



Mahindra Lifespace Developers Limited
Q4 FY19 Earnings Conference Call

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Moderator: Good Morning Ladies and Gentlemen. Welcome to the Mahindra Lifespaces Developers Limited Q4 FY19 Earnings Conference Call. We have with us today from the management Ms. Sangeeta Prasad – Managing Director and Chief Executive Officer, Mr. Arvind Subramanian – Chief Executive Officer, Happiness; Mr. Jayant Manmadkar – Chief Financial Officer 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 and Chief Executive Officer from Mahindra Lifespaces Developers Limited. Thank you and over to you ma’am.

Sangeeta Prasad: Good Morning. Thank you. I would like to start with the operating performance of this company and its JVs and subsidiaries. I think what we started off in our earlier calls that the focus, thanks to IND-AS 115, will be on lead indicator and I am happy to inform you, in all fronts whether it is land, launches, completion or collection we have achieved what we set out for. In the residential business we have achieved 1,023 crores of sales which is 67% over the like-to-like sales of previous financial year. In terms of land, I remember having told all of you that we will do one land and one launch per quarter, we missed that mark. We have actually done 3 lands and we expect that in this financial year we should be upping the ante and getting into further expansion mode. As far as launches are concerned we have done 3 launches and what is deeply satisfying for me is the last quarter launch in Pune, Centralis which sold 90% of its launched units in 3 days, 300 plus units in 3 days. That shows that when we are in the market and we have a good product at the right place, customers do want to buy from us and they give us a whopping majority if I may on completions, completion have been 1.8 million square feet and in last quarter was a completion high as well. On collections, as you know, we had already beaten the record of collections in the best ever annual in 9 months itself. So we are at 950 plus crores of collection. Overall very satisfying in terms of operating performance because whatever we set out for we have done and that is the part we will take in FY20 also. Focus on the operating performance, create pipeline of lead indicators which reflect in our financial performance there on. Some of the other things I would like to just now add is that the whole 3 launches as I reflect back and I see, Roots we launched and almost sold 98% of whatever we launched. I think it was just one unit which we could not sell amongst the launch units. LakeWoods did around 90 units of sales and I spoke about Centralis. As far as the 3 lands for which I know we have intimated some of it earlier that has helped us in terms of transaction. What we have done is while these are outright transactions, we have not paid to the land owners in one go. We have timed it with certain approval milestones and other milestones so that we therefore improve upon our cash outflow in terms of timing and we pay the 100% only when we are almost ready to launch. That is the whole impact of the land acquisition strategy. As far as completion goes in all parts we have been focusing on work done because of completion only will show reflection in our financial performance.

Now just to be specific, in last quarter we did Rs. 407 crores of sale in residential business which is a growth of 112% over Q4 F18 and 89% over Q3 F19 triggered by the Centralis launch and overall sale traction in other projects. We collected Rs. 301 crores across all projects and residential business. We completed 1 million square feet of development across 6 projects. We also executed an agreement of around 7 acres with a development potential of 0.7 million square feet in Pune and leased 15.4 acres to 5 customers for Rs. 43 crores in the integrated cities business. You would be happy to know that the integrated cities business has already opened its inning in financial year 20. We have signed our second customer in ORIGINS Chennai. The first

one was as you know in last year was Yanmar. The second one is Nissei Electric, again a marquee brand in the electrical and electronic space. They have come into ORIGINS Chennai. So, I already see traction in ORIGINS Chennai which we had promised you last year that we will launch and start selling and also as far as the land MoUs go, we have already done 3 MoUs in which 2 of the MoUs one is in Bangalore and Gurgaon and the third one is in MMR for affordable housing. In fact, affordable has also opened its innings in terms of MoUs and I will like Arvind to add a little to the land acquisition what we saw, another MoU signed in the MMR area in the financial year 20. And all this is happening because of the focus in land acquisition and beefing up the land acquisition team and therefore showing traction in terms of pipeline and I will talk more about it later. So that is about it. You have all the other data and I would like to open up to all of you but before that I would request Jayant to talk about the financial performance.

Jayant Manmadkar:

Thank you, Sangeeta. For Annual FY2019 the consolidated income stood at Rs. 654 crores, against Rs. 644 crores in FY18. The EBITDA including the income from JVs and associates stood at Rs. 160 crores against Rs. 180 crores in FY18. In FY18 there has been one time gain from sale of land in Nasik which contributed to higher EBITDA as compared to the current year. Also for FY19 we have incurred higher marketing spends due to various new launches. However, the revenue for these projects will be recognized upon completion of projects in line with the accounting standard 115. The consolidated PAT post minority interest stood at Rs. 120 crores against Rs. 101 crores in FY18. PAT margin has improved to 18.4% in FY19 from 15.7% in FY18. The improvement in PAT has been contributed by increase in the share of profit from JVs and associates during the year. Rs. 73 crores in FY19 versus Rs. 45 crores in FY18. Coming to the quarter 4 of FY19, the consolidated total income stood at Rs. 246.9 crores against Rs. 137.4 crores in Q3 of FY19 and Rs. 180.6 crores in Q4 of FY18. The EBITDA including income from JVs and associates stood at Rs. 38.3 crores against Rs. 24.9 crores in Q3 of FY19 and Rs. 75 in Q4 of FY19. Higher share of profit from Joint ventures and associates and one time gain from sale of Nasik land led to higher EBITDA in Q4 of FY18 versus current year. JVs and associate income Rs. 17.6 crores in FY19 versus Rs. 33.3 crores in FY18. The consolidated PAT post Minority Interest stood at 31.3 crores as against Rs. 20.6 crores in Q3 of FY19 and Rs. 47.8 crores in Q4 of FY18. Movement in PAT versus Q4 of FY18 has also been due to some reasons that led to changes in EBITDA. I would now like to invite questions from the participants.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay:

My first question is on what is the status of approvals for the Mumbai launches and also for the other projects where you have signed up the BDs, the business development we have done in 3 projects, what is the status for those projects as well?

