



“Mahindra Lifespace Developers Limited  
Q3FY14 Earnings Conference Call”

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**Moderator:**

Ladies and Gentlemen, good day and welcome to the Mahindra Lifespace Developers Limited Q3FY14 Earnings Conference Call. We have with us today from Mahindra Lifespaces, Ms. Anita Arjundas– Managing Director and Chief Executive Officer, Mr. Jayantt Manmadkar – Chief Financial Officer, Mr. Siddharth Bafna – General Manager, Strategy and Investor Relations and Ms. Sangeeta Prasad– CEO, Integrated Cities and Industrial Clusters.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference please signal an operator by pressing ‘\*’ then ‘0’ on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Anita Arjundas. Thank you and over to you ma'am.

**Anita Arjundas:**

Thank you and good evening everyone. Thank you for being with us today on our Q3FY14 Earnings Call. I am pleased to share with you that consolidated income for the first 9 months of the year grew 35% over the same period in FY13 and Q3 FY14 consolidated income grew 18% over the same quarter last year. Our profits grew 18% year-to-date (YTD) and 75% for the quarter year-on-year. The growth in profits by 75% we will come to later in terms of sharing with you what it constitutes and I will hand that over to Jayantt subsequently.

Just a quick comment on a few key things that have gone well during the quarter - we have seen sales performance during the quarter being better than what it was in the first two quarters of the year. So in one sense, things have been better during this festive season across projects that have seen better traction than Q1 and Q2. Definitely, not to the level that we would still like to see sales going, but some improvements over what was there in the first two quarters. In the two World Cities, we have added five customers during the quarter, three new clients between Chennai and Jaipur, and two existing clients in Jaipur who took up additional space, so the World Cities for the 9-month period leased out about 58 acres of land, contributing to about Rs.90 crores of sales value over the period, a growth of over 100% over the same period in the previous year. We have seen a continued focus on execution across projects in Residential and there were no significant milestones during this quarter either in terms of revenue recognition or in terms of completion. So, it has largely been revenues that have come out of continued execution across projects. We have about close to 6 mn sq ft now that are in various stages of being available to us for launch - of this, 2.7 mn sq ft are already approved projects, which are the next set of phases of our ongoing projects and about 3.3 mn sq ft is area which is under different stages of approval, all of this 3.3 million sq ft put together would give us about approximately Rs.3500-odd-crores of sales equivalent that will be available to the company for launch. We hope to be able to launch all of these six projects that constitute 3.3 million over the next 12-months that is over this calendar year and these would be spread across markets and across segment types.

The focus in the ‘World Cities’ as far as Chennai is concerned will be to complete the aggregation at the second land parcel in the north of Chennai and really be able to move forward on that project. As far as Jaipur is concerned, we will be realigning the product mix between the SEZ and DTA to meet

the current demand that we are seeing for the DTA. That is it from me as far as introductory remarks. I will now hand over to Jayant who will take you through the specifics of the numbers and we can then take questions.

**Jayant Manmadkar:** Thank you, Anita. Good Evening to all of you. At the consolidated level, revenue for 9-month FY14 period was at Rs.547 crores compared to Rs.404 crores in the corresponding period of previous year. EBITDA for the 9-month FY14 period was at 32.04% of turnover at a consolidated level as compared to 33.5% in the previous year. The profit after tax margin after minority interest was at 12.86% vs 14.76% with respect to the previous year. The net debt of the company is at Rs.1,104 crores. That is it from me for now in terms of introductory remarks. We are happy to take questions now. Thank you.

**Moderator:** Thank you very much sir. Ladies and Gentlemen, we will now begin the question-and-answer session. Our first question is from Akshay Rao of Edelweiss. Please go ahead.

**Aashiesh:** This is Aashiesh here. I had a few questions; first, if you could just update us on what is happening on the Byculla land sale. Second is on Hyderabad project. How is the market over there? And whether we would be looking to do more projects over there because so far the response to Ashvita has been good? How is the approval scenario overall? And how are the land market overall? And some update on the new land acquisition that you are doing?

