



Mahindra Lifespaces Developers Limited  
“Q3 FY19 Earnings Conference Call”

**January 29, 2019**

**MANAGEMENT OF MAHINDRA LIFESPACE DEVELOPERS LIMITED:**

**MS. SANGEETA PRASAD – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER**

**MR. ARVIND SUBRAMANIAN – CHIEF EXECUTIVE OFFICER, HAPPINEST**

**MR. JAYANTT MANMADKAR – CHIEF FINANCIAL OFFICER**

**MR. SUMIT KASAT – HEAD, INVESTOR RELATIONS**

**Moderator:**

Ladies and gentlemen good day and welcome to Mahindra Lifespaces Developers Limited Q3 FY19 Earnings Conference Call. We have with us today from the management, Ms. Sangeeta Prasad – Managing Director & Chief Executive Officer, Mr. Jayant Manmadkar – Chief Financial Officer, Mr. Arvind Subramanian – Chief Executive Officer, Happinest and Mr. Sumit Kasat – Head, Investor Relations. 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 call, please signal an operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Sangeeta Prasad – Managing Director & CEO, Mahindra Lifespaces Developers Ltd. Thank you and over to you, ma’am.

**Sangeeta Prasad:**

Good morning everyone and welcome to our Q3 FY19 Call. Before I get into the performance parameters, let me wish all of you a very happy and fulfilling new year because this is the first time in the year where we are getting the opportunity to interact with all of you and I think the new year bodes very well for us as an organization as we go on prioritizing on whatever the performance parameters are.

Before I get into the specifics, just wanted to reinforce the two important accounting implications on our business. So, one as you all know, is that when we consolidate the JV top-line does not show up in our consolidated performance. The second is the completed contract method, so in each quarter whenever a substantial completion happens, you will see the implication of it in the top line as well as in the bottom line and when a significant completion does not happen, it does not show up and that is why you see it impacting our financial performance quarter-to-quarter. But what does the implication mean for us? The implication means, that we focus on our operating metrics, build sales traction, build sales pipeline, focus on work done so that completion happens regularly which comes into our financial performance, focus on our cash flows because that’s what collection make the organization robust and last but not the least, build sustainability for future which is acquiring land regularly and safeguarding the raw material security. With that in context, I would like to say the Mahindra Lifespaces’ team has been at it focusing on these operating metrics. In Q3, we saw 0.35 million square feet of residential sales and you will be happy to know that MLDL and its subsidiaries in the residential business for the first time have crossed 1 million square feet of sales in nine months and that is I think to congratulate the team who have been at it. Overall in nine months, we are at 616 crores of residential sales. Collections have also been a major focus area, we have again in nine months crossed 660 crores, which has been better than our best annual collections in the past years.

As far as the sales mix goes, we have got the main contributors from Windchimes, Antheia and Luminaire, so these teams have been consistently performing. The average price realization stood at 6,200 per square feet for the quarter and the ratio of sales in the 1 crores and above have been inching towards 50% in the last quarter, it is actually 47%.

Now let us look at what’s happened in the collections. The collection focus as I mentioned to you earlier, in spite of the NBFC liquidity freeze, the team has gone with rigor and collected. It has not impacted us because what we have done is, for the existing customers we have tried to shift them to the conventional bank and the new customers we have ensured that both in the Happinest and the Mahindra Lifespaces segment we have got the non-NBFCs as our prime financier for our customers in.

There has been a completion as well. The completion has been of Antheia Phase IIIA which is reflecting in the standalone financials as well as in the consolidated financials. This year, we had committed to ourselves that we will have a launch every quarter. While we have not managed a launch every quarter, but in the nine months we have had three launches, Happinest Palghar, Lakewoods and Roots. Unfortunately, because of the Development Plan (DP) 34 and the transition policy getting delayed, we have not been able to launch our much-awaited projects in Mumbai. We see that the transition policy of the Development Plan (DP) 34 should be out anytime soon in this quarter and the team is geared to launch the projects very soon so you will see some Mumbai launches in the next few months.

Another good way-forward is that we are bracing to launch our project in Pune. Much of the approvals are over and we are just waiting for the final signoff of the authorities. We should be launching and will share some news with you soon.

The Happinest project which we had told you about, which is at Kalyan is also getting ready to be launched, certain approvals are awaited and we should be coming back to you soon on that project as well. So just to reiterate, the focus is on operating metric, operations performance which fructify themselves into financial performance in the subsequent period.

Now let me talk about the point which I had said safeguarding future sustainability. You will be happy to know that apart from the Happinest Kalyan project which we had spoken to you about which was 0.84 million square feet of safeguarding development potential, the second land for the mid-premium brand at South Bangalore has also been executed and registered. That brings in another 0.7 million square feet of development potential. So, we have built 1.5 million square feet of development sales potential in this financial year and we are very confident of the robust pipeline the team of land acquisition has strengthened and verticalized into to focus in both the businesses of Happinest and Mahindra Lifespaces.