Sangeeta Prasad:

Both the Mumbai launches are in stages of approval and we see that both the launches should be happening in the coming quarter. One project approval is in more advanced stage than the other. The second one is waiting for some committees to be formed and that is why it is a little more delayed but both launches you will be seeing Adhidev in this financial year.

Adhidev Chattopadhyay:

So, you are saying it is fairly certain. Either in Q2 or Q3 by the festival season we should definitely see this coming up?

- Sangeeta Prasad:** I am sure if we get all the approvals that is the best time to launch. We have seen that whatever we have launched touchwood in the recent past and beyond has shown good results as is depicted from our Centralis launch in Pune and Roots in Mumbai and LakeWoods in Chennai.
- Adhidev Chattopadhyay:** Sure. And the other 3, the Pune, Bangalore and Kalyan launch what is the estimated date of launch or something?
- Sangeeta Prasad:** I wish I could actually give you a date of launch in a market where things are beset with approvals and many other things but the whole idea is that, what we are doing you know earlier and I would just like to take a few seconds here, our focus is on four parameters of operations performance in residential which is land, launch, completion and collection. It is not only these 4 verticals but also the time between land and launch and launch and completion and collection as we go along the project. So, all 3, the focus is to get all. Our Happinest Kalyan project is in a slightly, it is in the approval stage and I will like Arvind to add to it a little latter. The other two as you know are much later in the day, we did the agreement for purchase only almost last quarter. So both are in advanced design stage. So we should be submitting for approval in this quarter and we will look forward to the approvals coming in the subsequent quarters and paralelly getting ready for marketing. So, the idea Adhidev is keeping ourselves ready and reducing the time between land and launch, not paying wherever possible a transaction to the landowner 100% in the beginning so that we can coincide the payouts as we get launch ready. Arvind would you like to speak about Happinest Kalyan.
- Arvind Subramanian:** Yes. On Happinest Kalyan we are expecting the final approvals in the coming months and certainly gearing up to launch it in this financial year.
- Adhidev Chattopadhyay:** Whether it will be in the second half of the year, would it be the right way of looking at it?
- Arvind Subramanian:** Actually, we get approvals in 6 weeks, after we get approvals we will launch.
- Sangeeta Prasad:** And thankfully India has many festivals. So we will take advantage of them.
- Adhidev Chattopadhyay:** Right. And all our new projects, whatever we have signed up, so what is the targeted EBITDA margin like, is there something like that you are working with or some IRR you are looking at when you are doing this deal?
- Sangeeta Prasad:** The questions, since you are asking this in front of the team I feel very happy that you are passing on a message. So just on a serious note what we have identified for all projects even at the land buying stage Adhidev is a guard rail. So that when we are evaluating land that time itself in terms of, hope you remember the conversation we had earlier also that we will not do below this scale in terms of square feet, in terms of value, in terms of profit we will do a project which will be of this period, in these micro markets. We have also identified in our focused market, micro markets where we would like to focus on. So those guard rails will enable us, I remember this question came earlier also in the last quarter will enable us to improve our margin as we move forward because in real estate whether it is a 0.2 million or a 0.7 million the amount of effort you need to put in is equal. So we are focusing on not very small project.
- Adhidev Chattopadhyay:** Sure. The second question is on the SEZ business, now that the tax clause is I think expiring in March 20, are you seeing more enquiries and do you expect more traction in the Jaipur SEZ for sales this year.

Sangeeta Prasad: You have understood it very well Adhidev, the SEZ, Jaipur SEZ, if you look at the sales profile of last year it has been all on the back of the multiproduct SEZ, in fact when we launched multiproduct we already had deals, it was in June when we launched the multiproduct SEZ, customers had already signed up. So, we have 6 customers in F19 and we already have a very healthy pipeline of SEZ customers in Jaipur not withstanding that since you are talking about Jaipur, the focus is also to up the ante on the domestic tariff area as well as in the area which is a non-industrial area. We are talking to a few customers in the non-industrial area for a social and commercial infrastructure as well. Those idea in the, and this is even if you have not asked this question I would like to convey to all of you that the idea in the world cities and the ORIGIN business is to harness customers. Get customers and get right value because what you do in World City today you get it into your financial statement today unlike residential where what you do today comes into your financial statements much later. So that is our portfolio, the way we are looking at our portfolio of businesses.

Moderator: Thank you. We will move on to the next question that is from the line of Kunal Lakhan from Axis Capital. Please go ahead.

Kunal Lakhan: Just quickly on the revenue recognition and margin this quarter, our revenues have been pretty decent versus what we have been reporting in the last few years led by the completion that we have seen, but on the margin front it is still not flowing through. So just wanted to get some sense in terms of like, I understand this profitability of some of these projects which got completed were not very high, but going forward how are we doing things differently to ensure that revenue recognition also transpires into healthy profitability?

Sangeeta Prasad: So you know revenue recognition and margins are also parameter which is mix related. So one is for the current Q4 F19 while we had completion the mix has contributed to the margins in a certain way. But going back to what I told Adhidev from the land buying stage itself we have identified parameters which will enable us to buy land of the right type and not wait for after buying the land figuring it out how to get it going on the profitability. So that is one. Second what we are doing is because if you have a certain scale you deploy per, so it is a project economics, unit project economics we are looking at from the land buying stage itself and then between land buying to launch, this is more of deploying resources to see that we shorten the time and that is more from an IRR perspective. The third we are looking at is our contracting strategy, our sourcing strategy all that has been looked at for each project so that when we come back to you with future profits it is of much better margin, it is much better than what where we are today. So we are looking at each element of the value chain starting from the beginning which is land acquisition.

