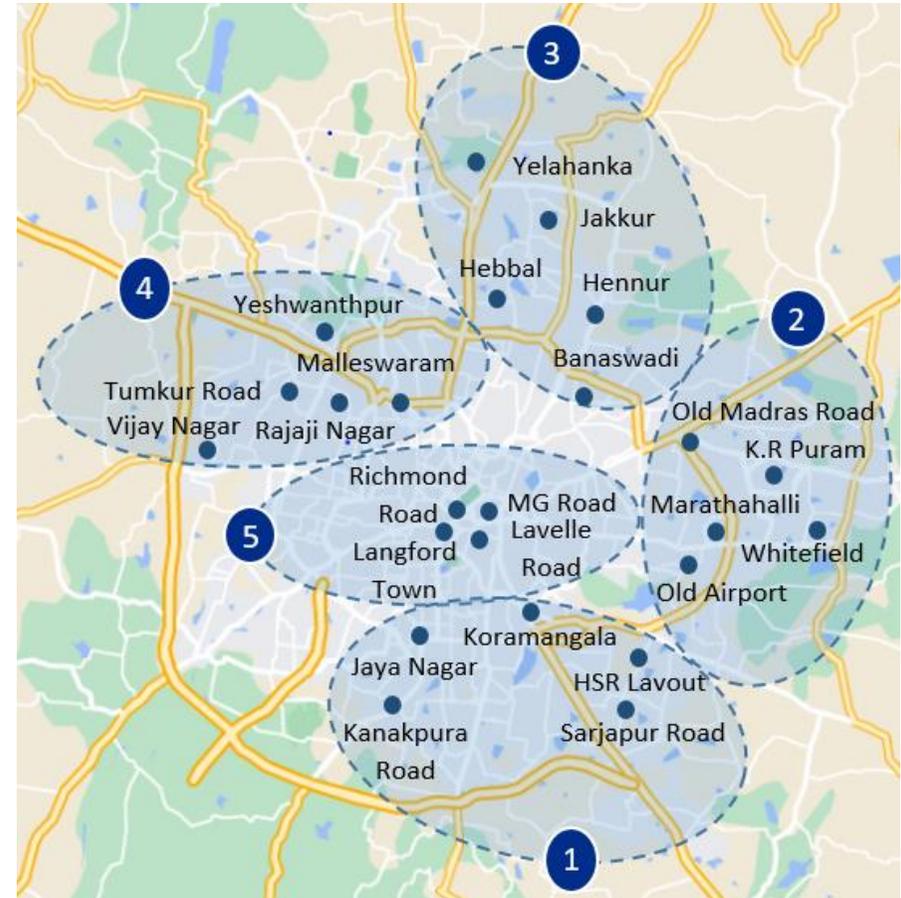


Tied up INR ~60bn of GDV with development potential of ~7.6 msf across four projects in various micro-markets of Pune

# Entered Bangalore housing market

**Market size: INR ~400bn**

	Micro-market	Market Size (INR bn)
1	South	185
2	East	80
3	North	112
4	West	20
5	Central	3
	<b>Total</b>	<b>400</b>

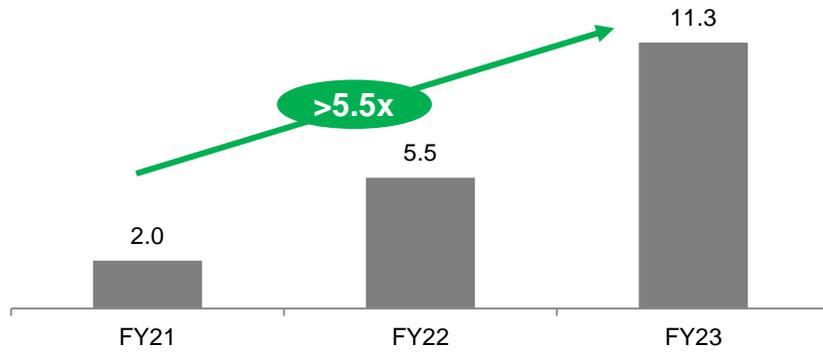


**Signed two project with GDV of INR ~20bn and development potential of ~2.3 msf**

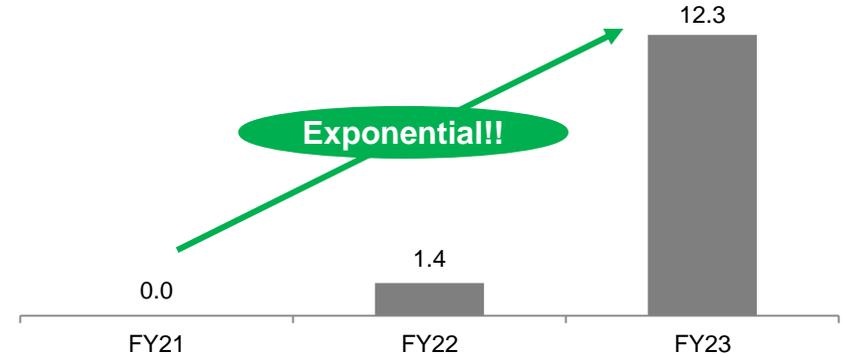
# Exponential growth – Supermarket strategy paying good dividend in targeted micro-markets