**Anita Arjundas:** As far as Byculla is concerned, we are fairly on track; we had about 12 CPs to be met before we could conclude the transaction, we have completed 10 of them, so we are on the last two CPs, and the same should happen in the next few months for us to be able to conclude the transaction, so I think on course there. As far as your second question is concerned which was with respect to Hyderabad, yes, I think it is the market we entered about 1 year ago. Contrary to general opinion, our experience there has been very positive in terms of response to the project, in terms of offtake, and in terms of the traction that the team has been able to achieve on the ground there in terms of execution. We have 4 out of 5 towers of the project currently under various stages of execution. Sales dipped this year compared to what we had in the previous year, primarily around the uncertainty on Telangana, but again I think in Q3 we definitely saw some improvement over Q1 and Q2. I think as far as approvals are concerned, it has been mixed, the greater concern has been that there has been a bigger flip-flop happening again in terms of changes. So if you look at Mumbai as a market, the EWS policy getting announced and the Kohinoor Mills – Supreme Court judgment impacting the RG on podium and basement are the kind of changes that we have been seeing coming in steadily. Again with respect to MoEF, new guidelines and new requirements keep coming in at different stages of the approval process. So I think the concern is not necessarily so much around the time taken for approval as the fact that it sometimes pushes us back to the drawing board.

**Aashiesh:** And how have the land markets been currently in terms of the pricing demand/supply? Last time we had discussed that demand for land has come up but pricing is yet to kind of yield?

**Anita Arjundas:** It has been very muted this quarter, Aashiesh, have not seen too many land deals coming out in the market except for some large ones which have been from corporates which are obviously high profile lands, high valuations, because they are looking to maximize what they can get out of the asset, but

otherwise the rest of the land scene this quarter has been fairly muted, I think people are waiting to see what happens over the next few months before they take a decision on selling and at what price to sell.

**Aasheish:** Last quarter, we had a couple of projects which were at the MoU and the DD stage, how does that pipeline look like now?

**Anita Arjundas:** So we had about two projects left out of the eight we spoke about which were in the DD stage. One is at a definitive documentation stage, so we are finishing paper work and should close in this quarter. The other continues to be under CPs to be met by the landowner.

**Aasheish:** One housekeeping question, the tax rate in the standalone is pretty minuscule this quarter. Any specific reason for that?

**Jayant Manmadkar:** Aasheish, regarding the tax provision, if you see our first quarter, there we have reported the debenture redemption premium of the NCD on upfront basis by debiting it to share premium, now that is deductible while computing the taxable income. So we have reevaluated that properly, and based on that the tax liability has been reworked and therefore the effective tax rate is accordingly lower, and that is the reason why the tax provision is lower in the financials.

**Moderator:** Thank you. Our next question is from Ritwik Sheth of Span Capital. Please go ahead.

**RitwikSheth:** So in your opening remarks you mentioned that the sales performance was better in Q3 than the first half. So I wanted to know which regions have seen better traction?

**Anita Arjundas:** We have seen better traction in Pune, in Hyderabad and in Nagpur, so these have been the three markets which have done better.

**Ritwik Sheth:** And what about the demand in NCR, is it muted still?

**Anita Arjundas:** We do not have anything which is actively being marketed from our side there at the moment but, yes, from a market perspective, demand definitely is muted.

**Ritwik Sheth:** Going forward for the next couple of quarters what do you think about NCR and Mumbai as a market?

**Anita Arjundas:** The whole world seems to be waiting for the election.

**RitwikSheth:** My second question was regarding the SCM JV. Standard Chartered JV. So how many projects are there currently in the JV and how many do you plan to go ahead as well?

**Anita Arjundas:** JV was envisaged with four projects which accounted for the Rs.1,000 crores investment, out of which two are already in the JV, one is dropped post our due diligence of title, and the fourth is the one that I mentioned earlier for which we are still waiting for some condition precedence to be met by the land owner.

