

“Mahindra Lifespace Developers Limited
Q2 FY20 Earnings Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the Mahindra Lifespace Developers Limited Q2 FY20 Earnings Conference Call hosted by ICICI Securities Limited. 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 telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities Limited. Thank you and over to you Sir!

Adhidev Chattopadhyay: Yes, Thank you. Thanks everyone for joining us on the call today. From the management today of Mahindra Lifespaces we have Ms. Sangeeta Prasad, Managing Director and Chief Executive Officer, then we have Mr. Arvind Subramanian, Chief Executive Officer of Happinest, there is Mr. Vimal Agarwal, Chief Financial Officer of MLDL and Mr. Sumit Kasat, Head of Investor Relations. I would now like to hand it over to the management for their opening remarks.

Sangeeta Prasad: Good afternoon friends and welcome to our Q2 FY20 earnings call. First of all, I would like to wish all of you a very festive time and Happy Diwali in anticipation. So how has been the last six months, the last six months has been what I would say a mix of good and bad, overall the market sentiments have been fairly muted not only in India, but over the world and some of those ripples have been felt here as well. The retail and real estate sentiments have been muted, we have seen some of the leading FMCG company’s comment on how even the rural push has been tedious forget the urban one, real estate few launches, good brand launches have done well. Sustenance sales have seen tedium specifically mature construction cycle projects have seen sluggishness in sale because the people wait for the OC and the so-called GST relief for doing their purchase, so the government has of course in the last couple of months I think Friday has been their favorite day, try to bring in some relief in terms of tax, in terms of stressed asset fund, but I guess all those will see some respite as we go along and we in the real estate business surely know that launches will be a key indicator of how we grow and I am happy that post our Vicino approvals in September, we did a launch of the first phase of Vicino in Andheri and the initial response has been very good and I suppose that we will be motivated to launch the few subsequent phases of Vicino very soon also.

Let me share something specific. The quarterly sale, sustenance sale as I said we did not have any launches in Q2 so sustenance sales of residential was around Rs.106 Crores. One of the things which impacted as in Q2 was the whole cancellation aspect of Luminare. You are all aware that Luminare was launched in a burgeoning Gurgaon market sometime four years back, five years back and that time the prices were at its all-time high. The market

was an investor market, so investors were buying and we had a 30, 70 payment scheme which encouraged investors to buy. Not only us but the whole of the Gurgaon market has gone through tumult in the last few years, pricing, the type of people who buy has all undergone a drastic change, so the price at which we and our relevant competition is selling have been a 30% to 40% reduction in the pricing in the Gurgaon market, so when we got our OC, many of the investors did not want to stay on because their whole objective was to see an appreciation which is not seen in the Gurgaon market and which was actually a large depreciation in fact, so some of them approached us and they were wanting certain, if I mean say inordinate concession, so we decided that it better to clean up our books, get the cancellations done, as per RERA do the cancellation forfeiture and move on, so that the new sales happen at the right price and we are not clouded by impending cancellation.

So in the last quarter we saw around 22 cancellation amounting to around Rs.90 Crores odd and we expect that in this quarter also we will see some cancellation, but the good part is that the sales of Luminare where we sold around 38 units. I am talking about gross sales, at the corrected price levels. We are seeing, now that the club house is ready, the first phase is looking good and the common areas are looking good, we have seen a certain uptick in the Luminare sales. So I just thought I will proactively share with you what has happened in our project in Gurgaon so that we are all in the same page. I am happy to take further question as we go along. There have been a focus on finished good sales, so whether it is Antheia, Aqualily, we have done finished good sales in the quarter, Windchimes while it contributed to the total sales which was of Rs.106 Crores, but we are expecting now that in this quarter we will see an uptick in the Windchimes sales now that the phase 2 OC is up and about.

As regards the collection I think eye on the radar as we say in today's tumultuous world is stay in cash, so that has been our motto in the last few quarters and collections have continued to be robust. So we collected Rs.258 Crores in the last quarter in the residential business.