Kunal Lakhan: But I mean is should have been, I mean this should be a part of your business practices as such any ways, right? So, I am just trying to understand like you know, were we not doing this earlier?

Sangeeta Prasad: We were doing this earlier but we are strengthening the process and we are looking at the mix more carefully of lands which we are buying, what kind of mix should we have which will enable us what kind of scale, so we are looking at it afresh, also keeping in mind that there is Ind AS 115, how do we complete faster. So all those elements are being looked at to help improve financial performance.

Kunal Lakhan: Sure. Also in terms of you mentioned that on the new acquisition front you have already ramped up your team and so we will see some traction happening in FY20 also, just wanted to understand in terms of like what kind

of projects in terms of say ticket size or overall project size itself are we looking at or also any specific focus on any particular geographies, any color on that will be helpful.

Sangeeta Prasad: Yes, so we don't want too many colors in our business. We believe deep colors are unlimited colors are better. So what we are looking at is geographies like Mumbai, Pune, Bangalore as our lead geographies and we are focusing on land in these geographies primarily. We are cutting the clutter of going to various geographies and what we are doing is also looking at micro markets. So one of the things which you ask what is not only looking at the market but the micro markets where we should focus on because what it does in terms of when you focus on micro markets, so PCMC for instance I will give you a live example, Centralis, we did a lot of good job, but because we were present in Centralis thanks to Antheia and Royale, that helped us to gain traction. So you know your cost of marketing, cost of sales therefore improves because you are in the market of choice. So we are looking at micro markets within these markets. We are also looking as I told earlier that this scale, we are keeping an embargo on a lower million square feet and below that we will not evaluate lands if it has a development potential of less than so and so. Also, revenue of less than so and so and profit of less than so and so. That is how we are trying to focus. The other element in land buying specifically in Bombay we are trying to focus also on stressed and redevelopment asset because there is a lot of that available and that is why we have beefed the team up both quantitatively and qualitatively. And as far as affordable, we are also looking at Chennai and Bangalore in addition to Mumbai so that we can expect and that also gives us synergy because these are the common markets in which both the segments are present in.

Kunal Lakhan: Sure. Just elaborating on that synergies aspect, have we also thought to give in some thought in terms of unlocking value in terms of like you know, like the group land parcels which one could tie up with, with say Mahindra Lifespaces and Now something very similar to what one of your peer group has been doing, have we given some fair bit of thought, I am sure there is lot of land that could be unlocked within the group, so?

Sangeeta Prasad: Kunal, you have asked a good question because this is a question, not only a question this is a discussion we are having internally in the group as well. So obviously we are mapping lands which are available provided they are available for, one is I mean land available but if there is a factory in that and the factory is yielding results for the business it is in, obviously it will not be given to us, but if we have consciously started mapping on the land parcel that if there are any I am sure we will work together with the other part of the business to develop synergy and get a product in the market of choice.

Kunal Lakhan: Sure. One last one from my side, just on the FY20 guidance if you can, some guidance on the new sales or leasing, we have done well in this year, but going ahead with the launches lined up in Mumbai and Pune, Bangalore, what kind of new sales target that will be setting for ourselves and even in terms of leasing what kind of targets do we have?

Sangeeta Prasad: We are always monitoring lead indicators. So I am going to give you the lead indicators and you can do a little bit of easy maths on that. So two Mumbai projects for mid premium, one Mumbai project for affordable, so three of them, I am sure you have the total sales potential of that. But the launch will be a tactical process depending on what we want to launch as first phase and then there is a compact project in Chennai which we intend to launch in the last part of this financial year. Then we are bracing ourselves for the other two land parcels which we have done agreement for purchase which are Pune and Bangalore one. So these are the slew of new launches. In the ongoing projects, we are looking at some launches of phases in Pune and Bangalore

and that is how it is shaping up and as far as sustenance sales go, you know we did around 690 odd crores of sustenance sales in the last financial year. I am very much of belief that Subhorov who is our National Sales Head and his team will be focusing on the launches and bringing into fruition a very healthy growth as we have seen in F19. We would like to see healthy growth of sales in 20 years as well. So purchase wise launches in both the segment. As far as the industrial clusters and integrated cities go, Mahindra World City Chennai will be focusing on the commercial inventory, getting customers for that. We already had in Q4 one small commercial inventory sale. We will be focusing on commercial. In Jaipur, we will be focusing on as you rightly said the multiproduct SEZ, we have a healthy pipeline of industrial but also focusing on the non-industrial area. We are talking to some healthcare and hospitality and educational customers for the nonindustrial area. So we are now focusing widely on Jaipur and deeply. So earlier we were only focusing on industrial, now we are focusing on nonindustrial also. And ORIGIN Chennai having got two customers already of marquee pedigree, getting more and more customers into ORIGINS Chennai and launching ORIGINS Ahmedabad. So that is the focus. So operating lead indicators in residential, lead and lag indicators together in the world cities.

Kunal Lakhan: The only thing is that these indicators have been there for FY19, like we were expecting both the Mumbai projects to come through in FY19 but they haven't really come through. So how should we look at like in terms of, first of getting these launches going and secondly like how confident are we of selling especially in a muted Mumbai market currently. Also, any clarity on what kind of products we are planning in Sakinaka and Andheri will be helpful.

Sangeeta Prasad: So, I think you would appreciate that we had 3 launches in last financial year. Those were in the waiting that is why we got them out. The reason we could not launch the Mumbai project was not because of preparedness from our side, but after DP 34, it has taken a while to get the transition policy clarity. So the moment we got the clarity, we have submitted as I said for both the projects, the necessary. There is some good progress on both the projects, but I would not like to comment unless we get all our approvals going. So the Mumbai project will certainly be launched and we are preparing in such a way followed by the Roots and the Centralis launch which had good performance. We will be doing the same for both the Mumbai launches. Both the products are one as you know is in Sakinaka, the other is next to the Vivante project which is in Andheri East, both are mid-market projects for the people in that segment and I would like Subhorov to add a few lines on both the projects.