- Ritwik Sheth:** Are there any projects coming up in that JV or currently these are the only four projects?
- Anita Arjundas:** At the moment only these. So we have two, both of which have gone into the approval stage, and we would like to launch these at the earliest, see if the third one can be realized if the CPs are met.
- Ritwik Sheth:** If I have got this right the total JV is for Rs.1000 crores or your share is Rs.1,000 crores and Standard Chartered is Rs.1,000 crores?
- Anita Arjundas:** Total is Rs.1,000 crores.
- Ritwik Sheth:** They have brought in all the money?
- Anita Arjundas:** To the extent that we needed to bring in for the two projects, both of us have put in the entire amount, the rest will come in as each project comes in.
- Ritwik Sheth:** Also you have mentioned that you have currently 6 million, out of which 3 are approved, and the rest of them are forthcoming. So wanted to get just a rough idea the Rs. 3,500 crores of sales over how many years do you plan to recognize the revenues from these projects like 2-years, 3-years, 4-years?
- Anita Arjundas:** So projects vary between 3-years to 5-years depending on their size in terms of launch to exit. Sales range anywhere between 2-years to 4-years in terms of the sale rate of the organization for those projects. Projects which are smaller get done in 3-years, projects which are larger take about 5-years.
- Moderator:** Thank you. Our next question is from Sandeepan Pal of Motilal Oswal Securities. Please go ahead.
- Sandeepan Pal:** Firstly, on the one project your Bloomdale-2A where I can see ma'am we have almost completed 30% of the construction whereas we have not recognized any revenue, also we have completed 25% of the sales. So is there a collection issue which is not giving you to recognize it?
- Anita Arjundas:** No, there are no issues in collection. If you see the footnote, normally the percentage completion that we see is land plus construction cost.
- Sandeepan Pal:** Second is ma'am what is the current rental you are getting from Evolve?
- Anita Arjundas:** It's about Rs.30 without the CAM charges.
- Sandeepan Pal:** So in terms of revenue how much it will be, what is the area currently it is under leasing?
- Anita Arjundas:** Currently, we get about Rs.20 crores of income per year that comes in from Evolve and the O&M.
- Sandeepan Pal:** So in MWC both Jaipur and Chennai together, in this particular quarter five customers we have added all these things put together, what will be the total transaction value?
- Sangeeta Prasad:** Hi Sandeepan, this is Sangeeta here. We have actually added 5 customers as we were saying, and the total transaction value is around Rs.33 crores in which one deal is in Chennai of about Rs.18 crores

and the remaining is from Jaipur and the total income from both World Cities combined is about Rs. 42 crores.

**Sandeepan Pal:** And one more thing in the Jaipur you are talking about realigning of SEZ and DTA. Will the area of both the segments be very different once you do that?

**Sangeeta Prasad:** The idea is to take advantage of the market condition which is as you know – thanks to the surge in demand of the DTA – most of our transaction this year in Jaipur has been in the DTA. So keeping that in mind and also the SEZ amendment of the area there will be some amount of change because we want this project to gain traction. If you see the reports you will understand that we have got traction in this year, we have already sold about 50 acres in the first 9 months of the year, the pricing in the DTA front has helped us to take our net realization from last year of Rs.1.15 crores per acre to currently around Rs.1.50 crores per acre. So the whole idea is to take advantage of the market condition and get the best-in-class customers to help us gain traction in this field.

**Sandeepan Pal:** So what will be the timeline and what kind of approval will be you have to undergo through to do this change?

**Sangeeta Prasad:** As you know to get the original approvals we had the support and obviously the work which we did with the government so we had to go through that regular route of going to the government, making our positioning clear as to what advantage it brings to the state, and I think you know in this business the approvals are the main thing. We will hope to push this thing together in this year that will be our area of focus.

**Sandeepan Pal:** Finally, ma'am what is the update on your capital raising?

**Anita Arjundas:** At the moment not yet planned or scheduled. So our approval is valid until October 2014, I think we would like to take a closer call on how things move in the general market in terms of the outlook before we time the issue.

**Sandeepan Pal:** Finally, one question to Jayant sir, on the debt side, can you give me the breakup of two MWC and standalone I have?

**Jayant Manmadkar:** Both the World Cities put together is close to Rs.490 crores of debt, while the total gross debt at consolidated level is Rs.1,400 crores.

**Moderator:** Thank you. We will take our next question from Sejul Bhatt of CRISIL. Please go ahead.

**Sejul Bhatt:** My question was specific to the average price realization for ongoing Residential projects. So were we able to increase prices during this quarter and specifically in which cities?