Now let's look at the IC Business, two very gratifying performances Jaipur has continued with its sales traction. It has done three deals in the last quarter and that has helped us to bolster our profitability also. Then there is another opportunity which has come in, I am sure you would have gone through the press release, that Origins Chennai which has got its approval in the previous quarters has acquired a very blue-chip company from Japan as its anchor customer. YANMAR is a group which is a world leader in marine diesel engine and we have got them as our first customer in Origins Chennai. I see that paving a very good way for future customers in Origins Chennai.

So that is overall about the performance of your company in which you are interested in and I believe that with this focus, in quarter-to-quarter, year-to-year on land, launch, completion, we will be focusing and we will be giving better results as we move along quarter-to-quarter and year-to-year.

The other thing I would just like to share with you is our innate focus on our customer. As the regulatory changes happen and the customer becomes the center of the universe, we believe that's a great opportunity for a brand like us so the team is really focusing on customer delight and customer satisfaction. So right design, land to launch, shortening of cycle time, giving the right product to the right customer is the focus as we move along apart from our operations metrics.

Now I will hand over to Jayantt to talk a little more on the financial performance.

**Jayantt Manmadkar:** Thank you Sangeeta. Good morning everyone. The consolidated total income for the quarter was Rs.137.4 crores, against Rs.93.9 crores in Q2 of FY19. The consolidated PAT post minority interest stood at Rs.20.6 crores for the quarter, as against Rs.41.2 crores in Q2 FY19. The consolidated EBITDA stood at Rs. 24.9 crores for the quarter, against Rs.53.5 crores in Q2 of FY19. Movement in EBITDA during the quarter as against the previous quarter has been primarily due to lower completion in the residential business and lower contribution comparatively from non-consolidating joint ventures and associates.

As far as debt is concerned, company has almost nil debt and at the consolidated level which again is consolidation as per Indian Accounting Standards (IND AS) and the borrowing cost continues to be lower than 9% level.

I would now like to invite questions from the participants.

**Moderator:** Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question can press ‘\*’ and ‘1’ on their touchtone telephone. If you wish to remove yourself from the question queue you may press ‘\*’ and 2. Participants are requested to use handsets while asking questions. Ladies and Gentlemen, we will wait for a moment while the question queue assembles. Ladies and gentlemen, we will now begin the question and answer session. We have a first question from the line of Pankaj Tibrewal from Kotak Mutual Fund. Please go ahead.

**Pankaj Tibrewal:** Good Morning everybody and thanks Sangeeta for the encouraging opening comment. What I would like to understand from you guys is that this is the biggest consolidation we have seen in the sector where the fringe players probably are dying or probably vacating the space. From a company and management perspective can you outline broader thought process on what are you guys chasing in terms of growth. Because if you look at last few years, it's been anemic and what are the key parameters which investors should track you guys on? It's great that you have crossed first nine months of a million square feet on residential sales. But when I look at the opportunity, it seems to be larger for a company with such a strong brand. So, what are the key things over the next couple of years if you can just help us understand as investors it will be great?

**Sangeeta Prasad:** Thank you Pankaj. I think that's a question which was just waiting to be asked and it gives me an opportunity to outline to you the future thinking and I am happy that my leadership team is all present here and they resonate this and are with me in this journey. So first of all, I think too many good things happening and you may be wondering what she is talking about, we only hear muted things in the market. So I have referred to this earlier, the regulatory changes have an implication on many players. As you said fringe or opportunistic players in the market, having a bad impact on them is a good impact on us first of all. So, we see that as an opportunity and I think I mentioned it earlier, in our land acquisition team we have acquired a few resources in our land acquisition team to look specifically on assets which others are exiting or wanting to exit. Yes, the caveat, we have to do rigorous due diligence but that is one opportunity we are pursuing. Second is, by strengthening the land acquisition team we are actually dividing the markets into micro-market so that the team leader can focus into micro-markets in our lead