Subhorov Roy: So, I mean both the projects are as Sangeeta mentioned is targeted towards the mid-market customers, we have seen a very good success in the earlier launch of Vivante and we are launching next to it. So we have a good base there and we are in the process of delivering that project. In the Sakinaka belt, we are very bullish that in that market the segment that we are going to target and the ticket size that we will be working up on will generate good traction and Mumbai will see again the success which we have generated in Roots and Vivante, we will replicate that and we are very keen to make these launches successful as all of us we are all talking about it.

Kunal Lakhan: At Sakinaka, we will be launching compact 2 beds or even smaller configuration?

Subhorov Roy: So, we have a mix of both, I mean we have a compact as well as slightly larger 2 BHKs, but we have the variation which will address both the segments, I mean the clients were looking at a little compact as well as slightly larger 2 BHKs.

- Kunal Lakhan:** But not 3 beds or higher configuration?
- Subhorov Roy:** We have a compact 3 BHK configuration also.
- Sangeeta Prasad:** But it is a very, what should I say a very rational mix. We are not going over board or the largeness of the unit. That is very clear.
- Moderator:** Thank you. The next question is from the line of Anupam Goswami from Stewart & Mackertich. Please go ahead.
- Anupam Goswami:** So, in the last year, in Q4 '18 we see a lot of main projects in the higher segment, some valuation of 1 crores and above, so this year it has tapered down and you know more concentrated on the mid level in 50-75 lakhs. So is our strategy to focus more in that segment?
- Sangeeta Prasad:** So our strategy is to focus on mid income segment and mid income to mid premium as we call it in our lingo. So the idea is depending on the geography because the mid income product in Bangalore will be different from the mid income product in Mumbai and if you look at the quarter-to-quarter performance when we launched Roots, you would have seen a different mix, because Roots was in Mumbai. When we launched Centralis, you would have seen a different mix because Centralis is in Pune. So a mid-market or premium location in Pune has a different price point than a mid-market or premium location in Mumbai. So that is the reflection. So our focus will be and is and will be only on middle class, middle mid premium in the Mahindra Lifespaces and in Happinest in the affordable segment. So obviously a product which is Rs. 20 lakhs in a certain relevant geography will not be 20 lakhs in Mumbai. I am just giving you an impression of where we launched, which geography also determines the share of sales volume.
- Anupam Goswami:** And ma'am, currently how much land bank are we carrying?
- Sangeeta Prasad:** So as we have bought land bank in the last financial year of around 2 plus million square feet, but we have earlier land bank and all that adds up to around 4 million square feet.
- Anupam Goswami:** And going forward by FY20 if we see how much are we looking at?
- Sangeeta Prasad:** We are actively seeking land as you know that we have done 2 plus million square feet land purchase in F19, so we will be looking at better figures.
- Anupam Goswami:** And ma'am if you can give an overall view of real estate sector in the country and especially in those regions how are we doing and how has it improved and also inventory balance over the players, how is it moving there?
- Sangeeta Prasad:** So real estate as you know has gone through a lot. First of all, the good things which we see in the medium to long term is the way the government and authorities are trying to bring transparency and symmetry in the real estate space. So whether it is RERA, whether it is GST, whether it is Ind-AS that is having short term impact on the way we operate, so what we are seeing is that operating performance, responsible building and selling and delivering on time are becoming the most important mantras. These short-term and opportunistic like many builders and developers had come into the real estate space whenever they had a little cash they came in and

they got money from the customer and used this somewhere else or that is becoming a thing of the past. So there is a certain consolidation which is happening in the market place, stressed lot of people who behaved irresponsibly are falling by the way side. So I reinforce and summarize good for trusted developers like us who have maintained prudence and being mindful in the market. This is the right time for people like us to grow and win. That is also reinforced by the fact that customers who are nowhere in the picture earlier in the industry, people like us who are conscious and got all our projects launched with approvals collected rightly did not go overboard in our collection, only when we did some work, did we collect, we delivered on time. So customer confidence is evident from our launches is with trusted developers like us. So that is the second brownie point I would say for people like us. It also gives us an opportunity for looking at assets on different category, not only greenfield, looking at different forms of transaction, we are looking at joint development with like-minded partners. Also funds who had deployed if I may say fairly irreverently in the past are looking at partners to whom if they deploy funds they will see that the fund is safe and will deliver returns. That is the overall, as far as demand is concerned, demand uptick there has been subtle in select geographies, price uptick still hasn't happened, but demand uptick for credible developers is better than the overall market.

Anupam Goswami: Ma'am, last an accounting question. As per Ind-AS 115 we are booking the revenue after and when the project is completed but as per the expense construction cost, are we booking at as and when it is incurred?

Sangeeta Prasad: See, in accounting you have, when you recognize revenue you recognize cost of construction or cost of goods sold. But fixed expenses which are period expenses are recognized or expensed out in the period. Have you got it?

Anupam Goswami: Yes.

Moderator: Thank you. We will move on to the next question. That is from the line of Amit Dalal from Tata Investment. Please go ahead.

Amit Dalal: One of the big pluses that I saw in your result was that you have a net debt which is negative which perhaps in your industry is very difficult for any company to claim today. Do you see yourself remaining on a low debt zone for another 2-3 years or will investment start taking up quite a lot of the capital and perhaps we will have to leverage the balance sheet slightly?