**Anita Arjundas:** We have had small increases in some projects, no increases in others. If you look at the average, it is lower than the previous quarter because of change in mix. We launched a budget housing project in Chennai. So average realization per sq ft, came down from about 4600 odd to about 4300.

- Sejul Bhatt:** And which cities particularly we were able to increase prices?
- Anita Arjundas:** We have seen an increase in Pune and in Hyderabad. We are not selling anything in Mumbai and NCR. Nagpur and Chennai was flat.
- Moderator:** Thank you. Our next question is from Prem Khurana of B&K Securities. Please go ahead.
- Prem Khurana:** Ma'am if I am not mistaken in your opening remarks you talked about doing around Rs.3500-odd crores sales value r from this 3.3 mn sq ft of launches that you plan for next calendar year. Now if I were to look at the composition we would have around 0.9 mn sq ft in Gurgaon and around 0.4 mn sq ft in Andheri and these would be kind of high ticket launches and remaining includes Boisar and Avadi. If I were to just do a math Rs.3500-odd-crore and 3.3 mn sq ft you would need around Rs.11,000 a square feet of average realization. Would it be possible to do that kind of number given the fact that we have Boisar as well as Avadi in this launch pipeline?
- Anita Arjundas:** Prem, first of all to clarify it is not Rs.3500 crores next year, we said we will launch these...
- Prem Khurana:** The sale value for the 3.3 mn sq ft that you are planning to launch?
- Anita Arjundas:** So if you look at Gurgaon, the price in that particular location currently is between Rs.12,000 and Rs.13,000, if you look at Andheri, price is currently between Rs.14,000 and Rs.15,000, if you look at Bannerghatta prices there are currently between about Rs.6,500 and Rs.7,500, and yes, you are right, Avadi and Boisar would obviously be in the early Rs.2000s and something like Alibaug again is in the range of about Rs.6,000-6,500 as a location. So we have two which are in the Rs.12,000 to 15,000 band, two which are in the Rs.7,000 band and two which are in the 2,000 band.
- PremKhurana:** So if I were to consider that does it mean Rs.3500-odd-crore of number is somewhat optimistic and there could be a risk to our number. If I were to just look at these two projects 1.3 mn sq ft at Rs.15,000 would give me around Rs.2,000-odd-crore and then remaining Rs.1,500 over 2 mn sq ft, the number works out to around Rs.7,500 and we don't have any other project other than these two in Rs.10,000 a square feet kind of realization?
- Anita Arjundas:** So we have these 6 projects and we have our ongoing projects which have balance inventory to be sold both in terms of about Rs.600 crores of sales that is due to be done in the ongoing, and again in the forthcoming about 3 mn sq ft is still there in the existing projects which are already approved, those will again continue to contribute. So I would say the risk is not with respect to whether the number can be met but a question is what is the offtake of each project, what will its velocity be, and therefore what will the year-wise contribution be?
- Prem Khurana:** This quarter, we have done pretty well in terms of presales; we have done around Rs.1.3 million of incremental sales. Has it largely to do with festivities which were there or would we be able to maintain this kind of run rate going forward or would we be able to kind of improve our run rate given the fact that we are planning to launch some more projects, so?