INR bn

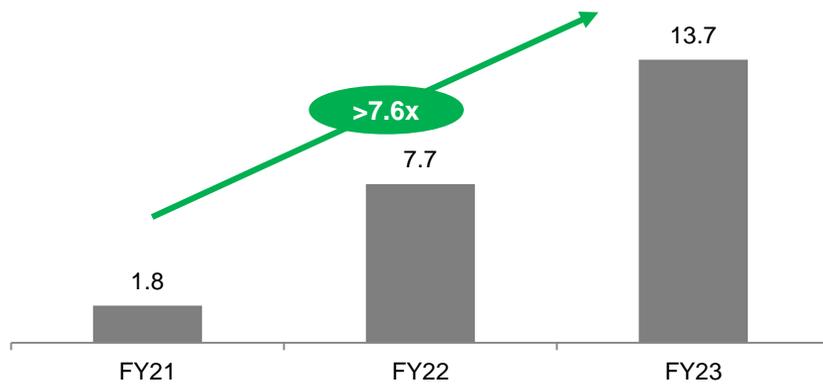
## Pune



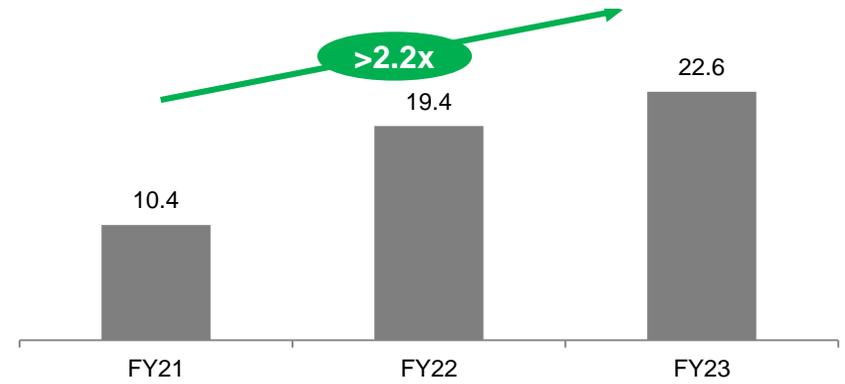
## MMR – Eastern Suburbs



## MMR – Western Suburbs



## MMR – Extended Eastern Suburbs

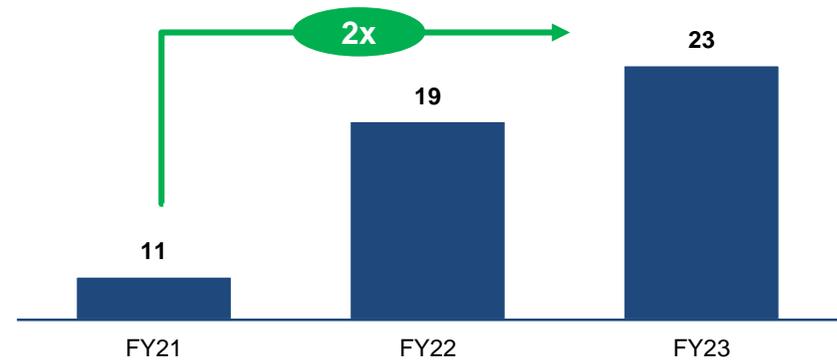


# Township growth set for a significant leap

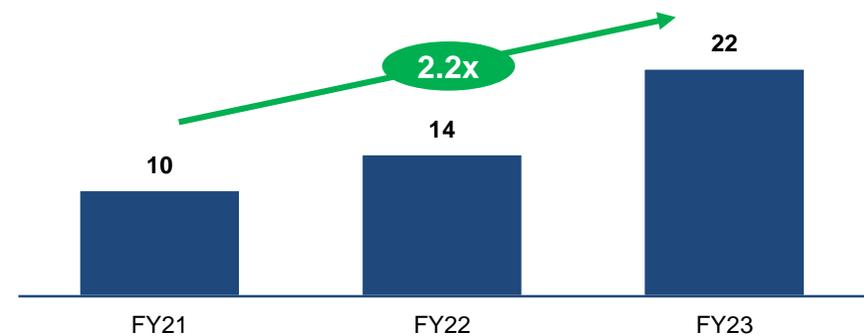
INR bn

- ✓ Two large township projects at Palava & Upper Thane with land already paid for – 4300+ acres of surplus land
- ✓ Annuity like cashflow with ~50% cash margin
- ✓ Multiple asset classes –
  - High quality residential with exceptional amenities
  - Multiple schools & Hospitals
  - Office spaces, Mall & High street retail
  - Life sciences hub
  - Industrial & warehousing parks
- ✓ Multiple product innovations such as Plotted Development, Crown (entry-level housing), Signet (boutique offices) catering to diversified customer base

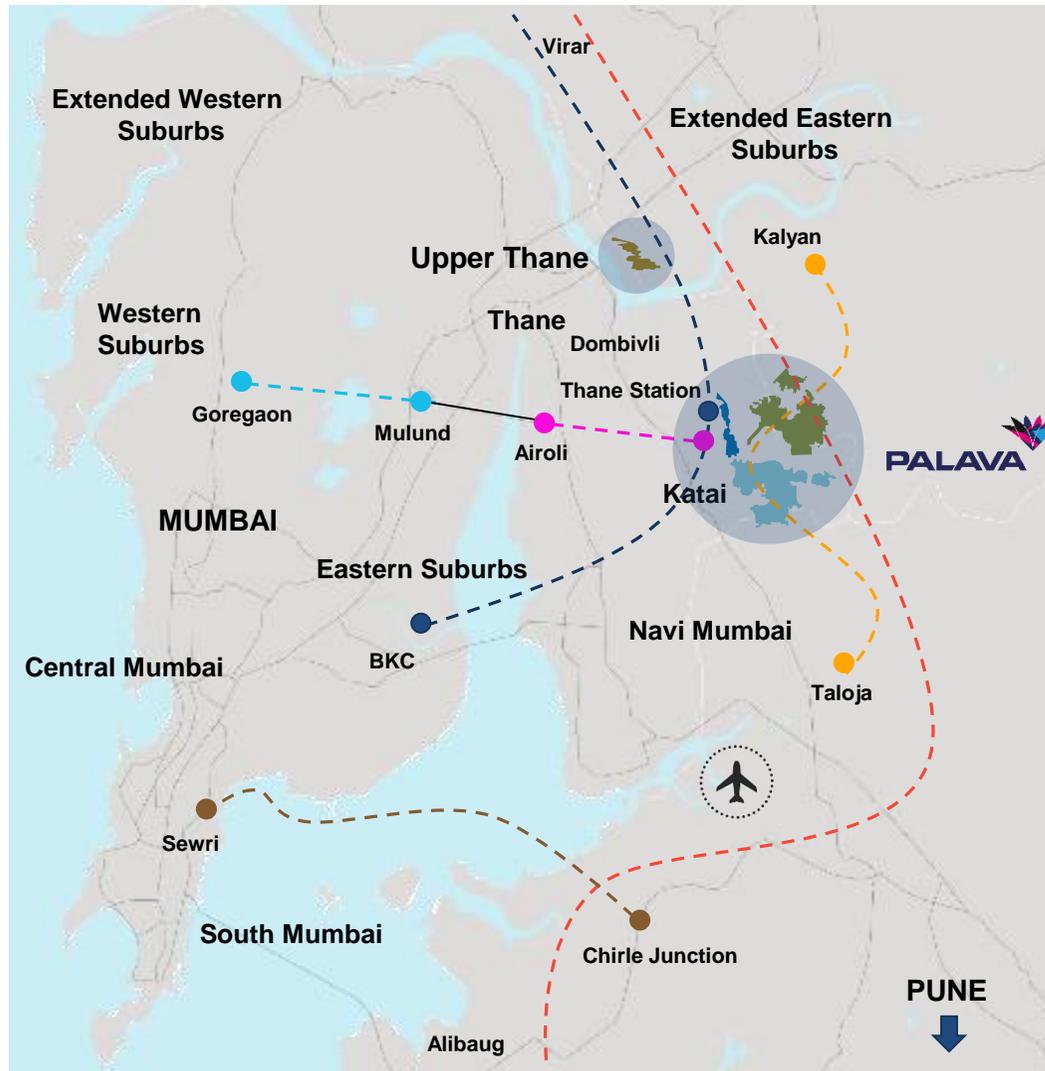
Highest ever Pre-sales in FY23



Collections to ramp-up with the rising pre-sales trajectory



# Ongoing infra projects (Airport, Metro, Bullet Train etc.) to supercharge Palavas'...on the lines of Gurgaon



Project	Likely completion & impact
 <b>Mumbai Trans Harbor Link</b>	<b>CY23</b> – Brings South Mumbai closer
 <b>Airoli Katali Naka Freeway</b>	<b>CY24</b> – Cuts travel time b/w Mumbai/ Airoli & Palava by 20 mins
 <b>Navi Mumbai International Airport</b>	<b>CY24</b> – Boost to economic activity around Palava (35mins)
 <b>Kalyan Taloja Metro – Line 12</b>	<b>CY27</b> – Three station within Palava, connected to suburban metro network
 <b>Mumbai – Ahmedabad High-Speed Rail</b>	<b>CY28</b> – 1 <sup>st</sup> station after BKC at Palava, travel time -15mins
 <b>Mulund Goregaon Link Road</b>	<b>CY28</b> – Brings Western Suburbs closer to Palava
 <b>Virar – Alibaug Multimodal Corridor</b>	<b>CY30</b> – Puts Palava at center of major commercial trade route