Completion, we saw the completion of Vivante and Bloomdale, Vivante was a much-awaited completion, we were expecting it in Q1, but because of the OC getting delayed, we could implement the revenue recognition of Vivante in Q2 and Bloomdale one of the phases got completed. Actually H2 is the period where we have a lot of activity in sight, whether it is in terms of completion of Palghar phase 1 or Bloomdale one of the few phases, the Windchimes phase 2 a big one which I said the OC has already arrived and Avadi..

The **launches** are also as I said earlier, phase 1 of Vicino launched, subsequent phases to be launched soon. The project in Sakinaka and I think the most exciting thing we are looking forward to, and Arvind will take up on that a little later, is the Happiest Kalyan launch.

Now we are expecting that with the other approvals for launch being ready, we should be seeing the launch sometime in November, so that is one thing we are all as a team looking forward to, we have done enough seeding work in the market. And then we have the Pune project which we are also bracing for launch in the last quarter. So this will be hopefully an exciting quarter and an exciting half. Diwali is one thing we are all looking forward to.

As regards to **land**, I had mentioned in my quote that land again we are doing a mindful evaluation of all the land parcels so whether it is Happinest or the Mahindra Lifespaces Mid premium brand. One of the things we are keeping in front of us is the partner risk specially when we are doing asset light models of joint development. So we have around seven to eight deals between the two business segments which are ready to be cooked and signed off in terms of term sheet and definitive documentation subsequently, so those are things which we are focusing on in H2.

As you all know the macroeconomic environment has been very muted, so the World City part of the business has not seen the expected traction which we wanted to, while there are deals in the pipeline, between Jaipur and Chennai we have done about Rs.18.3 Crores of sales during the quarter. Pipeline is good, but they are not converting into actual deals because of the apprehension of some of our global customers have in terms of the India's macro economy and the demand which is not looking very bright.

Origins Chennai has signed another MoU in this quarter which we expect to – I cannot share more because it is confidential to convert into a lease deed in this quarter., The Origins Ahmedabad is in active discussion with one of the anchor customers which is an MNC, because we believe it important to get the right anchor customer which paves the way for future.

This is how Q2 was and how we are looking forward to the rest of the year in terms of future launches completions as well as getting institutional sales in the World City part of the business. Now more of the Happinest business I would hand over to Arvind and ask him to share with us a little more detailed update.

A Subramanian:

Thank you Sangeeta and good afternoon to everyone. On the Happinest business, on the three projects that are already ongoing, there has been steady progress on all the three fronts.

As you know Boisar, the entire residential development was completed in Q4 of last year with the final set of OCs received. There is a small retail portion which will be completed, and we are targeting to receive the OC in the next month or so and that will ensure the entire development is then completed. The sales have been steady. We have had a

challenging monsoon as everyone is aware and that has dampened site visits particularly in Boisar, but we are now looking at reasonably good pipeline of walk-ins and conversions over the next few weeks. In Avadi, we have sold out all finished good units. We have two blocks under development both of which are going to be delivered significantly before the promised timeline, one of the blocks in the next two months or so and the other one by first quarter of next financial year and Palghar as well had fortunate situation of having to deal with customer complaints around why we are constructing so fast, so it is a question that I would love to yield and again on Palghar we are targeting to deliver well before at least six to nine months before our committed timeline. As Sangeeta mentioned the big event on the horizon is the launch of Happinest Kalyan which will happen in the month of November as per current course. We have been preparing well for that, we built out the distribution; we built our proposition and our communication plan and are looking forward to a strong and impactful launch there. Let me hand over to Vimal to take you through the financial highlights.