- Anita Arjundas:** I would not comment for the immediate next quarter, I think it has been obviously a combination of people taking decisions, I think a greater effort from the team's point of view in terms of tapping channels, tapping more lead sources, focusing more on conversions, I think the regular grunt work, nothing very esoteric or fancy, but that has really helped improve numbers, we will continue to focus on that. As far as next year is concerned I think it would be driven by a certain stable velocity in the existing projects but really our ability to get all of the new projects off the ground.
- Prem Khurana:** Just one on this Gurgaon land parcels which is there with us in Sector-59 a few days ago, there was some media article saying High Court of Haryana and Punjab has kind of quashed 2009 Haryana Government notification, which was essentially for acquisition of around 1400 odd acres of land in 8 villages in and around Gurgaon for developing sectors 58 to 63. So given the fact that this is in 59. I would presume that it was a private negotiation and would not come under that
- Anita Arjundas:** Yes, it does not, it is a private procurement, and it has nothing to do with the government land acquisition. I think that press release which came out it is a little misleading, in the sense that if you read the judgment, it is not really 1400 acres that is under question but some 80 odd acres that was acquired for amenity purposes that is under question. But in any case as far as we are concerned ours is private procurement and hence not impacted.
- Prem Khurana:** Just want to clarify, Sangeeta ma'am said you have done around Rs.42-odd-crores of number from your land lease premiums which is 18 acres from Chennai and does it mean we have done around 24-odd-crores from our land leasing in Jaipur? If that is the case sold around 9 odd acres during the quarter, so the average realization seems to be on higher side?
- Sangeeta Prasad:** I told you about the operating income, Prem, and if you look at the breakup - in Chennai, we have done around Rs.18 crores of sales value and remaining in Jaipur which is around Rs. 15 crores, so Rs. 33 crores and the Rs. 9 crores is the other operating income from the rentals from Evolve and the commercial structure in Chennai.
- Prem Khurana:** Ma'am just one on execution. Ashvita III, at least from the presentation it seems like we have not done any construction during the quarter. So any specific issue there? Last quarter the number was 17% and in this quarter the number is around 17 odd percent, so.
- Anita Arjundas:** So we have just started construction towards the end of the quarter, in fact in December. I think it was more an issue of us encountering a lot of hard rock on that particular strata where the Tower-3 was coming up and so it took us longer to get down to the desired excavation levels to start the basement work. Right now, work has started on Ashvita-III and also on Ashvita-IV.
- Moderator:** Thank you. Our next question is from Aditya Ahluwalia of ICICI Prudential Life Insurance. Please go ahead.
- Aditya Ahluwalia:** I just wanted to ask you about this approval ruling that has come from Mumbai. So is the BMC not accepting any plans at the moment or what is the outcome and is the approval process stuck only in Mumbai or is it the case with other cities as well?



- Anita Arjundas:** No, it is specific to Mumbai at the moment. So you do have BMC currently not taking any files forward for approval because they have sought a clarification from UD on a couple of points raised in the judgment, and the Attorney General has reached out in terms of getting an opinion on a couple of points there, we are waiting for that revert but it really is not an issue in the rest of the country in terms of its specific reference to this judgment.
- Aditya Ahluwalia:** And you said some environmental guidelines have also changed?
- Anita Arjundas:** Not changed, but I think it is just that there are more and more surprises that come along the way when you go through environmental hearings in terms of additional expectations which were not earlier required, those kind of issues that keep coming up in the environment clearance.
- Aditya Ahluwalia:** So by when do we expect things to get resolved, do we have any idea at all?
- Anita Arjundas:** I think as far as specific projects are concerned, if you look at the Gurgaon project we have completed two rounds of environment hearing, and so we hope to see some closure on that one soon. We have submitted building plans for approval; first round of scrutiny is over, we need to submit clarifications within the month end and take the approval process forward. So that is why I would say on a more advanced path as far as approvals are concerned. If you look at Bannerghatta, it is early days, we have just started getting all the NOCs, and we are processing the height approvals that are needed for the project. Avadi in the Affordable is in a very advanced stage. It has already got its environment clearances; we are in the last stages of clarification on some changes that are required and we hope to get that soon. Boisar has completed environmental hearings, will now be submitting building plans for approvals. That leaves us with Andheri that is the one most impacted I would say where we had Industrial to Residential conversions completed and had all of the NOCs in place. We had just submitted plans to BMC and then the Supreme Court ruling came in. We will have to do some revisit and rework on the plans to be able to meet the new norms.
- Aditya Ahluwalia:** But you think we will be able to design something in line with the new norms?
- Anita Arjundas:** Yes, we will be able to design something. It is just that we have lost time in the process.
- Moderator:** Thank you. The next question is from Prashant Kanuru of Zen Securities. Please go ahead.
- Prashant Kanuru:** The first question I have is a bit general question. Is any chance of per square feet realization in the real estate industry as such across India coming down in the next 2-3 years say? I am asking this question in premise that in the developed world there is a thumb rule that the average house price should be around 4-5 times of average annual income. So they say around in USA it is close to US\$230,000 odd. So does something like that hold India? The second question that I have is, is there any drop in steel or cement prices or major input that go into the Construction business so that if there is any price pressure later on, the margins would still not be impacted? And the last one is assuming Mumbai will be the costliest and something like Nasik or Nagpur will be the cheapest, what is the variation like in cost of per square feet construction?