# Guidance for FY24

INR bn

	FY23 Actuals	FY24 Guidance	1HFY24
<b>Pre-Sales</b>	120.6	145	68.9
<b>Operating Cashflow</b>	56.6	~ 60	21.0
<b>New Project Additions</b>	198.0	175+	143.0
<b>Net Debt</b>	70.7	Continued reduction, below ceiling of 1x Net Debt:Operating Cash flow and 0.5x Net Debt:Equity	67.3

Strong launch pipeline led by robust business development provides visibility to FY24 pre-sales goals and sustained growth for future

On path to achieve full year guidance with significant debt reduction planned in 2H

## Pro-forma P&L (basis operating performance)

Particulars	FY23		FY24E		1HFY24	
	INR Bn	%	INR Bn	%	INR Bn	%
Pre-sales	120.6		145.0		68.9	
Embedded EBITDA	38.6	32%	43.5	30%	20.7	30%
D&A	0.9		1.0		0.5	
Finance Cost	10.0		7.5		4.1	
PBT	27.7	23%	35.0	24%	16.0	23%
Taxes (assumed rate: 25.2%)	7.0		8.8		4.0	
PAT	20.7	17%	26.2	18%	12.0	17%
RoE	~16.7%		~19.6%			

# High quality management team



**Shaishav Dharia**  
**CEO – Townships, Director – GDI Platform**  
 ■ Formerly worked with McKinsey & Company and Logic Tools



**Prateek Bhattacharya**  
**CEO – Western Suburbs & Thane**  
 ■ Formerly served as Expert Associate Principal at McKinsey and Co.



**Rajib Das**  
**President - Eastern Suburbs & Navi Mumbai**  
 ■ Formerly worked with Godrej Group, Indiabulls Properties



**Tikam Jain**  
**CEO – Pune**  
 ■ Grown at Lodha with 25 years of association, last position held as Head CPT



**Rajendra Joshi**  
**CEO – Bangalore**  
 ■ Formerly associated with Brigade Enterprises, Mahindra Lifespaces



**Devender Singh Rawat**  
**CEO – GDI Platform**  
 ■ Formerly MD& CEO of Bharti Infratel, also worked with Ericsson, Huawei



**Sushil Kumar Modi**  
**Chief Financial Officer**  
 ■ Formerly worked at GMR, Aditya Birla Group & JSW Steel



**Prashant Bindal**  
**Chief Sales Officer**  
 ■ Formerly part of Spice Mobility, Walmart India and Hindustan Coca Cola Beverages



**Rajesh Sahana**  
**President – Customer Experience**  
 ■ Formerly worked with Globacom, Reliance Jio, Bharti Airtel, ABN Amro & Bank of America



**Janhavi Sukhtankar**  
**President – Human Resources**  
 ■ Formerly held senior positions at Greenpeace International & Sanofi India



**Rajesh Agrawal**  
**President - Procurement**  
 ■ Formerly served as Group CPO at Adani Ent. & held senior positions at RIL, JSW



**Ramit Chopra**  
**Head – BD & Leasing, GDI Platform**  
 ■ Formerly worked with Embassy Industrial Parks, Indospace



**Deepak Chitnis**  
**Chief Designer**  
 ■ Previously served as senior architect at Oberoi Constructions Pvt Ltd



**Rajat Kumar Singh**  
**President- Finance**  
 ■ Formerly worked with Adani Group, Reliance Group & GMR



**Shyam Kaikini**  
**President – Hospitality & Property Management**  
 ■ Formerly associated with Taj Hotels, Jumeirah International



**Mark Griffiths**  
**Head – Pre-Constructions, QA & EHS**  
 ■ Formerly worked with Leighton Contractors, Baulderstone & Hornibrook



**Const. Mgmt. Team**  
 ■ **Satish S:** Ex-Arabtec.  
 ■ **Shrikanth K:** Ex- Phoenix  
 ■ **Yogendra B:** Ex- L&T  
 ■ **Brijmohan C:** Ex-Arabtec