Vimal Agarwal:

Thank you Arvind. I will move onto financial performance for the quarter, the consolidated total income stood at Rs.329.8 Crores as against Rs.120.3 Crores in Q1 FY20. The consolidated EBITDA stood at Rs.20 Crores as against at Rs.19.4 Crores in Q1 FY20. Your contribution levels were due to project mix and lower contribution from JD and Associates impacted overall EBITDA margin which is at 5% in Q2 FY20 versus 16% in Q1 FY20 and we will discuss more about it. The consolidated PAT post minority interest stood at Rs.15.8 Crores as against Rs.12.9 Crores in Q1 FY20. Just covering a bit on debt. Company has an overall Rs.40 Crores of net-debt on consolidated level at Ind-AS classification. At gross level that is about Rs.255 Crores at a rate of about of 8.85% while the cash in hand is Rs.215 Crores. The cost of debt has improved from 9.1% to 8.85% during the previous quarter and we do expect the reducing trend on cost of debt to continue in the coming quarters as well, as RBI has taken accommodative stance on the overall debt cost. I would now request to Sumit to take over from here.

Sumit Kasat:

I think we are happy to take the questions from the participants. We will wait for the question queue to assemble, then we can take the questions.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from the line of Kunal Lakhan from Axis Capital. Please go ahead.

Kunal Lakhan:

Good afternoon. On the cancellation, this gross sales of 38 units at the corrected price, were there some part of these gross sales from the cancellations which got renewed at the revise pricing or these are like fresh new gross?

- Sangeeta Prasad:** These were fresh sales.
- Kunal Lakhan:** In that sense like this 22 units that were cancelled, did any of those buyers not show any interest of revising at the current prevailing prices?
- Sangeeta Prasad:** Kunal, good question, there were some who were investors in the earlier regime who were retained at a certain price, because we also did not want to jeopardize by giving to unwarranted, uncalled for demand which would have actually impacted the current market sentiments also. So wherever we believe that it was fair to give a discount or an incentive we did that and therefore we have retained quite a few also, but wherever we felt that the investors are looking for something which is unforeseen and uncalled for, we decided that it is in good order that those customers are cancelled and we follow the right rules as per agreements and RERA.
- Kunal Lakhan:** In such cancellation, the buyer has to let go off for all the government levies right, I mean you will just return the money that was – the booking amount?
- Sangeeta Prasad:** Certain amount is forfeited, and we have followed the rule of the game in that as well.
- KunalLakhan:** Sure. And you also mentioned in the opening remarks that there could be some cancellations in Q3 also, some indication on that?
- Sangeeta Prasad:** What we have done is we have done a renee of all the potential customers who had bought at higher price, we are very confident of some of the retentions where we have discussed some payment terms or something which can help them alleviate some of their concern, but we expect that there would be a few cancellations even in this quarter, so I would say the number could cross double digit, but not very high double digit.
- KunalLakhan:** Sure. Okay and secondly on the response to your Vicino launch, I believe it is a mix of one and two BHKs, if you can highlight what is overall mix of like between one and two BHKs and what is the typical ticket size of one and two bedroom?
- Sangeeta Prasad:** As I said Kunal, we launched the first phase which was a combination of one and two BHK variants and they were around 65 units which we launched, and we have seen already early booking of more than 50% of the number of units.
- KunalLakhan:** And then the pricing and ticket size here?
- Sangeeta Prasad:** It is a mix of one, two and the last phase has a mix of few three BHKs as well.

KunalLakhan: Sure and how do you plan to bring in supplies since you have already sold like 50% in the first phase, so how do you plan to bring in supply in the coming quarters?

Sangeeta Prasad: We will be bringing in supply in the current quarter itself, because seeing the initial response people are looking forward to a mix, this was an initial kind of touch feel in the markets, apart from the 50% which I am saying is almost like committed booking, there are others who have – they have given in the initial amount for EOI, so looking at that we will take a call to release some more inventory in the subsequent months.

KunalLakhan: And just last one from my side, the new launches you mentioned that Kalyan Bhiwandi will come in November and Sakinaka, did you mention anything on Sakinaka?

Sangeeta Prasad: I did mention Sakinaka, so Sakinaka,... we are in hot pursuit of all the approvals as you know in Mumbai, everything is good excepting the complexity and the duration it takes to get the approval, so I believe that the way it is going either late Q3 or Q4. We have to be also very timing conscious Even for Vicino we got all our approvals late in Q2, so what we did was, seed the market because we had the RERA and did channel partner meets and did some marketing overtures, prelaunch and then when Navratri came, the later part of Navratri we decided to go to the market. So we will be following the same premise, launch timely and wisely so that we get the best benefit of it.