Sangeeta Prasad: So first of all thank you for noticing. So what I would like to say is we have to be more prudent and wise. Let me elaborate. So Mahindra as a group always believes in mindful aggression and that we will continue to do. But we as I said earlier, to Anupam I think that we are now in the rightful position to grow and win. So we will be using funds wisely to grow. So some level of leveraging will be required. We are also looking at as I said joint development opportunities. We are looking at, people are from other funds are talking to us. So it will be mix of sourcing funds, it will be a mix of our robust cash flow, all that will contribute to the growth strategy of this company.

Amit Dalal: You declaring more dividends, as a shareholder I would be perhaps clamoring for higher dividends as the profit grows?

- Sangeeta Prasad:** So you will have to decide Amit that what is a prudent mix, a balanced mix and I will be happy to have a discussion with you. Dividends, of course we will give dividends as we have always given. But how to balance between dividend and growth I think you also are clamoring for if I remember correctly to see us growing prosperously together.
- Amit Dalal:** Lastly, I had one question. There has been some news right now that even prime builders like Oberoi are finding the market softening in areas like Mulund and even its Kandivali launch. So given the fact that this Andheri launches are going to be prime importance to Mahindra in the year FY19-20 I hope you all will perhaps launch it keeping in mind whatever compulsions that the market place might be bringing to you at that point of time.
- Sangeeta Prasad:** Of course. That is why timing of launch is as important as the launch itself. So what is the surround sound so timing of launch is extremely tactical, pricing of the product we cannot decide before, so the first target is to get all our approvals so that we have heft and leverage to decide on the launch time. So we have to balance between, do we launch today or tomorrow versus what is the market place like launching today versus tomorrow. So those are the decision which make a launch successful and effective.
- Amit Dalal:** And pricing like you said, yes. Anyway, thank you very much.
- Moderator:** Thank you. We will move on to the next question. That is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** So, my first question was with respect to Jaipur sunset clauses, which essentially means you won't get to have two different products that we were able to offer to our clients, one was with tax benefit the other one was the DTA. So basically, in Jaipur on SEZ side we said we have 600 acres of area which is yet to begin to monetize and it will be very difficult for you to get done in this entire area in a single year so which essentially means you would have to carry this area to next year as well and in the subsequent years you would have to sell it. Essentially, I mean till this time we have two kind of products right to offer to our customers, one was with tax benefit and there was one more which was DTA wherein I mean was plug and play kind of concept. And after sunset clause I mean after 31st March 2020 you won't get to have this differentiation. So how would that change your marketing strategy for these projects?
- Sangeeta Prasad:** So you are right. One of the things which you are seeing is, it is not only us but our customers who are in SEZ space wanting to come into and starting work so that they can take advantage of the sunset, so that is one what should I say, win-win situation. The other thing what Mahindra World City concept offers is just not the SEZ benefits, it offers an ecosystem and we have seen that customers prefer being in that ecosystem so that they can take benefit of the shared services or being in a market, you know what Prem, we have seen that the customers who want to supply globally want to be in a place like us because when their global customers come they feel very confident that this is the right place and this is the right pedigree of supplier from whom we can buy. So there are multiple levels. One is obviously buttressed by the fact of the benefits which SEZ gives and that is why we are seeing a pull and there is added traction on going and capturing those customers. More so, there are SEZ customers who want to expand in the SEZ area. So there are 2-3, these are the traction strategies and also some DTA customers who want to also compliment their supply side by being in SEZ as we have global aspirations. So this is the way we are looking at it. And I don't want to comment, I am sure you are

aware there was a committee formed by the government of India to look at all these SEZ rules and regulations of which one was this and let's look at it, there could be something happening there but I am not the right person to comment.

Prem Khurana: Sure. And just to understand this better. How long does it take our client to be able to come and set up or commence operations if they were to buy a land today?

Sangeeta Prasad: I have Sanjay Srivastava with me, the business head of Mahindra World City Jaipur. He is totally clued in and he is ensuring that his customers start construction and operations as soon as possible. Sanjay some data on that?

Sanjay Srivastava: Yes Sangeeta. So typically most of the customers who come in, it takes about 6 months to 9 months to get their first week of thing going operational and that is the timeline they are keeping in mind, so that it will be the first phase, it goes operational before April 1, 2020.

Prem Khurana: So does that mean, I mean whatever we are able to sell till let us say September 2019 is what would be operational by March 20, right, and which is where people could be able to claim tax benefit and if you could also explain me and why is that we have this gap of almost 30 odd clients between operational and the total count we have in terms of clients in Jaipur and it has been there for a while I mean, operational client is almost 30 lower than the number of clients that you have?

Sanjay Srivastava: Sure. There are two things, one is as I said that while typical timeline is 6 months to 9 months there many of the clients which also are going for another round of expansion, in that case they move much faster. The last financial year also actually the one of those 6 is an expansion. The other thing also is typically when clients are making their business plan it is a long-term plan, so they have that business plan in mind and keeping that in mind they go ahead and take the letters of approval as well as the lease deeds and then as the capacities for their existing plans are getting exhausted they plan for then making things operational. So that is how you would also see a gap.

Prem Khurana: But then sir some of these clients have been sitting there with us for last 2-3 years now because over the last 2 years what we have added or rather last 3 years we have added 21 clients and 35 clients are yet to go operational. So which essentially means it has been 3 years they are sitting on land and I think essentially we used to have certain policy wherein I mean we do not want people to buy land, sit on land for 2-3 years.

Sanjay Srivastava: Sure. Absolutely. So what we do is two things, Prem. One is that all the clauses contain a commencement of construction and commencement of operations in their lease deed, so that I am sure. Secondly, the list which we are doing what is also happening is some of the clients who were earlier in that list have moved to work in progress or construction and the new clients have got added. There is a very small percentage of clients, more specifically from small and MSME segment who because of their end markets not doing well have deferred their plans. So that is a small number which is still has not got operational and we work very closely with both them as well the development commissioner to enable them and encourage them to move forward and go operational as soon as practically possible.