geographies of Mumbai, Pune and Bangalore and go about acquiring lands in a much more rigorous and focused manner and that is manifest. I cannot share with you the lead pipeline but I am personally very comforted and confident that the lead pipeline is very robust and because of this strengthening and de-organizing the land acquisition team into focused micro-market will enable us to get good results in safeguarding raw material sustainability for future. So that's as far as raw material goes. Now let's look at what are the other parameters; the second is focusing on operating metrics. So, we have identified key focus areas of how to divide our sales into sustainable launches and finished goods, because as you know finished goods sales come into the financial performance by default because that's what come into the financial performance. Second is of launches, so what we are doing is, we are doing seeding of the market, understanding the market, getting a very robust launch approach available so that when we go into the market we have a successful launch., you hopefully will be seeing for the next launch in Pune, that there is a certain stance change in our approach towards launch getting aggressive and getting customers acquired in a short period of time. So first I spoke to you about land, then I am speaking to you about impactful launches and the third is rigorous focus on work done and completion because with that what happens is that I and my team project future in a way, that in every quarter we have work done which enables us to complete the project and have a direct impact on the financial performance. The fourth in this is the customer I will reiterate that, because we believe today, in this era of opportunistic players going out, a few players like us have a whale of an opportunity and who gives us this opportunity to sell more and more is the customer. So, customer facing program, reducing customer response time, ensuring that the product we make is first right is another very important focus area. And how does all that happen, all that happens when you and I as a team work together well in a synchronized manner. So we are having programs within the company which are top-down communication, bottom-up communication, getting teams together, forming crack teams and cross functional teams, to look into land, launches and completion in a focused and very rigorous manner. So that is where we are focusing on in the residential business and as you know, we have verticalized deliberately because we wanted to have focus in the growth in both, mid-premium and the affordable. That's how Arvind has joined us as a CEO of Happinest which gives us enough heft to focus on both the business segments in a very-very rightful and ambitious manner. Now let's look into the integrated cities and industrial clusters business. The idea is we have supply-side security with Jaipur showing regular traction, how do we improve that traction and getting the two Origins into operation very creditably and considerably. I know I have taken a little time but I thought this answer is relevant not only for you Pankaj but all our other friends sitting wanting to know a little more. And further questions are welcomed, in fact, I am willing to meet you all separately also to deliberate further on this subject.

**Pankaj Tibrewal:**

Thanks for giving that qualitative feel. Quantitatively can you help us understand what are the targets you guys are chasing in terms of launches, maybe two years down the line, maybe 3 million square feet, a 2 million, whatever you are doing today and increasing your bandwidth, what the company will be chasing in next two years in terms of presales area on the Residential side at least and how are the land banks coming across? Can you give me some quantitative feel so that it helps us understand?

**Sangeeta Prasad:**

I totally understand. So as you know as a company we would not like to give future projections for sales but I will give you some insight. As I told you earlier, we already have safeguarded 1.5 million square feet of new land development potential. Then we already have ongoing projects which is 4 million square

feet, so around 5.5 to 6 million square feet between ongoing, forthcoming and new lands which have been brought in. Now the idea is you saw from what I gave as a whiff of sales traction, the focus is on sales traction. If we have done 1 million square feet in nine months the idea is to go into the next year and the next year buttressed of these development potentials to go into a multiplier sales potential. I would not like to give you a specific figure but I can assure you with the development potential available you will see a multiplier organization emerging veritably and surely.

**Pankaj Tibrewal:** Well that helps a lot. Thank you and all the best.

**Moderator:** We have next question from the line of Himanshu Upadhyay from DHFL Pramerica AMC. Please go ahead.

**Himanshu Upadhyay:** Hi good morning. My first question was on Nagpur Bloomdale launches, Bloomdale 2B, 2C all these where we have stated that the RERA completion date is January 19 and March 19 and it seems a significant amount of work is still pending in some of the phases. Can you give some light on that and can there be some penalty or what is the situation because it shows that RERA completion is March 19 and the completion is only 77%?

**Sangeeta Prasad:** I just wanted to tell you that one of the things in Bloomdale is, some of our phases which are physically complete, are also awaiting an Occupancy Certificate (OC). So, if you do not get an Occupancy Certificate then you cannot go and give it to your customer, so that is the effort which is on, which we have already applied for and are awaiting. There is intense follow up for some of those phases, so that once we get the OC we can immediately hand over to our customer because physically the product is ready. As far as the March 19 is concerned, we are in sync and on schedule.

**Himanshu Upadhyay:** One more question on this Bangalore project, what we have purchased the land, so what we were trying to generally purchase land and what we have communicated in earlier calls was, so when the title is clear and some approvals which the land owner will help us get, and then only we will pay the whole payment.

**Sangeeta Prasad:** Right.

**Himanshu Upadhyay:** So that there are not much delays, what is the status of this project and by when can we expect the closure of the land deal and the launch of the project on the site?

**Sangeeta Prasad:** So first of all you are right, what we are trying to do in our new projects is not give away the money as much as possible in the first go, get some safeguarding. So, you will be happy to know we are having the kick-off for the design of this project in the next week. The idea is to in parallel get the design ready so that we can submit to the authorities the master plan and the building plans and get our approval. The idea is to launch as soon as possible. The aspiration is within the next financial year if all the approvals come you should be seeing a launch of our second Bangalore project. So, what we are trying to do is reduce the turnaround time between lands to launch, and without paying a substantial amount and in parallel getting the approvals and paying off that helps us to mitigate the risks of IR.