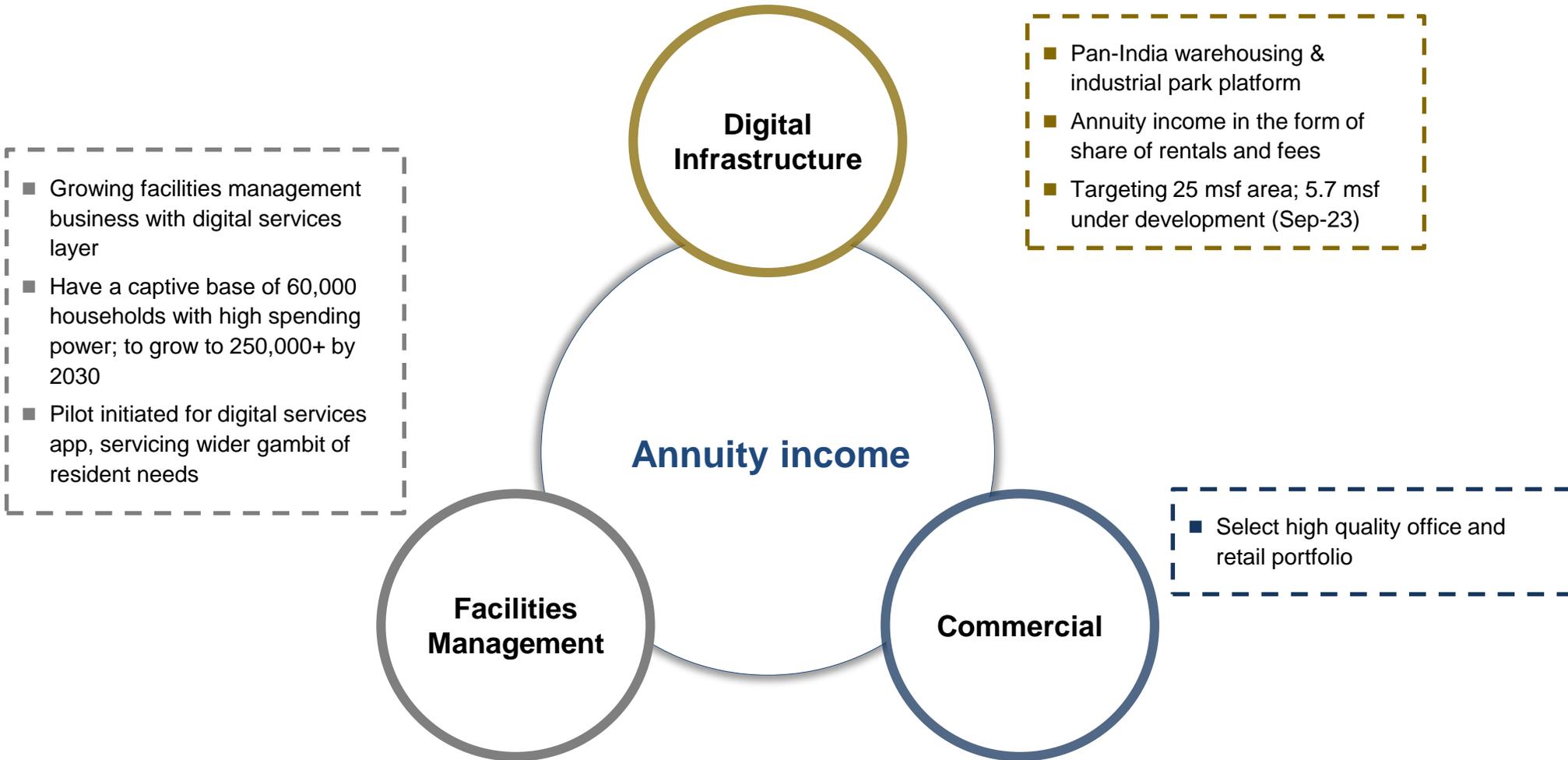


**Bhaskar Kamat**  
**Chief Land Officer, GDI Platform**  
 ■ Formerly worked with DLF, Godrej Properties



# 03 Building annuity streams with low investments

# Building annuity income portfolio



Targeting INR ~5bn of net annual income by FY26 and INR ~15bn by FY31

# Rapid digitization of Indian economy to provide immense opportunities

- ✓ Developing Warehousing, Logistics, Data Centers, Light industrials catering to digitization of economy
- ✓ Opportunity to be amongst top 3 Digital Infrastructure (DI) players in India: **Dedicated ~3,400 acres land for this segment near our townships at Palava & Upper Thane**
- ✓ **Strong demand:**
  - Led by e-commerce, logistics, global manufacturing diversifying beyond China and India capitalizing on the same through incentives like PLI<sup>1</sup>
    - Strong outlook<sup>2</sup> for Ecommerce (~25% CAGR till 2027), Warehousing (~20% CAGR till 2025), Data Center (2x in 3 years)
- ✓ **Need for strong India based player:**
  - DI industry largely served by international investors; No large India developer present significantly
  - Land acquisition and execution capabilities key differentiators
- ✓ **Long term sustainable growth opportunity**

<sup>1</sup>Production-linked Incentive Scheme

<sup>2</sup>Source: Report from Anarock

# Digital Infra.: potential to generate significant recurring income

## Recurring income from lease as well as outright sale

**DI Platform – Significant traction from marquee users for leasing at our DI Park**

<i>(in mn Sq ft.)</i>	Area (msf)	Notable Clients
<b>Area Under Development</b>	<b>5.7</b>	
<i>Area Under Construction</i>	<i>1.4</i>	<i>Skechers, Schlumberger</i>

- ✓ Skechers & Schlumberger facilities to start generating rent from 3QFY24
- ✓ Pursuing land acquisition in NCR, Maharashtra & Bengaluru for the platform

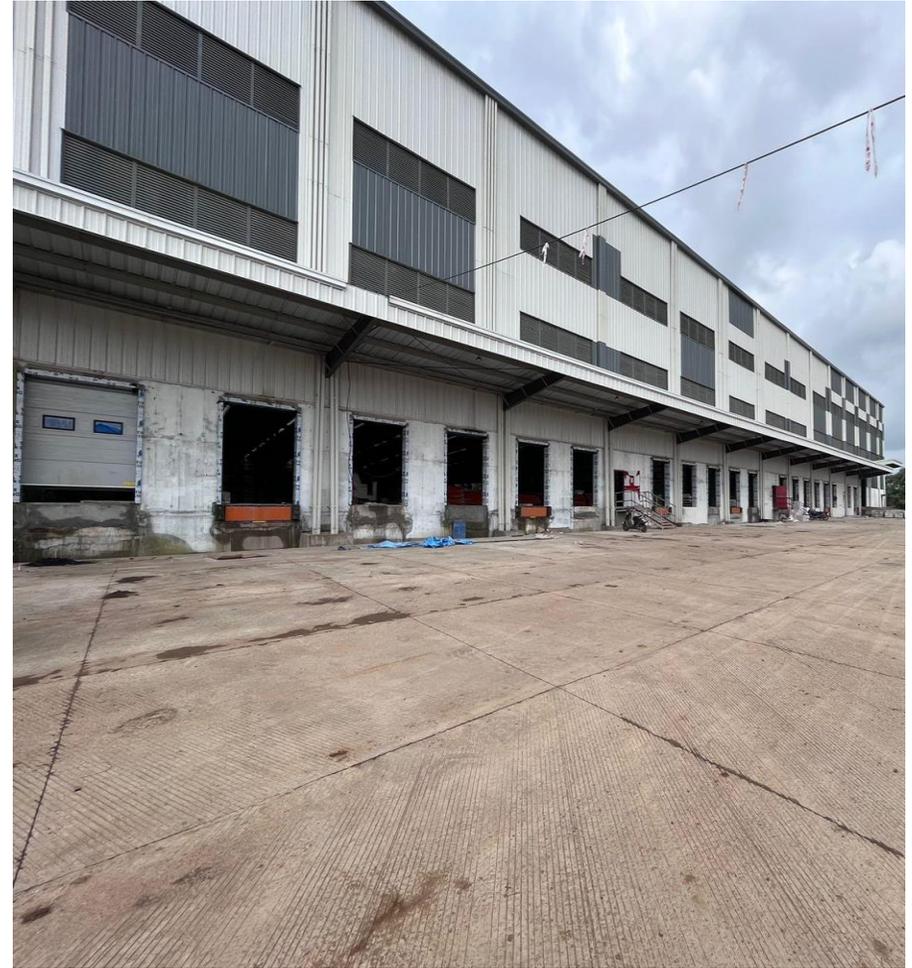
## **Land sales generating INR 5-7bn cashflow annually**

(INR bn)	Jan-21 to Sep-23	Q2FY24
Cashflow from land sales	16.2	0.6

## Digital infra boosting Palava Ecosystem

- ✓ Added one more industry (Cold Storage) to the Palava Ecosystem, showcasing Palava's potential
  - *Signed definitive agreement with NewCold, one of the largest automated warehouse & cold chain logistics companies globally at Palava for INR 1.5bn*
- ✓ Aptar Pharma & Flyjack (outright sold) along with Schlumberger & Skechers to be operational in FY24, boosting economic activity & job creation at Palava
- ✓ Strong land demand from end users of diverse industries
  - *E-Commerce, Fashion & Sportswear retailers, Consumer Goods, 3-PL, Logistics, Data Center, EV Ecosystem, FMCG, Engineering Goods, Life Sciences, etc.*

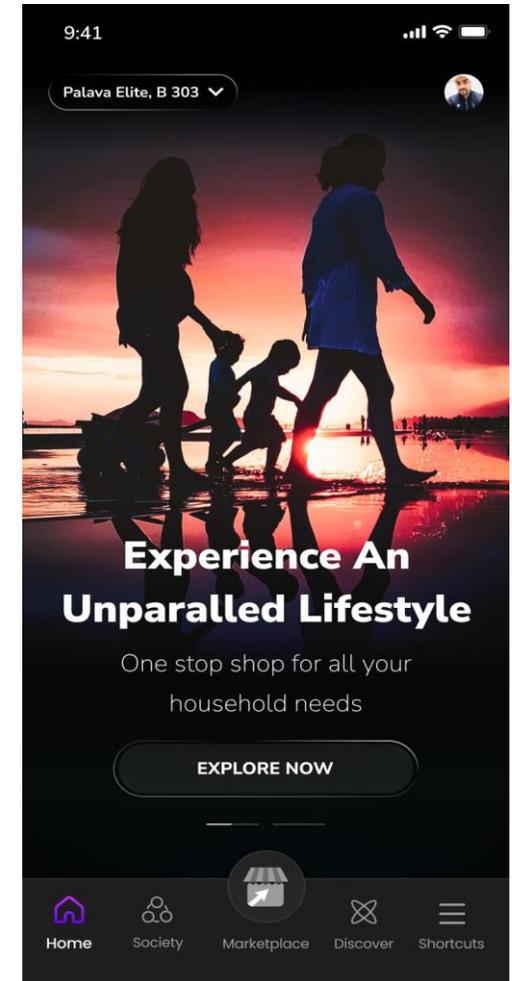
## India's largest warehousing box ready, handed to Skechers for fit outs