- Prem Khurana:** And on Aqualily we are sitting on some 120 odd unsold units, then the projects seems to be moving little slow. So any incentive that you would be willing to offer to kind of push inventory there? Same if you could explain for Boisar because there again we were almost 20 odd percent of units are still unsold, I mean while the project is already delivered. And I was always under the impression that affordable housing moves better than your mid premium, then I look at let us say to the Centralis, we seem to be moving better on these two projects when compared to affordable Boisar.
- Sangeeta Prasad:** Yes, you are right that Aqualily is not moving as good as our Boisar is. These are the two projects. But I will give you some statistics. Aqualily we did some rework on our strategy on Aqualily and we got the compact homes there because we decided not to build large homes and we could get compact homes there and we are at present doing an aggressive sales and marketing strategy, so that this gets out in this financial year. You know, we launched LakeWoods in last financial year. So in a same location as much as you have distinct segment, Prem, what we have realized that is why staging is very important. There will be some amount of cannibalization. Now that the first flush of romance on LakeWoods, it has gone into sustenance. We see Aqualily also, some of the leads from LakeWoods actually flowing into Aqualily. And on Boisar also...
- Arvind Subramanian:** So Prem, on Boisar it was actually a deliberate hold back last year. We were originally slated to complete the last phase of Boisar in second half of FY20. Advanced it by about 6 months to complete it in March 19 and the strategy was let us complete and then sell so that customers get the benefit of the post OC without GST etc. So there was a deliberate hold back in sales. It is now back in the market starting April and it is actually getting very good response.
- Prem Khurana:** Sure. And just last if you could explain this Gurgaon MoU that you have done? So I am assuming that the Bangalore and your MMR transaction were the transaction which were explained in the last quarter, right?
- Sangeeta Prasad:** So the Gurgaon MoU is again not large unit but smaller compact unit. I would refrain from going a little more on the Gurgaon, any of the MoUs because these are in early stages of discussions after the MoU and I would say that let us move forward on the MoU discussion and then we get into a little more definitive agreement or something we will come back to you. It is not specific to Gurgaon but any other MoU, we deliberately, sometimes what happens is too much information may lead to little bit of you know what.
- Prem Khurana:** Is it possible to share the size of this project, the Gurgaon, I mean if it is possible?
- Sangeeta Prasad:** Yes. It is around 1 million.
- Prem Khurana:** Okay, sure. And just one last I mean if you could explain this significant jump in our collection number. I mean this quarter we have done seriously well. I mean it is almost around 301 odd crores and how much of this would have come from Luminare because if my memory serves me right when we launched with Luminare we were offering subvention scheme where in the buyers are supposed to pay 40% upfront and 60% was supposed to come at the time of possession. So is it part of it is because of essentially we have been able to deliver Luminare in this quarter, I mean, do you...?
- Sangeeta Prasad:** As you know we got the OC of Luminare in Q4. So once we got the OC so we believe in once you get the OC we have a rigorous quality assurance process of getting the unit customer ready, so we spent some time because

we believe when we are handing over we should do a thorough of between CRM projects and facilities management, we go through each unit. So we actually started intimating the customers a few days after that, a few weeks actually after that. It is a premium project, we want our customers to be happy. So we did start, some handover have happened and we kickstart, we collected around 24 crores from Luminare out of the 301 crores.

Prem Khurana: What is the sustainable number that one can live with, I mean as far as your collections are concerned because 301 crores seems to be an aberration because I mean when I look at our bookings on a quarterly basis we have been doing around Rs. 150-Rs. 200 odd crores kind of numbers. So essentially, I mean if I were to have the same run rate in terms of booking for a while my collection shouldn't be significantly different from the number that you are in terms of bookings?

Sangeeta Prasad: I wish my CRM Head was sitting here. The very fact that we have done 1000 plus crores and in booking there is a certain amount, that amount will go as collectible item and whatever is the past milestone, so I do not see Prem, the whole idea is, the moment you build traction and that has been my hypothesis when I met you earlier, the idea is to build lead traction that will enable us to therefore put in a machinery which is collect faster, collect better, sell better, sell faster, buy land and it is that machinery. So, I am not at present worried or constrained though, take whatever is coming today, don't worry that if it is taken today it will not come tomorrow. So, one word, one in a hand is worth much better than two in a bush. So do what you are doing today very well. That is the mantra.

Moderator: Thank you. We will move on to the next question. That is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Ma'am I just wanted to understand how do you set the targets for the BD team?

Sangeeta Prasad: Any clues you want to give before I give my target setting mechanism?

Parikshit Kandpal: No, I just wanted to know the thought process.

Sangeeta Prasad: I will tell you the thought process. The thought process is very simple. The thought process is we have charted out in the medium to long term a certain growth aspiration. On that basis, we look at what do we have today and we do we require tomorrow and day after and what is the lead time. I will give you the process of how do we do it. Then we break it into what kind of balance sheet do I want. So what kind of transaction mix should I have, then I break it into those transaction mix. And the third which we said earlier is looking at what kind of deals do we want in terms of, there is an opportunity in the market place, there are stressed redevelopment deals, can we look at also type of deals. So first is quantum which is based on our projections of what we want to be. Second, type of transaction; third, type of land parcel, this is how we do our BD target setting and therefore another which markets and micro markets, so it is a very fairly comprehensive process. We of course don't get carried away that we get into such a, we don't tie ourselves in knots. The idea being the first level which is getting the right guard rail definition is most important that what kind of scale, what kind of profitability and which kind of market.

Parikshit Kandpal: So I mean is there a number, I mean we have continued to...?