**Himanshu Upadhyay:** On the growth when you stated about land purchase or part two of your points, I have some thoughts on that. Generally, when we are buying or taking projects, they are very small, 0.2 and Bombay whatever we had, 0.3-0.4 and again the Pimpri in Pune is 0.3, Bangalore also is less than 1 million square feet, like 0.7 or 0.5. Can we double or triple over a period of time our scale of business? I'm only talking about the mid and premium housing, not about the Roots and the Township development, Can these 0.3-0.4 take us to that place or we need to also focus on larger pieces of land and larger launches because launching 1 lakh square feet. Can we really go for this size to that and what is your thought? Because some of your competitors will launch much larger projects and generally have a larger project size so that the traction once it happens because some of the larger players when we see they can get generally 0.5 million square feet of sales from the one or two projects every year. So that just keeps good traction and I'm talking about players who are around 3 to 4 million square feet type of launches and in the mid and premium housing. What is our thought process on these launches and how is our new land purchase or parcels that we are working on, have we changed our thought process or we want to continue with these lakh, million or 2-3 lakh square feet projects? Is it feasible, can these small squeezes take us to 3 or 4 million square feet over a next few years?

**Sangeeta Prasad:** Himanshu, I think thankfully in your question was the answer so if you notice the way we are, I totally agree with you because I have also realized along with the team that a 0.1 million square feet (msft) resource allocation is as good, I am not talking about financial resources, I'm talking about human resources, bandwidth is as much as 0.7 msft because they have to take all the approvals and then they can launch. So, if you notice, I know you did not mention Happinest, but Happinest will be larger as you will see going along but even in the mid-premium, both of those have been 0.7 msft and the one which we have found is around 0.7 msft. The one for which we have a Memorandum of Understanding are also in the range of 0.7 msft and 0.8 msft minimum. So, what we are looking is that we have devised for ourselves a value-size threshold. So, if you are in Mumbai the square feet maybe a little less but we will not go for small value projects. So, in Bombay, a 0.5 msft would be a kind of a threshold whereas we are inching in the other locations beyond 0.5 msft and inching towards 1msft, so 0.7 - 0.8 - 0.9 msft is what we are focusing on as a ceiling as a floor, as a threshold. And we are also evaluating a few projects in all the locations which are above 1 msft. I totally agree with you. So, there is no dissonance between you and me on this. So, all the MoUs also which we are filing now as they fructify we will give you more details are greater than 0.5msft.

**Himanshu Upadhyay:** Just a small question on MoUs, how many MoUs are we working on currently? Let's say one year back and are we seeing the number of people coming for land transactions increase or better deals with market sentiment and the number of MoUs we are working on?

**Sangeeta Prasad:** As you know that one of the MoUs we have executed in Bangalore, one more MoU is in Pune which is also in the 0.7 million square feet range which we should be executing in this quarter. We have found another one in Bangalore which is also in the range of 0.8 million square feet so as we go on to due diligence we should be able to get it into an agreement stage in the next 3 to 4 months. Then you know about the Mumbai Metropolitan Region (MMR) Happinest one which is also 0.8 million square feet. So as far as MoUs are concerned there are three just to summarize, the one in Bangalore which is 0.8 msft, one in Pune which is 0.6 msft and the one in Mumbai Metropolitan Region which is Happinest which is also 0.8 which are in MoU stage. In Happinest there is one which is a much larger which has crossed

your wonderful million thresholds, so you will be seeing more and more of these soon in the near future. So, all of these if you notice is about 0.5 million square feet.

**Himanshu Upadhyay:** Any progress on Andheri and Saki Naka, where are we right now?

**Sangeeta Prasad:** We are there standing to launch. If you can get the transient policies corresponding to the Development Plan 34 notified very soon. We will immediately submit the next day to get our approval. That is the irony of life. So we are ready, so we can submit the day it comes out once we get the clarity of what the transient policy says then we can immediately submit we are ready with all our things.

**Himanshu Upadhyay:** And the residential Pimpri project?

**Sangeeta Prasad:** Some happiness there. We are just waiting for the one final touch from the RERA authorities and we should be launching in this quarter. So, we are just raring to go for the Pimpri project.

**Moderator:** We have next question from the line of Faisal Hawa from HG Hawa & Company. Please go ahead.

**Faisal Hawa:** My question is specifically with regard to affordable housing; how do you feel the sector is coming up and do we have any key learnings from the Palghar project which we can now copy paste to the other parts of country, that's one. Second is, a lot of these real estate developers who are actually destroyed by the risks which were inherent in government policies and stuff like that? So do we have some kind of pre-learnings over the last two decades that we can have a risk management policy which really do not set the company 2 or 3 years back? Third is how is the World City projects coming up in terms of pipeline? Are we looking at more such World City and are we utilizing the corporate goodwill of the Mahindra Group in getting new tenants? Is there some kind of larger corporate commitment which is coming up from the Mahindra Group? And fourth question is that the Mahindra Group as such Mr. Anand Mahindra was on record saying some days back at Davos that the group has gone from a 2,500 crores market cap to a \$2 trillion market cap and Mahindra Lifespaces has not really contributed to that market cap and we have been at almost constant market cap for the last 1-1.5 decade. Do you see that changing in the coming decade with the inflection points and which have come through because of consolidation etc.? And how will it really play out, will it be that we will reach inflection point 5 years down the line or is it earlier than that?