To start generating rent from 3QFY24

# Growing facilities management business with a digital services layer

- ✓ Growing facilities management business on the back of rising number households staying in Lodha developments
  - Captive base of 60,000 households; likely to rise to ~250,000 by 2030
  - Strong understanding of consumers and their spending patterns
- ✓ Adding digital layer to already established facility management business to provide seamless customer experience through integrated platform and offer:
  - Home improvement products and services
  - Near Commerce (not serviced by legacy e-commerce)
  - Real estate services eg. resale/ rental
- ✓ Potential to onboard other developments (other than those by direct competitors) and add a critical mass of consumers
- ✓ Core team for technology & business in place; **Signed up with 40+ brands; Pilot launched under the brand 'BelleVie' in April-23**



Strategic business opportunity to generate significant recurring service / fee income

# Commercial assets with rental potential of INR ~2.6bn p.a.

One Lodha Place



iThink Palava



Palava Mall



Area in msf

Location	Worli (World Towers)	Palava (Office)	Xperia Mall
Leasable area <sup>^</sup>	0.73	0.58	0.42
Area Leased <sup>^</sup>	0.21	0.15	0.39
Status	Ready	0.43: Under development (Est. completion in 2023)	Operating
Annualized Rental Income	INR ~2,000+ mn p.a	INR ~270mn*	INR ~300mn *

\* Basis Sep-23 monthly rentals <sup>^</sup>excluding area sold to 3<sup>rd</sup> parties



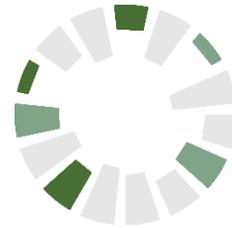
# 04 Growing in sustainable manner

# We are *best in class* when it comes to measured ESG performance



## S&P Global Corporate Sustainability Assessment 2023

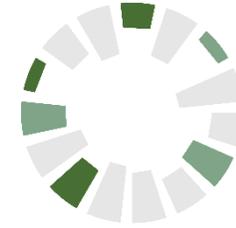
Second highest CSA score out of ~200 companies in Real Estate Management and Development industry (as on 22<sup>nd</sup> Sep 2023)



G R E S B  
★ ★ ★ ★ ★ 2023

## GRESB Development Benchmark 2023

Ranked 1<sup>st</sup> in Asia with a 5-star rating and score of 100/100 in the category Residential: Multi-Family | Listed



G R E S B  
★ ★ ★ ★ ★ 2023

## GRESB Standing Investments Benchmark 2023

Ranked 8<sup>th</sup> in Asia with a 5-star rating and score of 90/100 in the category Diversified - Office/Retail | Listed



## Sustainalytics

Received **ESG Risk Rating of 13.8**, was assessed to be at “**Low-Risk**” category of ESG risk severity. Globally ranked 9<sup>th</sup> in the Real Estate Development sub-industry.



## WBA Buildings Benchmark

Ranked 4<sup>th</sup> among the 50 keystone buildings sector companies globally



FTSE4Good

## FTSE4Good Index Series

Included in the **FTSE4Good Index Series** in the June 2023 index review

# Strong focus on ESG driven by our empowered Board of Directors



**Abhishek Lodha**  
*Managing Director*

- Holds a master's degree in science (industrial and systems engineering (supply chain & logistics) from Georgia Institute of Technology
- Worked with McKinsey & Company, USA



**Mukund Chitale**, *Independent Director and Chairman*

- Director on the Board of L&T
- Former President of ICAI and Chairman of Ethics Committee of BSE



**Rajinder Pal Singh**, *Non-Executive Director*

- Director on the Board of Maruti Suzuki
- Former Chairman and Managing Director of Punjab & Sind Bank and Chairman of NHAI



**Ashwani Kumar**, *Independent Director*

- Former Chairman and Managing Director (CMD) of Dena Bank and board member of the LIC
- President of the Indian Institute of Banking and Finance



**Lee Polisano**, *Independent Director*

- Founding partner and President of PLP Architecture, UK; Fellow member of the American Institute of Architects
- Globally recognized for architectural and urban design work, emphasizing underlying concern for environment



**Rajeev Bakshi**, *Independent Director*

- Former MD & CEO of Metro Cash & Carry and formerly associated with Pepsico, Cadbury Schweppes
- Currently on the board of Cummins India, Dalmia Bharat Sugar



**Harita Gupta**, *Independent Director*

- Formerly associated with Microsoft and NIIT Technologies
- Currently leading APAC and Global Enterprise Business at Sutherland Global Services



**Rajendra Lodha**, *Whole-Time Director*

- 31 years of experience in all facets of real estate development
- Bachelor's degree in civil engineering from M.B.M. Engineering College, University of Jodhpur



**Raunika Malhotra**, *Whole-time Director, President - Marketing and Corporate Communications*

- 15+ years of experience in leadership, corporate strategic planning, consumer insights and brand management
- Formerly worked with ECS Limited and Adayana Learning Solutions in strategic consulting

# Our ESG Philosophy: Do Good, Do Well



Environmental

Ensure sustainability in our core operations by **positively impacting** the natural environment. **Not to contribute to global warming**, and operate through a **resilient** value chain

- Climate Resilience: Be resilient to climate change while not contributing to global warming
- Achieve net carbon zero in Scope -1,2 in operations by the year 2024
- Align Scope 3 emissions reduction roadmap with 1.5°C ambition for 2050



Social

Positively impact our people and community through utmost **respect to human rights, diversity and inclusion, and philanthropy**

- Create a more diverse & inclusive workforce, with a workplace gender diversity ratio of 44% by 2027<sup>^</sup>. Focus to make work environment more and more engaging & learning oriented
- Safety first: Ensuring a safe working environment at our sites to achieve zero fatality, zero hospitalization and lowest lost time injury in the industry.
- Support brightest and deserving minds in the country to get access to quality education to achieve their full potential and promote healthcare and vocational training in the community



Governance

Bring about an industry transformation by **leading ethically and bolstering trust** through high degree of transparency and accountability

- Strong board with diverse experiences to guide management through the business cycles
- Meet expectation of diverse set of stakeholders through deeper engagement, transparent communication & ethical business conduct
- Strong risk management framework



<sup>^</sup> excluding construction workforce

# Strategy to achieve the overarching ESG Goals

Identify initiatives that enhance our impact and brings together our larger set of stakeholders to partner in the journey with us

## Our ESG Goals

**E** → Ensure sustainability in our product and operations by positively impacting the natural environment

**S** → Positively impact our people and community through utmost respect for human rights, diversity and inclusion

**G** → Drive industry transformation by leading ethically and bolstering trust through high degree of transparency & accountability



# Progress made in Environmental Sustainability

Overarching Goals

Achieve Carbon Neutrality in operations (Scope1, 2) by the year 2035 or earlier

Align Scope 3 emissions reduction roadmap with 1.5 °C ambition

Be resilient to climate change while not contributing to global warming

Through “**Lodha Net Zero Urban Accelerator**” in partnership with RMI – undertaking Initiatives covering entire spectrum of emission in built-environment & using Palava as a city-scale living laboratory to offer a development template that can demonstrate growth decoupled from emissions is possible - For more [here](#)

Part of ‘Build Ahead’ coalition by Xynteo to accelerate use of low-carbon building materials

~72% reduction in absolute GHG emissions – Scope 1, 2 – since FY 18

Advanced our net zero carbon emission for Scope-1 & 2 to CY24 from CY27

Renewable Energy: Transitioning to 100% of energy used on construction sites and assets to renewable sources through on-site generation & off-site purchases, achieved 98% as of Mar-23

Enabling switch to Electric Vehicles for residents at our developments - 97 active EV chargers installed across sites by Tata Power as of Mar-23

Partnered with mobility players at our projects - ~14 mn passenger-km/annum of private transportation switched to shared mode (FY23), potential emissions reduction of ~1,600 tCO<sub>2</sub>e.