**Anita Arjundas:** As far as your first question is concerned, I wish I knew the answer. I do not think it is an easy one. Affordability is obviously a function of whose income you are looking at. So there are many of the projects which I think the market has out there caters to only some 3-4% of the population in terms of 4x or 5x factor. I guess you are right, in the sense that there has to be some structural change in terms of more projects coming in which are in the mid-market or the lower cost base and therefore maybe the industry as a whole you will see average per sq ft going down. But I think that is also going to be driven by what happens on the approvals front in terms of timelines, what happens on the land front in terms of cost of land and availability. So it is a chicken and egg story. As far as the second point is concerned, which is steel and cement, I think it is very cyclical. In the last quarter, we have seen steel prices definitely coming down a bit, so there has been I would say 5-6% correction in steel prices, cement has been pretty much stable to slightly higher in some markets which is typically a post monsoon correction that the cement industry goes through because normally Q2 is low for them. So if you look at CoCs therefore, again, it depends on which segment you are talking about because for each segment the cost of construction is different, but if you broadly look at the mid and premium band which most of the industry operates in, then I would say a market like Mumbai is the costliest and thereafter the rest of the markets are pretty much similar, whether it is Chennai or Bengaluru or Hyderabad.

**Prashant Kanuru:** How much would that be cost of construction, like ballpark? I know that it would be difficult for you people to share it, depends from player-to-player. How much would be in a non-Mumbai market?

**Anita Arjundas:** In a non-Mumbai market, it would be in the range of Rs.2,000-2,500.

**Prashant Kanuru:** Because there is going to be a real estate regulator, hopefully, say a few quarters down the line or whenever the new government comes in, so how much does this approval delays increase the cost of the project which ultimately has to be passed on to the end consumer? In addition to that, you said cost of land in the industry, how much of it is based on buying development rights? And how many of the percentages of the projects are done by outright purchase of land and construct on it?

**Anita Arjundas:** I would not have data on how much is outright and how much is JD. I think it varies developer to developer, market to market. I think what each of us set us as our strategies in terms of asset light versus full control. So there are variations. For example, a market like Hyderabad, a market like Bengaluru, see a lot of JDs. Markets like Mumbai, NCR are largely outright. So very difficult, there is no number out there that can be put out. As far as holding costs is concerned in terms of approvals, I think if you look at a typical timeline of anywhere between 18-24 months for approval, and land cost, excluding Mumbai, is about 25% of total cost of project, with a 12% cost in terms of debt, forget cost of equity, you are looking at a 3% addition every year just on sitting and waiting for approvals.

**Prashant Kanuru:** You are talking in terms of opportunity cost of capital, right?

**Anita Arjundas:** If somebody has bought all of the land using debt, debt as in structured solutions whether it is NCDs or whether it is private equity coming in. If it is PE coming in, then the return expectations is over 20% which if you budgeted for one year for approvals and it takes one more year there is a 20%

impact straightaway on your numbers in terms of what you put out on land, and land is typically around 25-30% of total cost.