**Sangeeta Prasad:** Faisal, so for the affordable I will request Arvind to elaborate on the question and the other three I will take over from him as he speaks. Arvind would you like to just add to the affordable insight?

**Arvind Subramanian:** Yes sure. Thanks for that question. So you are absolutely right, Palghar has been wonderful learning for us and with every project in affordable. Our understanding of the sector, our understanding of what product works has kind of moved one notch higher. So as you know we had started with Avadi then we did Boisar and now more recently Palghar. If you see the three projects you will notice enhancements to the product, enhancements to the public areas, enhancements to the amenities etc. But also very pertinently with the experience in Palghar for me three learnings stand out. One, that for the right product, the demand is still very robust at this part of the market. There was a lot of negative sentiment overall about real estate market. But our sales performance in Palghar has shown that if you get the right product



and approach the launch in the right way you can unlock very large tracks of demand. The second is obviously linked to that is the product has to be right, both in terms of the right size, the right location. In the case of the metro cities and the suburbs, the connectivity into the city and the transportation networks is a very important factor in the decision-making the customers make. So Palghar with the expectation that the bullet train will come up and the fact that it is already serviced on the Western Railway network, worked well from that perspective. But going forward, I think the learning for us is continue to look for locations that are on arterial transportation networks in metropolitans and cities. And the third is the expectation very clearly in this segment and particularly with end users in the segment is, they want to move into these apartments, they want delivery quickly. And the focus therefore around executing quickly, delivering on or before the committed time is the third big learning for us.

**Faisal Hawa:** So Arvind if I may ask, most of the construction of this project is outsourced to an L&T or some Capacitor or do we do it ourselves?

**Arvind Subramanian:** No we have contractors appointed to do the work. We do the construction management but the actual construction work is done by contractors.

**Faisal Hawa:** So you feel that in the next 2 to 3 years we can go three times the size of what we are doing at this point of time in affordable housing alone?

**Arvind Subramanian:** The potential is certainly there. I think we are in a fortunate position where our constraint is really not demand. Our constraint is supply so, if we get our act together which is what we are working towards, a multifold growth is not inconceivable at all.

**Sangeeta Prasad:** Thanks Arvind. So Faisal you were asking about the risks and the learning from people who went belly up. Good question because it helps us to reflect again and again that in our bid to grow aggressively are we desperate or are we mindful? So the first from a very qualitative aspect and then I will go to the quantitative the aspect of how do we evaluate project. So the first message which we give to ourselves is keenness and eagerness is good, desperation is not. So when we are evaluating a land deal I think thanks to Arvind, he has outlined what our classical rules for selecting land irrespective of Happiness and Mahindra Lifespaces which is the right product, the right location and delivery with quality. Those are the three cardinal rules of selecting a project or a land and when we go and do operations of that project. So that is very important the customer being in the center of the universe, commitment to delivery has to be and that has been one of our cornerstone. So what I'm saying is when we are evaluating land we are keeping in mind the regulatory and the brand aspect because what happens when we are desperate to get land be sometimes try to shortchange some of the regulatory aspects and try to move forward. That's a complete no-no for a brand like Mahindra. So negotiate hard, get all the regulatory clearances so it is classical manufacturing way of working. Get your raw material, get the right raw material, build the right product, give it to the right customer and deliver it on time. And the three cornerstones that is why we have kept for ourselves is selling genuinely, building responsibly and delivering on time because there is no other alternative. If you've seen the people who have gone belly up has been because of mindless aggression not mindful aggression, getting money from the customer, not delivering and therefore creating litigations and activism. We are not at all keen to go that path of aggression. We are keen to grow the path of responsible building and delivering on time. So that's what we have learned from all