Over 42 MLD capacity of STPs installed across our projects

>25 tonnes capacity of organic waste management plants installed across projects

Sustainable and recycled material contribute to ~25% of the construction spends on material (FY23)

72% of direct material purchase (in value) from local suppliers, within 400km radius (FY23)

One Lodha Place – Our flagship office building

-----  
Received LEED v4 BD+C:CS Platinum Pre-certification, the highest rating for green buildings

Received IGBC Net Zero Energy (design) certification

Lodha Digital Infrastructure Park – LEED Platinum pre-certified by IGBC

Aligned our report with TCFD recommendations

Submitted science-based targets for verification to SBTi

GRESB<sup>^</sup>: Yet another exceptional score, ranked No.1 with score of 100 in the "Development Benchmark" among residential developers in Asia

<sup>^</sup>GRESB: Global Real Estate Sustainability Benchmark

# Progress made in Social and Governance dimensions

Governance	Social	
Board	Our People	Communities
<p>Expanded Board and inducted as Independent Directors:</p> <ul style="list-style-type: none"> <li><b>Mr. Rajeev Bakshi</b>, formerly associated with Pepsico, Cadbury Schweppes</li> <li><b>Ms Harita Gupta</b>, formerly associated with Microsoft, NIIT Technologies</li> <li><b>Mr. Lee Polisano</b>, a world renowned sustainability expert</li> </ul> <p>Constituted ESG Committee at the board headed by an Independent Director</p>	<p><b>Diversity &amp; Inclusion (44% Women by FY27)</b></p> <p>Women represent 27%* of employee strength as of Mar-23</p> <p><b>Learning &amp; Development (8 man days by FY27)</b></p> <p>Achieved ~23 learning man-hrs per associate in FY23</p> <p>Annual Sustainability goals for all senior leaders</p> <p><b>Experience and Engagement (&gt;95 by 2027)</b></p> <p>Achieved NPS score of 59 – up by 44%</p> <p><b>Empowering our talent</b></p> <p>Instituted various rewards under our flagship initiative LACE &amp; programs like Lodha KAG and EXCEL at Lodha to nurture future leaders</p> <p><b>Human Rights</b></p> <p>Human Rights Due Diligence Assessment completed for our operations including associates and contractual workforce</p> <p><b>Health and Safety</b></p> <p>Achieved Lost Time Injury Frequency Rate of 0.054 with &gt; 46mn safe man-hours</p>	<p><b>Enabling Livelihood for Women</b></p> <p><b>Project Unnati</b> - An initiative aimed at empowering and enabling women to participate in the formal labour force and achieve their Aspirations advance social and economic development of India</p> <p>~100 women benefited from this programme already. Started engaging with several corporates as well as SMEs to increase reach of the programme</p> <p><b>Education</b></p> <p><b>Lodha Genius</b> –in partnership with Ashoka University, India’s leading Liberal Arts &amp; Sciences University, to help the brightest students across our country to achieve their full potential</p> <p>Program to identify such students and support them <b>by providing academic exposure, opportunities for growth, financial support and mentorship</b></p> <p>First <b>cohort of 96 students</b> from diverse backgrounds underwent a <b>month long campus program</b> &amp; mentoring by some of the finest minds in the world <b>including Nobel Laureates</b></p>
Disclosures		
<p>Published our <b>2<sup>nd</sup> Integrated Annual Report for FY23</b></p> <p>Created best in class disclosure standards in Real Estate Industry -appreciated by stakeholders</p> <p><b>S&amp;P Global 2023 Corporate Sustainability Assessment (CSA): 2nd Highest score out of ~200 global Real Estate Development companies</b></p>		

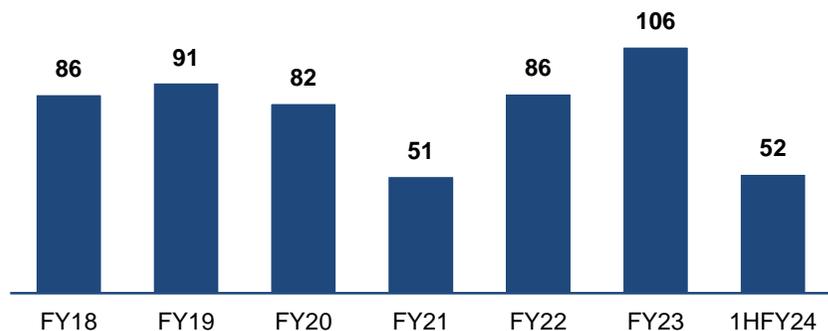
\*in non-construction work force; ^LACE: Lodha Associate Celebrates Excellence, KAG: Key Associate Group



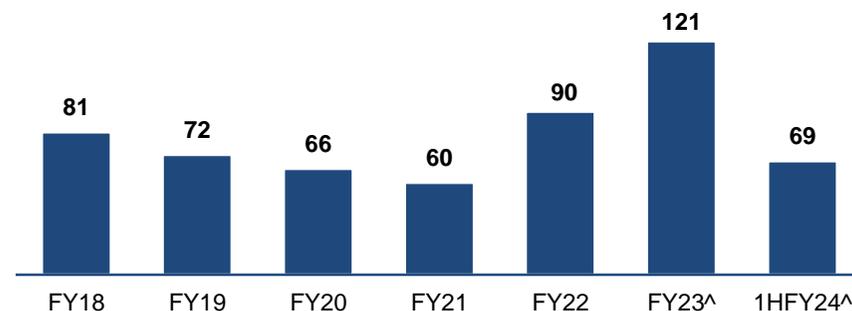
# 05 Financial Highlights

# Strong execution track record

## Collections (INR bn)



## Sales (INR bn)



## Summary financials (INR bn)

	FY19	FY20	FY21	FY22	FY23	1HFY24
Revenue from operations	119.1	95.8	54.5	92.3	94.7	33.6
Adjusted EBITDA <sup>1</sup>	37.2	28.3	15.4	32.4	29.7	10.2
Adjusted EBITDA <sup>1</sup> %	31.3%	29.6%	28.3%	35.1%	31.4%	30.2%
Adj. Profit/ (Loss) <sup>2</sup>	17.1	11.5	3.4	12.6	17.7	3.8
Adj. Profit/ (Loss) <sup>2</sup> %	14.4%	11.8%	5.9%	13.2%	18.2%	11.1%

Lower Adj. EBITDA & PAT Margin in 1HFY24 as (i) Revenue recognized is ~50% of pre-sales, (ii) overhead costs being linked to pre-sales (accounted largely in the quarter of incurrence) is higher by ~800bps