KunalLakhan: Alright, that is helpful. Thank you so much and all the best.

Sangeeta Prasad: ThanksLakhan.

Moderator: Thank you. We take the next question from the line of Himanshu Upadhaya from PGIM India Mutual Fund. Please go ahead.

Himanshu Upadhaya: Good afternoon Madam. My question is on the NCR Luminare two phase, where we had sold around 30% of the inventory, so similar amount of price correction would also have to be done there and are we seeing cancellations, means 22 what we spoke, was it only for phase 1 or also in phase 2 and how do we think about selling even in Luminare two, how do means by maintaining those clients or what are we thinking and second question was JD project okay so 50, 50, how does the reduction in value of the project impact us or on the profitability, can you give some idea on what impact would it be? How much of the impact would be on our P&L?

Sangeeta Prasad: As you know you are right that this is the JV platform where Actis and we are the JV partners, so as we always say that... you always look for a sliver lining in a cloud, so it is 50, 50 that was in a lighter note, but on a serious note as I said that this is all for the Tower A for which we have got OC and therefore the cancellation which I spoke about are

pertaining to Tower A, as of now the Tower C is an ongoing project which is expected to get its OC sometime in the middle of next calendar year. We are seeing as I said that between what we sold..so we should not get clouded by the fact that in 2013, 2014 what the prices were and feel, we are obviously taking corrective action, but the current market as I mentioned, we have sold 38 units which are organic sales. So we are seeing an uptick in the market, but at the right price and that is what we are now focusing on and when we get into the next part of calendar year when we get the OC we expect prices and traction both to improve.

Himanshu Upadhaya: In Luminare 2, for the incremental sales would we have also reduced prices, because when one we have reduced the prices, so Luminare 2 also would the prices reduction would be there and for the existing people who are there already into the system or who have bought in Luminare 2, what is the feeling, will they remain or they can also exit and how much was the premium discount of 2 versus 1, can you elaborate on these three points.

Sangeeta Prasad: So Himanshu we know real estate market it is cyclical so sometimes people do buy at a certain price the whole idea when they do or they look at the arbitrage benefit so the people who have canceled would have seen that it is better to give the cancellation forfeiture and still they believe that funds can be used better somewhere. The ones who have retained had seen differently by the way. See the same people were willing to retain at a certain price levels and some were not. So the decision is unique to the person who is taking the decision not a mapped decision because every human being does not behave the same way. It would be difficult for me to predict how will the behavior be, because one thing we are seeing is there is a cleansing in the market. What has happened also in Luminare the other thing I would like to highlight, when the Tower A people bought versus people buying now in the six months, what we have done is we have invested a lot of effort in the readiness of the common areas. So if you visit the project, there is a sense of arrival, the club house and the common area is done. The rates have come up. So that is also giving traction to potential buyers and so even the existing buyers who have retained and for the Tower C which is a second phase, the way people are seeing the project is much better than what they saw it a few months back apart from the pricing. Also, the current pricing is at substantial discount from what it was launched at and price correction was not specific to us, it was a thing specific to the Gurgaon market.

Himanshu Upadhaya: The JD was it on profit sharing or the project is on area sharing or can you elaborate on that for Luminare 2?

Sangeeta Prasad: Luminare 2, Luminare 1 is housed in a JV platform, which also has Windchimes. It comprises not just Luminare, JV also has Windchimes, which is as you know has been one

of our better performing project. So when the JV will be evaluated it will be evaluated in a composite manner..

Himanshu Upadhaya: Okay and secondly we had spoken that we have increased our team size on procurement of land and launches for new projects, how are the developments happening and we had hired people for the four zones, can you elaborate where are we in that, have those team stabilized, what are the challenges you are facing and what is the thought from here to one year and with the NCR such a severe price correction or have we also seen price correction on land is it becoming more attractive or how are you looking at that market now?