- Sangeeta Prasad:** Of course, there is a number.
- Parikshit Kandpal:** So is it possible for you to share like how much you are looking because last year you did 2 million square feet of land tie ups. So how much you are looking at this year, you said this number will be much higher than last year, but...?
- Sangeeta Prasad:** Last year, it is not much higher. There was no land, so we did 2.1, that is why we have beefed up our team as you know that for both Happinest and Mahindra Lifespaces, we have built separate team so that they can focus on the markets of choice specific to the segment. So the numbers are as we want to grow.
- Parikshit Kandpal:** So this year how much will be targeting to like tie ups that you have mentioned?
- Sangeeta Prasad:** We are targeting lands in Mumbai, Pune, Bangalore for both the segments.
- Parikshit Kandpal:** Yes. I know. Some million square feet, I mean....?
- Sangeeta Prasad:** We will talk to you later separately.
- Parikshit Kandpal:** Okay ma'am sure. Second thing would be the lands which have already been tied up, how much, it is a financial commitment and how much of that will be incurred in this year?
- Sangeeta Prasad:** So, all 3 are outright, we have done a nominal already first tranche payment. All the payments once we get the landowners or we deliver those milestones, all 100% of all the payments will be done in this financial year, if those milestones are met. But the moment the milestones are met, the good part will be, we will be also almost launch ready.
- Parikshit Kandpal:** This will include the Gurgaon land also or...?
- Sangeeta Prasad:** Gurgaon and what we spoke about our MoU. MoU precede definitive agreements. The MoUs are that is why I don't want to get into conversation. MoUs need a lot of discussion and they are fairly at an early stage. For the MoUs, so for us in land, like in sales you have lease, MoUs are hot lease for land. That is all I can say.
- Parikshit Kandpal:** If all these fructify excluding the Gurgaon MoU, so how much should be the outgo in this financial year, suppose if all...?
- Sangeeta Prasad:** So some of them are joint developments. So as I said earlier, one of the targets we have set is the healthy mix of outright joint development.
- Parikshit Kandpal:** What will be the land CAPEX ma'am, I want to know in this year which already you have committed for these three?
- Sangeeta Prasad:** You are coming back to the same question again and again and I am trying to calculate. So let me finish my calculation and I will come back to you.

- Parikshit Kandpal:** Okay ma'am. And lastly this funding will be done by internal accrual or are we looking at some investor money also coming in because you said earlier in the call that you are trying to tie up with some third...?
- Sangeeta Prasad:** You know for each project economics also and the type of project determines the source of fund. So obviously what you asked earlier about robustness in collection that will be a very good input into sourcing for land. The second is as I said joint development will also bring down the CAPEX requirement for land. We have a robust balance sheet. So we are looking at a prudent debt as well as funding platform if there are like minded partners. For instance in Happinest, in Happinest it is already tied up with HDFC. So there we don't, we have that platform on which all these investments, actually we need to get the lands to deploys the money there and here in Lifespaces we are looking at a healthy mix of transaction and a healthy mix of source, cash from operations and input from debt or JV platform as the case may be.
- Parikshit Kandpal:** Okay. So from next quarter onwards we can expect at least we will meet that target of launching one project every quarter?
- Sangeeta Prasad:** As I said earlier to some, did I tell to you or the person previous, timing is a tactical event depending on whether it is the right time. So let me give you an example. If there is a place where it is raining heavily would I launch it? I may not or I may depending on what I see if no one else is launching I may take a contrarian view or I may take a view no, this is not the right time because the customers will not be able to come in and see, it is not the right time. So these are all tactical and the idea is like we did 3 by 4, obviously we would like to do 5 by 4, why 4 by 4, we would like to do but we should be not foolhardy in launching mindlessly.
- Moderator:** Thank you. We will move on to the next question that is from the line of Mahavir Mehta an Individual Investor. Please go ahead.
- Mahavir Mehta:** Ma'am I would like to ask you one question. When we will monetize land at Thane which is 55 acres and second one when we will monetize land which is in Pune, it is approximately 500 acres and third one in Raigad which is 1300 acres?
- Sangeeta Prasad:** There are some approvals remaining for land in Thane. We have to straighten it out so that it gets approved for land use. So it is good thing that the 3 lands have good value in our books. So when we will monetize or do whatever, we will only benefit from it, huge benefit. But it is important to do the needful to get it approved. So this is about Thane. In Pune you know that the land is at very low cost in books. We are now focusing in that to bring access. Because if there is no access there will not be any value. I hope you understand.
- Mahavir Mehta:** Yes.
- Sangeeta Prasad:** The main thing in these three is we are trying to make the land value ready. Like in Murud, we have entered into a state support agreement with government, now we will submit DPR and if the concept master plan gets approved, the inherent value of the land increases. Otherwise if we monetize now then the value that you will get will be less. So this is the strategy, that is to bring it to a point from where the value will increase and then we will think what to do. So that is the focus of this year. First get the approvals, prepare the land.
- Mahavir Mehta:** Okay, second thing, is there any plan to sell FSI in Jaipur, residential?