## Consistent track record of margin and profitability

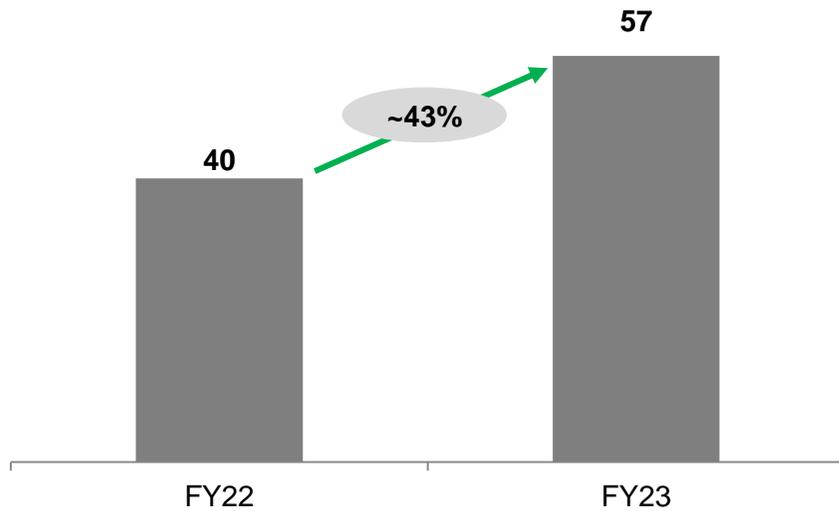
Note: <sup>1</sup>Includes DM Sales of INR 6.0bn and 0.6bn in FY23 and 1HFY24 respectively

<sup>1</sup>Adjusted EBITDA = After Grossing up of Finance cost included in cost of project; <sup>2</sup>Adjusted Profit/(Loss) = ex. Forex & Exceptional Item (Provision against UK investment in FY23, will benefit from tax break on it),

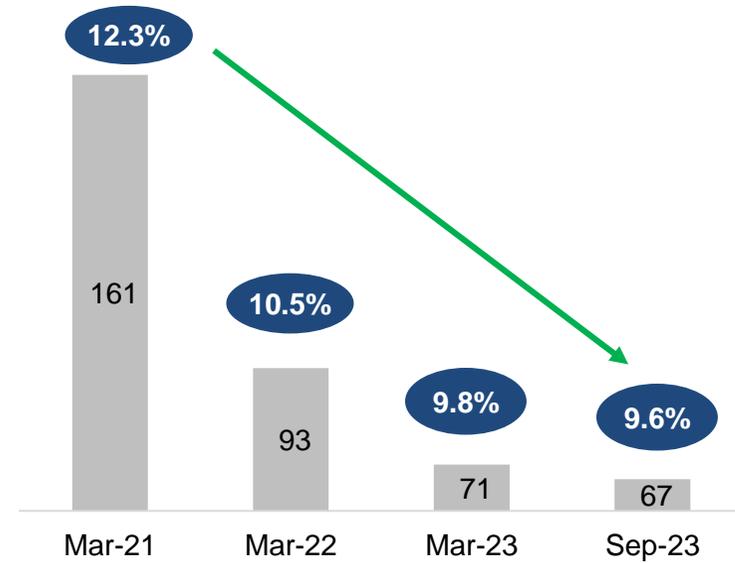
# Generating significant operational cashflow for growth

INR bn

## Operating cashflow at INR 57bn



## Net debt and cost of debt on declining trajectory



x% Average exit cost of debt

## Business Development: Seven new projects added in 1HFY24

Micro-market	Period Added	Saleable Area (msf)	Est. GDV (INR bn)
MMR – South Central	Q1FY24	4.3	74
MMR – South Central	Q1FY24	1.1	16
MMR – South Central	Q1FY24	0.4	12
MMR – Western Suburbs	Q1FY24	0.3	10
Bengaluru - South	Q1FY24	1.0	8
MMR – Eastern Suburbs	Q2FY24	0.7	13
MMR – Western Suburbs	Q2FY24	0.5	10
		<b>8.3</b>	<b>143</b>

## Good mix of inventory for sustainable growth

Micro-markets	Pre-sales (FY23)	Residual Collections from Sold units	Ready unsold	Ongoing unsold	Planned Inventory Launches				Land Bank <sup>#</sup>
					In next 12 months		Beyond 12 months		
					Own Land	JDA Projects	Own Land	JDA Projects	
					Mn. Sq. ft.				
South & Central	39.1	34.4	24.1	64.0	0.3	1.0	0.9	6.1	-
Thane	12.6	11.1	2.6	28.6	1.1	-	3.3	-	-
Extended Eastern Suburbs	22.6	22.0	21.4	30.4	3.0	-	46.1	-	4,000+
Western Suburbs	13.7	8.1	1.8	9.2	-	1.2	-	0.6	-
Pune	11.3	14.2	0.7	16.0	0.6	1.5	0.1	1.5	-
Eastern Suburbs	12.3	15.1	-	31.0	0.4	1.8	1.1	2.3	-
Extended Western Suburbs	0.8	0.9	-	0.6	-	-	-	-	-
Bangalore	-	-	-	-	-	1.2	-	1.1	-
Offices & Retail (for rent)	1.5	0.7	29.6	2.5	-	-	7.2	-	-
Digital Infrastructure	6.8	0.1	-	300 acres*	-	-	-	-	-
<b>Total</b>	<b>120.6</b>	<b>106.6</b>	<b>80.3</b>	<b>182.4+ 300 acres</b>	<b>5.3</b>	<b>6.7</b>	<b>58.7</b>	<b>11.6</b>	<b>4,000+</b>