these examples and let me talk of leveraging opportunities out of those examples. So as I mentioned to you earlier we have created a small team for evaluating stressed assets so that some of those assets with proper mindful due diligence can be opportunities for growth at a faster level because some of them may have approvals but do not have the financial resources to continue with the project. Can we acquire that asset? Give it our brand, give it our credibility, build the product well and sell it to customers who are more than willing to buy it from us. So that's a second question. So third was on the World City strategy. As you know at present that we have two World Cities and two Origins. So the World City team is totally geared up to see that we get the right customers in those and thankfully Mahindra World City as a brand, in addition backed by the Mahindra brand. But to very humbly say, the Mahindra World City brand even globally has created a great traction because our existing customers are our greatest ambassadors. When a BMW is in Mahindra Worlds City Chennai, I can rest assured that the European customers will be more than willing and if you see the profile of World City Chennai you will get the hang of it. Similarly, in Jaipur with the Deutsche Bank and a JCB (Japan Credit Bureau) and a Perto, the other customers feel comfortable and confident to come to a Mahindra World City Jaipur and that is why for our Origins Chennai also, we delayed getting the customer because we waited for the right customer to come because if you get the right customer it sets a tone for that location. That's why an YANMAR was, we patiently waited for them, they took a long time to take a decision, but we were not keen to get any other customer who would not create the right tone and tenor for our project. So that's the thing we will follow in Ahmedabad also. As regards the growth strategy at present, we are looking at getting more customers in our existing and World City is not like residential there we go, we can proactively seek but you don't have large tracks of land, Faisal lying everywhere in the country which you can go and acquire. So what we are doing is opportunistic, strategic land sourcing, talking to governments who are very interested to partner with us and working our strategies to work with the government who have lands but do not know how to create an industrial place. That's what we are doing as far as the World City business is concerned. The fourth question is the market cap question, so I can only quote from 'Bhagwad Gita', 'ma faleshu kadachana'. So if you do your work well and that's what we are doing because market cap is an outcome of what you see in all of us in terms of growth, in terms of aggression, in terms of building sales traction, making the company robust by rigorous processes, safeguarding land security so that we have more and more land to work ourselves on. I am confident that with all these matrices working together in tandem with keeping customer delight as the cornerstone of our business strategy, you will be seeing the market cap growing and customers and shareholders being happy.

**Faisal Hawa:**

Are we to assume that last 1-1.5 decades where the growth or the sustainability was not happening and that is why the market cap remained at the same level because as such to the credit of the company we have survived a very difficult to 1.5 decade. So my pointed question was not when the market cap would increase, but as to when the inflection point will happen? I am sorry I am just reminded of two more questions. One is you feel that this Murud-Janjira Property also could add to our revenues very soon? And second is you feel that this World City Jaipur, the residential project can come on to stream in the next financial year?

**Moderator:**

We have a next question from the line of Parikishit Kandpal from HDFC Securities. Please go ahead.

**Parikishit Kandpal:**

Congrats for entering into new MoUs, just want to know contours of this; will this be on deferral payments on land for this will be Joint Development Agreements (JDAs).

- Sangeeta Prasad:** So the MoUs which we have entered are outright MoUs because the landowner is not interested in staying on. He has other businesses. He is not into real estate and that's the reason most of them are outright MoUs. In fact the other one which we have signed in South Bangalore is also an outright but it is deferred payment. So Parikshit, each of those transactions have deferring contours of transaction depending on how we want to do the project. Some of them will have deferred, some will be outright and some will be JDs as we go along. But at present all are in outright, some deferred some payment in one tranche.
- Parikshit Kandpal:** And these MoUs, so what will be the go-to market time I mean what will be the approval status in this? Whether the ECs in place, so other municipal approvals are in place, so if we have to see from the perspective of time to go to launch, so like if this Pune deal happens this month of this quarter so when do we expect the launches to happen in Pune and Bangalore specially?
- Sangeeta Prasad:** Bangalore I had mentioned to Himanshu earlier that the Bangalore one is we are kicking-off the design strategy next week as we speak. We should be seeing ideally in the next financial year, in the latter part of next financial year if all approvals come in. As I told you approvals are not within our ambit. We will push for it but we are expecting it to happen next financial year. Similarly for the Pune one, while we are expecting the agreement to be signed this quarter again a 12 to 15 months period is what we see that. So the idea is to crush and crunch the land to launch.
- Parikshit Kandpal:** We would assume that these launches will have similar EBITDA margin levels which currently we have or will be much better than those?
- Sangeeta Prasad:** Each project has its unique contour. The idea is to push up the EBITDA margin for every project as we move along.
- Parikshit Kandpal:** So we would see only after election somewhere around the last quarter or maybe the end of this current year some launches happening from your side, right?
- Sangeeta Prasad:** As far as these two new ones you spoke about surely in the much latter part of next financial year. As far as the Mumbai ones I have highlighted to you earlier, it all depends on the transition policy coming out and being clarified and then us submitting. So those should be fructifying in the earlier part of next financial year as I said approvals being the variable which is not within our control. So that's how we are seeing the Mumbai ones in the part, the new ones in the latter part of the year.
- Parikshit Kandpal:** How big will be the Business Development team as we have been building in chasing more deals? So how we would have added on the Business Development side and how many people would be there in the team right now?
- Sangeeta Prasad:** We have a double-digit Business Development team now by the way and we have recruited a very senior person as the Chief of Land Acquisition. He was in a CEO position earlier because what we realized is that the person who needs to head the team has to have a business orientation. We have verticalized our BD team to focus on stressed, Greenfield geography. We have strengthened the local teams in Bangalore, Pune and NCR so that we get more pipeline as I said earlier. Micro-market focus is our strategy, getting

pipeline from stressed redevelopment and Greenfield is our strategy so that is how the BD Team has been reinforced and strengthened, both qualitatively and quantitatively.