Sangeeta Prasad: You have answered all my questions, your questions are very rhetorical and I can understand Himanshu you studied the real estate market very well so let me go one by one, yes thank you for remembering this I think two or three quarters back I had spoken about reinforcing our land team, the land team reinforcement has happened in two ways, one is giving sharp focus on the Happiest kind of land and the mid premium so both Happiest BD team and mid premium team have been reinforced. Second is the regional aspect and also we have got mix of the quality of people, mix of people who have come from different developers who know how to handle different kinds of transaction, so those are the two to three things we have taken into account. So now the teams are stabilized. I think it is public knowledge that in real estate both land buyers and home sellers are going through a tumult. You know, there is a fair amount of tumult in the market so when I am going to buy land and since our strategy has stressed assets, asset light models, partner risk is one of the key things. Consciously we have rejected a few so called lucrative deals where we were getting very good assets, because when we saw that the partner risk would have actually jettisoned us in future. So if you ask me what is the most important thing we are looking at, it is the mix of land buying but also looking at who is the partner, what is the risk he carries because if I am doing an asset light model and if the partner has an inordinate risk on his existence, it will jeopardize our growth plan. So the two to three things we are looking at is, am I able to look at a piece of land where we have the approvals ready, where the designs are ready, where approval is ready, can I go and launch it faster. So some of the deals we are negotiating are on that account. Then when we are looking at Greenfield the type of deals there we are in advance negotiation are with credible say manufacturing company where the title is fairly sorted out so that we do not have problem on title and the third which is the mix of both is can we do joint development and when you have a manufacturing company as your joint development partner the risk of chaotic real estate players reduce. Land owners in India always live in a world where they believe the price of their land is much more than they think it is. So if you ask me there is still an opportunity to browbeat them if I may use the word because people are unwilling sometimes to accept that land has to be sold at a lower cost keeping in mind that the ultimate product which comes out of it, which is a home, the price of that is not growing ,people have been waiting and watching in the land

space, but gradually they are coming round because when they see there are very few buyers and they need that cash to do something else they are coming round. So it is taking a little time but we have seen in the last couple of months people coming round and coming down.

Himanshu Upadhaya: Okay thank you from my side.

Moderator: Thank you. The next question is from the line of Faizal Hawa from H J Hawa. Please go ahead.

Faizal Hawa: Just a question and are we within ourselves thinking as to some new models which could come around like co-working or co-living spaces or even student accommodation. Is there some thought process to develop that because finally the problem of housing is acute, but somehow it is not being affordable so may be it needs a different model that is one. Second is are we using social media platform like Facebook or even LinkedIn to better target our final customers because I think Godrej companies have been able to do it quite well over the last six months or so and third is can we have a better customer experience center like using virtual reality or augmented reality so that we are able to address a much larger population of people where wanting houses rather than people who just come in walk in into our show flats?

Sangeeta Prasad: You spoke about co-working or co-living, there are two to three elements I would like to bring in, we will recall that we have made an early investment into a co-living space. We are in fact evaluating it in Bangalore, a couple of start-up guys who came back from US and invested in this space and they came to us one-and-a-half years back, we have invested in them. We are evaluating whether we can enhance that investment. This is helping us, so what is happening our line function people, the Business Head of Bangalore, Chief of Strategy, they are evaluating that investments and see what can be learnt qualitatively so that is one. The second is essentially in our World City this is a big model for one of the things we have is couple of years back with MNM, actually had a captive audience so we in Mahindra World City Chennai got in player who runs service apartments and they are now looking at expanding. So one is as a standalone business model, can we invest in co-living or co-working, we have done our early investment. Second is our World Cities this is becoming a credible platform. So some of our vertical developments we are actually looking at as I said service apartments also can I have block deal specially for our studio apartments with the co-living partners so that also helps us to as you rightly said with the type of consumption pattern changing in accommodation, helping built traction in our residential business, so we are evaluating that as well. As regards experience center, customer experience you are very right Faizal. In fact at the AGM we had a short conversation on that if you recall. We have actually again formed a CFT now to look at