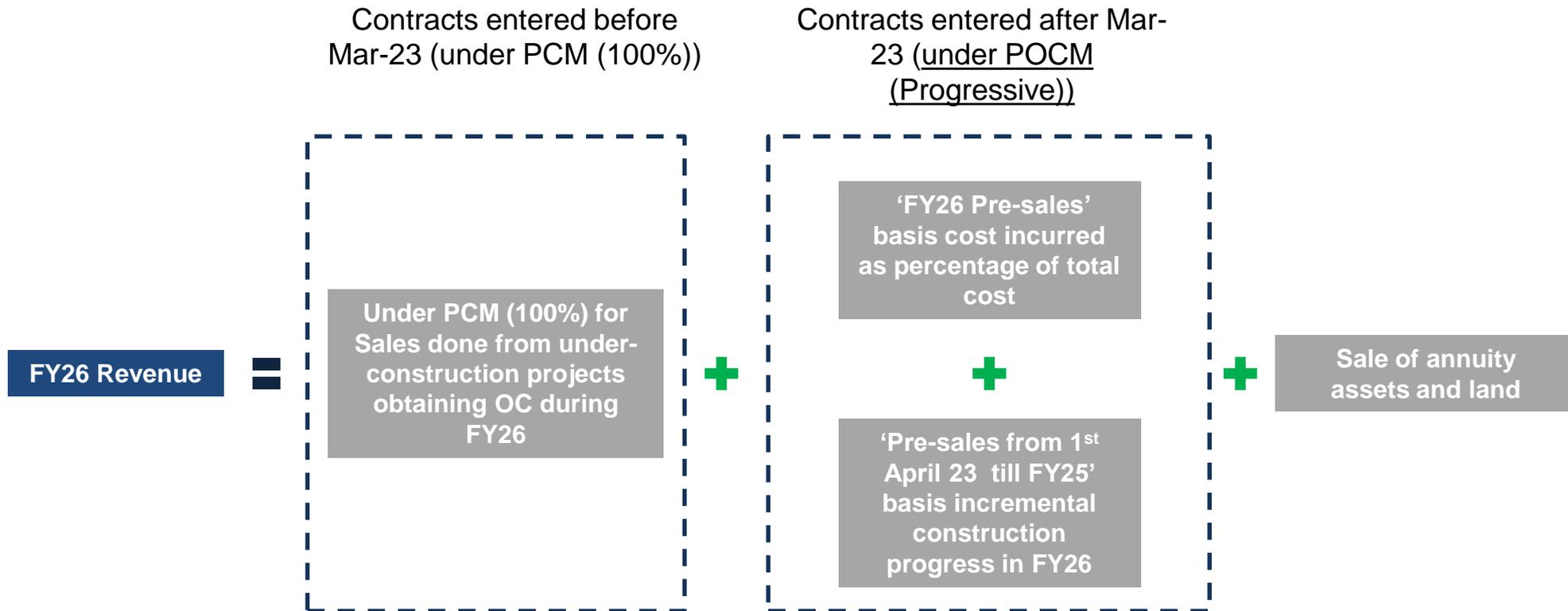
Data as on Sep-23

<sup>#</sup>Land bank is surplus land beyond the ongoing & planned projects, To be utilized for Township & Digital Infrastructure Park business

<sup>\*</sup>Includes ~70 acres land under JV with Morgan Stanley (MDL interest 25%) and 110 acres in JV for Digital Platform (MDL interest 33%)

# Revenue recognition for a financial year

## Illustration for revenue recognition in FY26



# Market wise completion plan for ongoing 'for sale' projects (1/2)

Mn. Sq. ft.

Market	Total area	Sold/ Unsold*	FY24		FY25		FY26		>= FY27	
			Own	JDA	Own	JDA	Own	JDA	Own	JDA
South & Central Mumbai	3.20	Sold-PCM	0.19	-	0.15	-	0.02	0.00	0.11	0.07
		Sold-POCM	0.00	-	0.12	-	0.01	0.03	0.04	0.17
		Unsold	0.15	-	0.68	-	0.46	0.44	0.06	0.48
Thane	5.30	Sold-PCM	0.89	-	0.65	-	0.59	-	0.01	0.03
		Sold-POCM	0.03	-	0.10	-	0.27	-	0.11	0.04
		Unsold	0.08	-	0.41	-	0.44	-	1.15	0.51
Extended Eastern Suburbs	11.02	Sold-PCM	2.31	-	2.10	-	0.36	-	0.10	-
		Sold-POCM	0.22	-	0.68	-	0.41	-	0.04	-
		Unsold	0.37	-	0.86	-	0.83	-	2.74	-
Western Suburbs	1.63	Sold-PCM	0.03	-	0.09	0.50	0.04	0.13	-	-
		Sold-POCM	-	-	0.01	0.13	-	0.16	-	-
		Unsold	-	-	0.07	0.07	0.06	0.34	-	-

# Market wise completion plan for ongoing 'for sale' projects (2/2)

Mn. Sq. ft.

Market	Total area	Sold/ Unsold*	FY24		FY25		FY26		>= FY27	
			Own	JDA	Own	JDA	Own	JDA	Own	JDA
Eastern Suburbs	2.73	Sold-PCM	-	-	-	0.18	-	0.33	-	0.20
		Sold-POCM	-	-	-	0.04	-	0.08	-	0.34
		Unsold	-	-	-	0.13	-	0.20	-	1.23
Pune	5.10	Sold-PCM	-	-	0.20	1.38	0.16	0.09	-	-
		Sold-POCM	-	-	0.06	0.20	0.29	0.47	-	0.25
		Unsold	-	-	0.22	0.40	0.45	0.63	-	0.31
Extended Western Suburbs	0.40	Sold-PCM	-	-	0.32	-	-	-	-	-
		Sold-POCM	-	-	0.01	-	-	-	-	-
		Unsold	-	-	0.07	-	-	-	-	-
<b>Total</b>	<b>29.37</b>	<b>Sold-PCM</b>	<b>3.42</b>	<b>-</b>	<b>3.51</b>	<b>2.06</b>	<b>1.17</b>	<b>0.56</b>	<b>0.22</b>	<b>0.30</b>
		<b>Sold-POCM</b>	<b>0.25</b>	<b>-</b>	<b>0.98</b>	<b>0.37</b>	<b>0.98</b>	<b>0.73</b>	<b>0.18</b>	<b>0.80</b>
		<b>Unsold</b>	<b>0.59</b>	<b>-</b>	<b>2.31</b>	<b>0.59</b>	<b>2.24</b>	<b>1.62</b>	<b>3.95</b>	<b>2.53</b>

# Lodha - India's leading real estate developer

## Leading Residential Platform

### India's Largest Real Estate Developer

- **INR ~770bn** of pre-sales and **INR ~761bn** of collections (99% of pre-sales) **since FY14**

### Diversified portfolio providing resilient growth

- 30+ operating projects contributing to sales
- **Presence across luxury, premium, mid-income & affordable:** 60%+ sales from affordable & mid-income

### Focus on 3 cities contributing 2/3<sup>rd</sup> primary homes sales (INR 1.75tn) amongst Top 7 Indian cities

- ~10% market share in MMR
- Accelerating growth in Pune
- In seed phase in Bangalore

### Operational Excellence & Strong Brand

- **Premium** brand positioning and high recall
- **High quality** leadership team
- **Best value from construction spends:**
  - Amongst only engineering led and engineering focused RE companies
  - No margin leakage to GC
- **Industry leading ESG practices & ratings**

## Strong Financial Profile

**Strong operating cash flow generation giving ability to grow & de-lever in tandem.**

### FY 23 performance:

- Operating cash flow: INR ~57bn
- Cash available for investment & capital providers: INR ~47bn
- Net debt reduction: INR ~22bn
- Rewarding shareholders: 1:1 bonus shares; 15-20% dividend payout – 1<sup>st</sup> dividend declared for FY23

**Strong profitability track record; further expand due to scale up, price growth & debt reduction**

- Sustained adj. EBITDA margin of ~30%
- RoE moving towards 20%, pro-forma RoE for FY23 at ~17%

**Conservative leverage:** Net debt ceiling of 0.5x D/E and 1x D/OCF

- Net debt of INR ~67bn (Sep-23); Will be below ceiling in FY24e
- A+ (Positive Outlook) - 5 upgrades already since 2021, set to get in AA family in 2024

### Annuity like cashflow from townships

- FY 23 sales INR ~23bn and collections of INR ~22bn (Residential)
- Infra project completion (FY 24-26) expected to further accelerate growth
- 4,300+ acres strategic land reserves providing long-term visibility

## Multiple Growth Drivers

**Planned consistent growth of ~20% p.a. in housing**

- Dual consolidation, both on demand & supply side – a huge tailwind for Tier -1 brands
- Significant headroom to grow in MMR & Pune through 'supermarket' strategy of presence every 2-4 kms

**Building recurring / annuity income - targeting INR ~5bn of net income by FY26 and INR ~15bn by FY31**

- Pan-India Digital Infrastructure (warehousing and industrial) platform with Bain Capital and Ivanhoe Cambridge
- Growing Property Management business aligned to residential growth
- Select high quality office and retail portfolio

**Partner of choice for landowners, lenders & investors**

- Added 30 projects with GDV of INR ~483bn since IPO

*Thank You!*

*For any further information, please write to [investor.relations@lodhagroup.com](mailto:investor.relations@lodhagroup.com)*