- Sangeeta Prasad:** Yes, it is there. Hope you will be the first customer?
- Mahavir Mehta:** Yes, sure.
- Sangeeta Prasad:** You are from that side?
- Mahavir Mehta:** Yes, I am.
- Sangeeta Prasad:** Okay. This is in our list. There we are looking at commercial and social, like hotel and all that so that it will become one good integrated place.
- Mahavir Mehta:** So what will be your vision on residential, affordable or IC & IC?
- Sangeeta Prasad:** Vision will be what the people there buy. There are many types of customers in Jaipur, you are from there, right? So we are looking for such type of customers because the land is huge. So there it will not work with a single particular scheme, we have to do social, residential and types of residential. So, this year the focus is fully on that. We have done some study and have received some inputs. So there is need to bring some anchors like school, hospital like that so that the value still improves. Then residential people will show more interest.
- Moderator:** Thank you. We will move on to the next question that is from the line of Prakash Kapadia from Anived Portfolio Managers Private Limited. Please go ahead.
- Prakash Kapadia:** Sangeeta wanted to get your sense what have we done right amongst our key residential markets and specific micro markets segmenting if you could comment? So is it you know just the location of identifying specific solutions to customer like you know Mumbai greenery could be a concern, non-security is a concern. So if you could share some of your thoughts on that would be helpful.
- Sangeeta Prasad:** True. You have actually raised a very important element because look, it is not only the macro geography, it is the micro market of that geography which determines success or failure that is one and I will first give you the filters and then go specific to our launches. Second is timing of launch. When do you launch a project? Is it the right time and I have delved up on it little earlier but I thought let me reinforce that point again. So these are two and then the product, what is the product and what are you offering to your customer. These are the 3 elements. So if you look at our Roots project, Roots project is in the busy suburbs of Kandivali East and it is a project which is priced very compactly and very optimally. So you know the price was between 1crore and 1.7 crores. That would be the ticket size of the product. So therefore and it is a very small project. So obviously you cannot but we have spent some innovative areas on how to get that, so called common areas we better, what is your landscaping strategy, what kind of amenities are you giving. Similarly for the Centralis Pune, this is for the mid-market, for young couples, so again what are the facilities we are giving for young people? What kind of play area are you giving? All that is very specific to that micro market and also the type of customer because the Centralis unit is selling at 45 lakhs to 70 lakhs between that range. So, the type of customer and you know it is very right when we are launching the next project Vivante, the strategy and the whole amenities, the whole positioning will be very different from Centralis because I am not going to attract customers like Centralis, they will be different kind of customers. And also, how do we leverage our current and past projects in selling? That is why micro market leadership is extremely important rather than preying ourselves and going

to different micro markets, can we focus on micro markets where we already have a presence. So that customers know if I have a Vivante next to it, what is Vivante offering me, I know I will get something of similar profile. So you know as we get into real estate what I am seeing is what you deliver, how well you deliver, when you deliver will determine as we focus on micro markets your future launch success. So that is why we are timing the project while we have not got the approvals but by timing will be when my I get completion of you know the project Vivante gets completed people can see it what we are delivering, feel confident of the product and then they buy into the next one.

- Prakash Kapadia:** That OC should come in the next few months, right?
- Sangeeta Prasad:** Yes, that is what we are pushing for.
- Prakash Kapadia:** One financial question, on the cash flow statement, Slide #19, the 1646 crores, assuming you know status quo, what is the timeframe for this to be realized and upside to that will be new project addition, right? Is that understanding correct?
- Sangeeta Prasad:** 19?
- Prakash Kapadia:** Yes. I think there is 1265 crores of cash flow from ongoing projects, cash flow from future 381 so that is total of 1646 crores.
- Sangeeta Prasad:** Yes. So we are seeing. The median would be 3 years.
- Prakash Kapadia:** And the upside is newer launches, right?
- Sangeeta Prasad:** Yes, of course. So this is ongoing and completed. Then you have launch of phases of ongoing project which is around 1700 crores. This is 1700 plus you have your new launches, new launches of new projects.
- Prakash Kapadia:** Yes, upside is new project addition or?
- Sangeeta Prasad:** Yes, 1650 is all projects which are already ongoing including new launches of those projects and phases of new all those projects plus new launches. This is not included here. So 1650 is not included Acme, I mean the Sakinaka, Andheri, those are not included.
- Prakash Kapadia:** Okay. Last thing, Vivante we have not done much of effort and the projects sold through very easily. So what are we currently seeing specifically in that area Mumbai, are we seeing, I think you mentioned pricing is still not coming through in terms of price increases. So what is our sense? Will say Phase II near Vivanta the next project be at a higher price, similar price, what are the price trends specifically in Mumbai?
- Sangeeta Prasad:** So you are right that Vivante was a good sell out that time. We expect the same, touchwood, fingers crossed, we expect a similar impactful launch happening. So, the price point I am sure will be better. So what I told you was a generic view on how the real estate market is today. While there is a demand uptick in select markets, prices are not following the same trend. But the positive thing is people have started buying from trusted and respected developers.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for their closing comments.

Sangeeta Prasad: Thank you. You know, your questions are always, I am so happy that you all go through and ask questions which are relevant which helps us to communicate and articulate what we want to. And therefore, I just thought let me conclude with similar aspects of what our focus areas are. I know during the question answer you ensured that I told you what my focus areas are and the team's focus area is. We will continue focusing on the elements of operational performance which is land, launch, completion and collection. Not only on those four but the time between those also. Shortening the time between and concentrating on, so whether it is the two Mumbai project, whether it is the third Happinest project which is in Kalyan or the new lands which we have tied up in Bangalore and Pune. The idea to launch them well and launch them fast gets sales on the book. Then completion of three phases in this financial year will be key. Focusing on the industrial segment, on getting customers harnessing the multiproduct SEZ the sweet spot, the sweet time period as well as focusing on commercial and social in Mahindra World City Chennai and Jaipur. ORIGINS Chennai has already gained traction; we hope to see that continuing. ORIGINS Ahmedabad focusing and getting all our approvals, launching the project, gaining traction those will be the areas and of course using mindful aggression in fulfilling our vision of right to grow and win. Thank you and look forward to all your assertions, all your questions and all your advice. Look forward to meeting you all soon. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Mahindra Lifespaces Developers that concludes today's conference. Thank you for joining us and you may now disconnect your lines. Thank you.

(This document has been edited for readability purpose)

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