- Prashant Kanuru:** NCDs is the only option because banks do not give loans for buying land?
- Anita Arjundas:** Banks do not give loans. It is either your own equity which is obviously high cost or it is the money which is raised from NBFCs or NCDs.
- Moderator:** Thank you. The next question is from Nandini Thareja of CRISIL. Please go ahead.
- Nandini Thareja:** My question is regarding your particular project which is Aura, Gurgaon. So my first question is that what has been the price trend of this project being an under construction project in this market particularly? My second question is your general perspective on that particular area, where do you see that particular location to go forward in terms of prices? And my third question is on a very general perspective I just want to understand your viewpoint on how do you see the Gurgaon market going forward, and what has been the current trend which is witnessed in this market situation?
- Anita Arjundas:** We launched Aura at about Rs.2500 a sq ft about four years ago and we are currently at about Rs.6700 odd per sq ft, so that has been a movement from Rs.2500 to Rs.6700 in the last four years. Average price of the project therefore has been around Rs.4500 per sq ft. We currently have about less than 10 units left in that project to sell. So not really a reference point in terms of offtake of price movement. As far as the corridor is concerned, it has obviously seen a lot of activities given its proximity to Delhi, thus making it very attractive. But I think it is critical for the Dwarka Expressway to be completed because that is really going to drive occupation in that corridor. There is a lot of supply that is going to be released in terms of completed projects in the next one year. And I think until the road is completed, it is little difficult to see where prices would move. I think they are already reaching the peak of that market.
- Nandini Thareja:** Just a viewpoint, do you feel that there has been a downfall in the prices or the price corrections have happened so far because of this market situation in Gurgaon market?
- Anita Arjundas:** Volumes have definitely fallen in Gurgaon. As far as prices is concerned, nothing very significant, a lot of it has been around subvention schemes that have been announced by almost every developer. Most of them are operating not through banks but directly pay 20% now and 80% on delivery.
- Moderator:** Thank you. The next follow up question is from Akshay Rao of Edelweiss. Please go ahead.
- Akshay Rao:** Nasik and Kandivali project which was there in the Q1 presentation I do not seem to see that on the current presentation, are these projects still on or have we shelved them?
- Anita Arjundas:** They always were in the land bank and they continue to be there in the land bank. Land bank is not there in the quarterly presentation which has been put out, but they are still there in the Company profile presentation.

- Akshay Rao:** Second, obviously, we are expecting quite a few projects to see approvals in the next couple of months. So wanted to understand your thought process on your launches ahead of elections? Obviously, we know the market is likely to remain subdued as you yourself pointed out till the elections do not go past. So, in case you get approvals for some projects would you be looking at launching those right away or would you be holding those back till the elections are done and over with?
- Anita Arjundas:** We will in all probability wait.
- Akshay Rao:** So would it be fair to say that till end of Q1 or middle of Q1 we should not be expecting too many new launches?
- Anita Arjundas:** Yes, except for the Affordable Housing projects.
- Akshay Rao:** In Affordable Housing projects I think you would expect that in the first quarter?
- Anita Arjundas:** At least one of them possibly. The other one is difficult to predict right now.
- Akshay Rao:** So the one that you are expecting now is the Boisar one?
- Anita Arjundas:** No, the Chennai one.
- Akshay Rao:** What is the amount of the tax writeback if I could ask Mr. Jayantt to clarify on that?
- Jayantt Manmadkar:** The amount is for the quarter which is recorded is close to Rs.5 crores.
- Moderator:** Thank you. The next follow up question is from Prem Khurana of B&K Securities. Please go ahead.
- Prem Khurana:** Actually, I had a question for Jayantt. Sir, you said this quarter tax reversal which was around Rs. 5 crores odd. Given the fact that you have around Rs.100 crores odd the premium lying in your provision of tax, is it fair to assume that tax rate would continue to be kind of low going forward?
- Jayantt Manmadkar:** The effective tax rate that you see for the nine months period is the effective tax rate that will continue.
- Moderator:** Thank you. As there are no further questions from the participants I now hand the floor back to Ms. Anita Arjundas for closing comments.
- Anita Arjundas:** Thank you. The focus for us as far as the next 6-9 months are concerned will be really on ensuring that we remain on track as far as execution is concerned on some of our projects that are approaching completion and also some of them that are hitting the revenue recognition mode shortly. The second focus will be on sales. We would like to continue to improve on the sales rate of what we have seen in this quarter and really push the entire effort of getting numbers going. The third focus will be around the launch of the six new projects over the next year. And finally, in the World Cities, the focus really will be around getting the reconfiguration done in Jaipur, getting the NH-5 land aggregated and

getting in the last phase of Phase-V operational within the current World City at Chennai, which has about 40 acres of sales potential, that is yet to be realized.

**Moderator:**

Thank you very much. Ladies and gentlemen, on behalf of Mahindra Lifespace Developers Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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*This document has been edited for readability*