what better softer and harder customer experience we can give to our customers because we all know it is important to target the genuine customers. So, we are doing that. As regards using AR and VR, we are using it selectively and appropriately depending on the market we are serving. Even in Happinest we have experienced center for our projects in Borivali. We have experience center in Borivali. In fact for Happinest Kalyan, we have built an experience center and even for Vicino what we have done is while we have site office and a site experience very nearby in a regional office we have created experience center and as we go into markets where the audience is young and are looking at AR and VR, we are using it extensively in all our projects. A large part of our Vicino, market seeding has been done through social media. I do not know whether any of you have seen the meerkats and the lions and the cats kind of being our brand ambassador in furthering the cause of Vicino sales. So, we have used social media extensively whether it is Twitter, whether it is Facebook or LinkedIn and we will be using it extensively in future Faizal and anymore ideas do let us know we will be happy to take care of those as well.

Faizal Hawa: Thank you Madam.

Moderator: Thank you. We will take the next question from the line of Arpit Ranka from Koval Investment Company. Please go ahead.

Arpit Ranka: A couple of questions from my end, just trying to understand what is happening at Luminare. So, if I look at the balance sheet, we have almost Rs.1500 Crores deployed in the subsidiary which carries Windchimes and Luminare and for asset light approach that we have is a fairly large commitment. So, could you explain what was the thought process and 30% reduction in realization what is the sort of loss we will end up as we get to the end of this project and any lessons that you take away from this project for doing future deals, which you said they are in the pipeline?

Sangeeta Prasad: Good question in fact we have studied the whole thing as much to understand what are the key learning so first you know the project is a composite of both Windchimes and Luminare one. So Windchimes has performed fairly well ,I should not be obnoxious and say very well so it has performed very well now that we have received OC for the second phase and we see a traction of the inventory in Windchimes with the OC. As far as Luminare is concerned it is too early in the day if you know we had three phases in that projects, the first phase is for which we have got the OC and we are consciously cleaning up the investor sales because we do not want to just live in illusion so that my new sales happens at the right price and I get traction as I said we have prepared the common areas and the club house well and you are seeing heightened interest. So, we have Tower 2 which will be completed sometime middle of next year. We have first of all stopped any kind of 30-70 in that market because we believe that is not the right payment term at present we should encourage in that

market. Then we had the third tower, which we are looking at what should be the product mix how should we launch it when should we launched it. So, it is too soon in the day to pass a judgment on the ultimate fate of that project, being composite having both the projects we will see that both should come up well. The learning is that when we do joint development also in an asset light model what we have done is key learning from there is actually identifying guard rail. Now let me explain what the guard rails are. The guard rails are not only from the Luminare learning but some an overall learning that as a company if you want to be productive, guard rail should be both on the higher side and the lower side in terms of how much what should be the minimum scale of a project, this is not from Luminare. This is an overall thing that, am I going to be doing project which give me a turnover of Rs.150 Crores to Rs.200 Crores in three years? not worth it. You will leave the same kind of human resources, same kind of thinking, so can we do projects which are larger in nature. So we also have guard rails on the higher side what should be if it is asset light or outright, what would be the upfront even if it is joint development or by what should be the upfront investment in a project, so we have also done. This is what we have now institutionalized as a process so that we do not go overboard while we are venturing into growth in my earlier conversation you heard me saying about mindful aggression. So aggression should be good but it should be mindful of where the market is, how much investment can I make in a particular deal, and keeping those guard rails. So even the land team puts up a proposal to any of us, we are very clear that if they going beyond the guard rails either below or above we surely... first of all they do not put up so many proposals like that if there is one or two exception we look at it very, very cautiously and mindfully.