**Parikshit Kandpal:** And who is the CEO now, who is heading, if you can just give a brief profile?

**Sangeeta Prasad:** The Chief of Business Development is Sandeep Singh. He is sitting along with me. I would like him to introduce himself.

**Parikshit Kandpal:** Also, if you can give a brief outlook and how you are approaching the BD you have taken a very big responsibility in the organization if you can just also highlight that.

**Sandeep Singh:** This is Sandeep Singh. Good morning everyone. I have been in this industry for about 2.5 decades now, started out as an architect, then as an MBA. In my previous role I was heading Development Organization in Karjat. I have had a long stint with Cushman & Wakefield as Head of Capital Markets where the transactional experience comes in and in our approach as Sangeeta rightly pointed out that we have a verticalized business which also is focusing on various micro markets across geographies of our focus so that is how we are progressing. We are working hard to increase the funnel and change the market perception in the market about our aggression which is again a mindful aggression that we are focusing on.

**Moderator:** We have the next question from the line of Abhishek Anand from JM Financial. Please go ahead.

**Abhishek Anand:** My query will be regarding the MoU you have signed with the government of Maharashtra in early January where you are planning to build a tourist destination Murud-Raigad. Firstly, what will be our commitment in this particular project, any timelines linked to it, some more clarity will be great?

**Sangeeta Prasad:** That was a wonderful moment when we signed the state support agreement. So first of all, the land is owned by us, so the land is ours, the project will be built by us. Obviously, there are many people in the domain of medical tourism or building integrated ecosystem, both from strategic partner and financial partner who are tuned to work with us. The idea of signing the state support agreement was to enable the government support on external infrastructure, getting better connectivity, getting the approvals because that will enable this place to grow. So, you know it is in the Raigad district, Murud is in the Raigad district. It is a wonderful silver location; this location is very strategic, in form of creation of a wellness, health and adventure location. So, it is in the realm of Mahindra World City in terms of context, but in terms of content, it is very different unlike a Mahindra World City, which is anchored around business and industries. This is also anchored around business, but it is more around tourism, wellness and health. So, it will be our project, obviously, if we get opportunistically some strategic partners who are talking to us, we will be very delighted. The government focus will be on getting us all the necessary infrastructure and approvals.

**Abhishek Anand:** So, who will be your clientele here, it won't be the usual industrial body?

**Sangeeta Prasad:** No, it won't be industrial.

- Abhishek Anand:** It will be more towards the hospitality side.
- Sangeeta Prasad:** Hospitality, healthcare, wellness, adventure. So, the way the land is topographed it is undulating, it is not plain. So it is a place where it opens up, see the Maharashtra government is very keen to bolster its tourism and healthcare space. So, what they see also is an opportunity. So you will have essentially healthcare clients and wellness clients. We also see some people who are into adventure, adventure tourism also been clients in this space. So, clientele as you rightly understood is very different. But now, as you know, these industries, these kinds of sectors are also corporatizing and becoming more business enterprises. So ultimately, our strength on B2B customer acquisition will come into play here.
- Abhishek Anand:** The group's bandwidth, how many people will be deployed here? What will be the investment like in this particular entity? I doubt whether much of Mahindra's World City concept can be replicated here. It will be completely different concept.
- Sangeeta Prasad:** No, so, the concept will be a very robust master plan, which is the Mahindra World City concept. We have done a first cut concept master plan. The master planners are people who understand that space. There are much focused master planners who understand the space of non-industrial mixed used. So, for instance, for Jaipur when we have master planned our non-industrial space, it has been done very differently than what we have done for an industrial master plan. We will also be appointing the resources. We have already started head-hunting, will be people who understand that space. The concept is as I said, is like the world city. It is an integrated, healthcare, wellness, adventure master plan. The context is similar, the content will be different and that is why we are from master planners to strategic partners, there will be different kinds of people.
- Abhishek Anand:** And what will be the capital outlay on this particular entity?
- Sangeeta Prasad:** I know you would have read the press release. What we are estimating from our side, maximum around 500 to 600 crores of investment from horizontal infrastructure, but obviously when we do strategic partnership people come to build, then there will be further investment and job creation.
- Abhishek Anand:** And over what period do you expect this, 500 to 600 to be deployed?
- Sangeeta Prasad:** As you know, these projects are long gestation. We will break it into phases. I cannot give you exactly today what is the phase but it will be a 5 to 7 year project. But we expect that the first phase will start off earlier and we see fruition happening in 7 to 10 years of the project.
- Moderator:** We have the next question from the line of Harsh Pathak from ICICI Direct. Please go ahead.
- Harsh Pathak:** Just wanted to get a sense on integrated business and industrial cluster business. We do understand we have created a lot of brand here, but in terms of the financial sense we have not got the return which we would have wanted. At the same time, we have invested a heavy capital. So, over a period of time what would be your strategy in terms of, are we looking in terms of monetizing the land-bank there and the deploying in the residential business or what would be the thought process or should we be continuing our capital investment there?

