Initiatives of Magma Housing Finance to incorporate and promote green building/ sustainable habitat

Sachin Khandelwal
MD & CEO, Magma Housing Finance
### Issues that are material to Financial Services

<table>
<thead>
<tr>
<th>External</th>
<th>Internal</th>
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<tr>
<td>Financial Inclusion</td>
<td>Risk Appetite</td>
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<tr>
<td>Financing the Low carbon Growth</td>
<td>Customer &amp; Employee Engagement</td>
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<td>Fair Lending</td>
<td>Green offices</td>
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<tr>
<td>Investing in Communities</td>
<td>Internal Stakeholders Alignment</td>
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</table>
Potential Drivers – Energy Efficiencies in Green Buildings

- Accelerated growth – Urban & Rural
- Push for increased infrastructure investments
- Increase in Credit Flow
- Policy and administrative support
Accelerated growth – Urban & Rural both

Provide Sustainable sites
Public transport access
On-Site Renewable energy

1 FSI: Floor Space Index
Push for increased infrastructure investments

- Solar panels & Boilers mandated; Gujarat v/s Haryana - inspection
- Storage & Collection of recyclables: supply and mandate
- Design Innovation centres – Landscaping, ventilation, Aircons; rain-water harvesting
Policy benefits: More FSI, Cost of approvals, Subsidised land; PPP;

Adoption of independent project rating standards - GRIHA

Initial benefits of green equipment for builder, then passed onto customers; even for Retro fittings on existing
Increase in Credit Flow

Easier & Cheaper Funding Lines; NHB refinance: Corporate & Retail

Funding of Eco A/Cs, other green equipment; Retro Fits etc.

Lower Interest rates & Additional LTV to cover higher costs
Aspirations of the Home Buyer

.... Paint them Green

- Affordability and accessibility
  - LAND ALLOCATION & COST ; QUICKER APPROVALS

- Civic infrastructure and connectivity
  - SPONSORED SOCIAL INFRA & CONNECTIVITY

- Consumer protection and Transparency
  - DISINCENTIVES FOR NON COMPLIANCE

- Assurance of build quality and delivery standards
  - ESTABLISH STANDARDS FOR GREEN HOMES

- Title clarity and legal protection
  - GOVT. BENEFITS - LOWER PROP. TAX / REGN. CHARGES
# The Green Road Map

## Energy Efficiencies in Buildings

<table>
<thead>
<tr>
<th>What</th>
<th>How</th>
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<tr>
<td>Awareness and Access to green approach</td>
<td>GBC scope to expand; More awareness by TERI etc.; Schemes for retro Projects and individual homes</td>
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<tr>
<td>Recognition &amp; Tangible Benefits</td>
<td>Special Approvals, Lower property tax, Assessment &amp; Knowledge building</td>
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<td>Operational Cost reduction</td>
<td>Low cost funds, Design support, Better FSI, CF Lines for Green buildings</td>
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<td>Customer must see Value</td>
<td>Lower running cost; Better mortgage access and LTVs</td>
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<td>GRIHA Approach</td>
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- **Primary**
- **Secondary**
Magma’s ESG Approach
Magma’s Green Portfolio

- Renewable energy projects
- 1st Project – Windmills with installed capacity of 17.45 MW
- New Products w.r.t Energy Efficiency for SMEs, carloans and Homeloans in pipeline

Alignment

- Inline with KKR’s Green Portfolio initiative we are starting our Carbon Footprint Mapping
- Getting an Environmental and Social Sustainability Policy in place with inputs from the IFC Sustainability Framework
- Vision to approach high level of Carbon Neutrality
With 80% of our network in Rural/Semi Rural Areas, our role is that of a Catalyst to initiate positive change, not only by lending money but empowering our customers by building ecosystems.

**Philanthropic CSR**
- Literacy Project - For Tribal Children
- Grand Parent’s Day Out
- Providing Mid Day Meals
- Events for underprivileged children
- Financial assistance to socially disadvantaged patients of Cancer

**Vehicle Loans – Cars, Trucks, Used**
- Awareness: Street plays on Road safety
- Free Pollution Check Booths
- Health and Eye Check camps for Truck Drivers

**SME Loans**
- Encouraging Entrepreneurship through Workshops
- Providing Scholarships to youngsters to start on their own

*Green Makes Business Sense*
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**Builder**

1. More CF funding for higher material costs
2. Special Interest rates for such projects

**Client**

1. Maintenance costs to be included in EMI
2. Fund RWAs for FMG costs through Organised / MNC players
3. Reverse Mortgage facility to be extended aggressively

**F.I.’s**

- 

**Regulator**

- 

**Primary**

- 

**Secondary**

- 

**Notes:**

- Landscape Architect
- Well being during Constrn.
- Water
- Energy – end use
- Renewable Energy
- Water – recycle & re-use
- Well being post occupation
- Waste Mgmt
- Bldg. & Operational Maintenance
- Innovation
Green Home: special product being launched

Recommended suggestions implementable:

1. More CF funding for higher material costs
2. Special Interest rates for such projects

1. Mostly for Commercial and retail sector
2. IT parks, SEZ’s to have special lending schemes; LRD

1. Maintenance costs to be included in EMI
2. Fund RWAs for FMG costs through Organised / MNCs
3. Reverse Mortgage facility to be extended aggressively

Other initiatives we can consider …

1. Resale in Green buildings can be funded; even upcountry projects / customers
2. Fund low cost and mass housing projects – Construction and Retail both
3. Work out Appraisal model for all green projects and individual homes at reduced interest rates
What do we expect?

- Awareness campaigns about benefits and simplify the Green building certifications through select Govt. Approved Architects and Valuers.
- Detailed training on Green buildings approach by TERI to FI’s for how to fund them
- Policy changes to consider –
  - FSI, Extra Loan/LTV
  - Extend EE Building funding to Rural areas also; increase urban limits beyond 50 lacs
- Increase the number of Green projects; expand to more locations, we can provide the reach
- Unified approach for green building ratings …. Currently three BEE, IGBC and Griha!
Forward Looking Statements
Consider statements in this document with words or phrases such as “will”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company’s filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

Thank You

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