Arpit Ranka:

So that is helpful. So another question which I had is on the scale element of our business so if somebody goes back and looks at company from 2003 to 2007-08 even at that point in time we used to do one million presales and almost similar run rate on the business development on average every year there and it has been almost 10 years since we have actually not been able to keep up even that run rates let alone growth and of course and aside to that we have built up the team over the last two years and we are talking of scale but still there is nothing concrete the sort of comes out as yet, so is it something to do with the market that keeps surprising you in a negative manner or is it a case where you are still trying to find a good strategy that work for us?

Sangeeta Prasad:

So, I do not think first of all every time we think the market does not surprise us because the market has been always very surprising, so it is nothing to do with current situation with surprises. Yes, the last six months to one year has been tumultuous not only for us but for the market in general but as you rightly said you know, we have beefed up the team, we have sharpened focus on Happinest and mid premium separately and some of those are showing results in terms of the way we are trying to speed up the launches the way we are evaluating land, you will be seeing we have spoken about this earlier, you will be seeing

short-term notwithstanding. I am very optimistic about H2 because we have a flow of launches lined up and some advance deals, land deals which are under active and advanced stage of negotiation. This should yield us results in future and a good part is that there are two units which are working on it parallelly which is affordable and the mid premium. Earlier they were all together and we were finding diffusion of purpose. Now there is a sharper focus in purpose, but as you real estate the results will show in sometime.

Arpit Ranka: We understand that and actually this is not the case that...?

Sangeeta Prasad: We got 1.6 million square feet of completion even in our sales we crossed the 1000 number for the first time. We are expecting with our H2 in place if you get all our approvals we should be doing better than that.

Arpit Ranka: Okay thanks a lot. I will join back in the queue.

Moderator: Thank you. The next question is from the line of Nisha Karn from Unifi Capital. Please go ahead.

Nisha Karn: My question is actually on World City Jaipur, so what is the outlook in that project. So do we see changing in the light of recent changed tax rate, has it improved because of that factor?

Sangeeta Prasad: So the tax factor is a multi-splendored reform which the government has come up with. It has you know... so we are evaluating if I would not pass a judgment on it just now because come exemptions then you have a certain tax structure, without exemptions we have a certain tax structure as you are aware Nisha but coming to Jaipur, there has been a certain if I may say issue because of the sunset clause of SEZ. As you are aware we were expecting in the finance bill this time an extension of the sunset clause for the SEZ because we had converted our spare products specific SEZ into multiproduct last year and if you see last year's sales the traction was on multiproduct so there is a certain deceleration there but we gathered because we are part of our committee which has made a request to the government to extend the sunset clause that will be a major... if that happens that will be a major traction for the SEZ part. On the DTA we have a healthy pipeline but looking at the macroeconomic environment not only for Jaipur, it is for Origin Chennai, Ahmedabad, or Mahindra World City we are seeing a certain sluggish in decision making. I am sure some of the customers who have intent in investing in the India market and who have come in MNCs actually take a long time but once we decided they do come in. So I am expecting that some of the active leads which we have collected in H1 will get converted in H2 and we wish ourselves all the best that the sunset clause does get extended however if it does not we have also done contingency of how we can change the product mix which wears

towards the domestic tariff area, we have that plan in place but we are waiting because we do not want to put a plan in place and the extension does come in.

Nisha Kaarn: Got it madam. Thank you. That is all from my side.

Moderator: Thank you. Ladies and gentlemen that seems to be the last question for today. I would now like to hand the conference back to Mr. Adhidev Chattopadhyay for his closing comments. Over to you Mr. Chattopadhyay!

Adhidev Chattopadhyay: On behalf of ICICI Securities, I would like to thank everyone for joining us on the call today. I would now like to hand it back to the management for closing remarks. Thank you.

Sangeeta Prasad: Thank you Adhidev so once again wish all of us a very Happy Diwali. We are all bracing up for all the launches and the completion, stay in cash is very important today's tumultuous environment while we go and cautiously and mindfully buy the land to fulfill whatever the aspirations we have for growth and sustainable growth for that manner. Thank you.

Moderator: Thank you very much. Ladies and Gentlemen on behalf of ICICI Securities Limited we conclude today's conference. Thank you all for joining. You may disconnect your lines now.

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