- Sangeeta Prasad:** So, Harsh you are right. The season for the integrated cities is of monetization, in terms of getting customers faster and better, in the industrial space and in the non-industrial space as you know, in Jaipur what we are doing is we have master plan I just spoke about it, the master plan the non- industrial space into mixed use spaces where we are looking at getting strategic partners, getting new players, including ourselves into the residential space, that's the strategy not doing everything ourselves. We are looking on the non-industrial part as a strategy which is getting partners both strategic and financial, getting customers in parallel and not doing everything ourselves.
- Harsh Pathak:** What was the update on the Jaipur Residential Development, I mean any launch plan there and when can we expect the launch there?
- Sangeeta Prasad:** Just now what I was mentioning was about the Jaipur Residential. So, it's just not residential, it will have residential, social and commercial because you just can't do residential on so much land. So, what we have done is, we have master planned that. Last year was spent in devising the strategy and getting the masterplan done. We have submitted the masterplan to the authorities in Rajasthan. As you know that Rajasthan was busy with elections last quarter, so as now the new government has come, we will be pursuing this project. What we are looking at and you will be happy to know last year itself, without even master planning, we got our anchor customer in form of Skill University. What we are paralleling pursuing is getting the masterplan approved, getting partners, but also whenever a customer is coming who is interested. The masterplan has a few zones which are, education, retail, entertainment, dining and residential as a primary zone. So already in the education we got Bharat Skill Development. We got them 1.5 years back. We are also getting very good interest from hospitality and healthcare as well as education. On residential as I mentioned earlier, we are looking at doing it ourselves as well as talking to interested partners who have already started approaching.
- Moderator:** We have the next question from the line of Anandha Padmanabhan from Renaissance Investment Managers. Please go ahead.
- Anandha Padmanabhan:** Could you quantify the size of the funnel that your Business Development Team is currently evaluating either in terms of number of days or on the number of square feet that the Business Development Team is currently evaluating and what was the similar number one year back?
- Sangeeta Prasad:** We have safeguarded 1.5 million square feet, we have three MoUs in the kitty, which is around 3.5 million square feet. These are MoUs which post due diligence can only be converted into agreements. So that is as far as something which is visible, as far as negotiations I do not think I should be giving you the figure. But I can tell you we have 10 or more deals which we are in active stages of negotiations. But you know that from negotiations to MoU, some fall by the wayside and if it is very optimistic, all will be in fructifying. So I don't want to get into some detail which is not in the realm of very direct visibility.
- Anandha Padmanabhan:** And how would have been the similar number one year back in terms of number of deals and the negotiations?
- Sangeeta Prasad:** Six months back the situation was much weaker. It is much-much better now. So that's where the confidence is coming from.

**Moderator:** Ladies and gentlemen, that was the last question. I now hand the conference over to Ms. Sangeeta Prasad for closing comments. Ma'am over to you.

**Sangeeta Prasad:** So I think from morning we have come to afternoon, so good afternoon ladies and gentlemen. It has been a very, very encouraging conversation first of all. The very fact that you ask so many questions gives me a lot of confidence that the journey ahead is going to be much more fruitful than it is today. I think most of your questions helped me to close the remark. But still to reiterate, we are bracing for the Pune launch in this quarter. We are looking at our land, the MoU in Pune been fructified in this quarter. Two of our MoUs will also be getting fructified if not in this quarter, in a subsequent month. Launching the Mumbai project, once the transition policy comes out and we submit, as we are ready to submit and getting the approvals. In the Industrial Space, in the Mahindra World City Chennai, we are focusing on zero inventory. There are a couple of deals which are in active stage of negotiation and hopefully they should close in next 3 to 4 months and that will enable us to get out of industrial inventory in Mahindra World City Chennai continuing with the traction in the Mahindra World City Jaipur, getting our next set of customers in Origins Chennai because now that the anchor is in. Getting all the approvals in Ahmedabad and launching it. I have spoken to you about our overall strategy and focus on safeguarding land and making the customer as the central of the universe continues and focused land to launch cycle time reduction and operational metrics will continue to be our focus. See you once more very soon.

**Moderator:** Thank you very much ma'am. Ladies and gentlemen on behalf of Mahindra Lifespaces Developers that concludes this conference call. Thank you for joining with us. You may now disconnect your lines.

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(This document has been edited for readability purpose)

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