

“Mahindra Lifespaces Developers Limited Q4 FY-20
Quarterly Results Conference Call”

May 15, 2020

MANAGEMENT: **MR. ARUN NANDA – FOUNDER CHAIRMAN, MAHINDRA LIFESPACES DEVELOPERS LIMITED**
MS. SANGEETA PRASAD –MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, MAHINDRA LIFESPACES DEVELOPERS LIMITED
MR. ARVIND SUBRAMANIAN – CHIEF EXECUTIVE OFFICER, HAPPINEST AND COMPANY OPERATING OFFICER, MAHINDRA LIFE
MR. VIMAL AGARWAL – CHIEF FINANCIAL OFFICER, MAHINDRA LIFESPACES DEVELOPERS LIMITED
MR. SUMIT KASAT – HEAD OF INVESTOR RELATIONS, MAHINDRA LIFESPACES DEVELOPERS LIMITED
MODERATOR: **MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day. And welcome to the Mahindra Lifespaces Developers Limited Q4 FY-20 Quarterly Results Conference Call, hosted by ICICI Securities. 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 Mr. Adhidev Chattopadhyay from ICICI Securities. Thank you and over to you, sir.

Adhidev Chattopadhyay: Good morning, everyone. On behalf of ICICI Securities, I would like to welcome everyone on the call today. From the management we have with us Ms. Sangeeta Prasad –MD and CEO, Mr. Arvind Subramanian – CEO of Happinest and COO of Mahindra Life. We have Mr. Vimal Agarwal – CFO, and Mr. Smith Prasad – Head of Investor Relations. I would now like to hand it over to the management and for their opening remarks.

Sangeeta Prasad: Thank you, Adhidev. Good morning, everyone. And welcome to our Q4 F20 and annual F20 earnings call. I would first like to share that you are keeping well, keep safe, and take all necessary precautions in these times. And I would like to thank all of you for participating in this conference call.

I would like to inform you that today we have with us Mr. Arun Nanda, Founder Chairman of Mahindra Lifespaces. As you all know, we admire him for his passion and drive. And he was very keen to connect with all of you in these times, as he has always been a leader who drives from the front. So I am very happy to introduce Mr. Nanda once again to all of you, you know him already. Mr. Nanda would like you to share your thoughts and how you look at the future. Over to you Mr. Nanda.

Arun Nanda: Thank you, Sangeeta. And good morning to all of you. I hope you are keeping well. All your family members and your near and dear ones are keeping safe and healthy. And I pray that you continue to be safe and healthy. I normally don't come on investor calls, but there are three reasons that I thought I will come and explain to you; one, why did the management suggest and the Board agreed to take the extraordinary provision of Rs. 200 crores, a one-time hit.

As you know that Sangeeta expressed her desire in early February to be relieved in February and she was gracious enough to accede to my request to continue till 30th June to ensure smooth transition and finish all the work that she had in her hand. And I would like to share with you what the Board has decided yesterday. And I would also like to talk about the post COVID situation and how are we planning to deal with it.

Let me first start with this provision. This provision is primarily for a project called Luminare, which is a joint-venture between the landowner and us in Gurgaon. There is a company called Mahindra Homes Private Limited, where we are a majority shareholder. And they have two projects, one in Bangalore, which fortunately is doing well. And we have a project in Gurgaon called Luminare. This project was launched in 2015, when the market was buoyant. And since

then we have all seen softening of, particularly the NCR region, we saw both the muted demand and we also saw significant drop in prices as high as 30%. There is a problem there of NCR, which is faced by many developers, is that it is a very investor-driven market. And that is why although we had a lot of bookings, we saw significant cancellations and that led to the current situation. I must compliment the management, they came back and said that let us be prudent, let us be cautious, and let us take a one-time hit and explain to the shareholders why we have done it.

Please appreciate three things. One, the candid approach of the management to come forward and take such a large provision. Two, I have repeated it more than once, that it is prudent, it is taking into account the current situation of COVID and post-COVID. And it does not mean that the market may not go up. And the third thing, which is very reassuring for you, is that on a cash basis, we will make profit on this project. It's not going to be a cash loss. If you have particular questions, why this? I am sure, Vimal Agarwal – the CFO, will be able to explain to you. But I am on a recorded investor call telling you that we will be cash positive, we will not make a cash loss on this project, and it is the accounting entries that have come. And we have been, to use the world, extra cautious in doing that.

Let me also give you one another piece of information, which again talks of the quality of management. Sangeeta, Arvind and every project leader, zonal leader went through every project that we have. And wherever required, adjustments have been made. And I do not foresee any problems related to legacy projects in the future. Of course, we don't know what COVID will do, but based on our estimates, we have been conservative, and I don't see any other problem coming in the future. And I wanted to give you a reassurance that this is prudent accounting, this is conservative accounting. And it is because we are a part of the Mahindra Group, we caught the bull by the horns rather than growing it. And there is no other thing that I, as a Founder Chairman, who has been associated with Mahindra Group for 47 years would worry about. And I want to thank the whole management team for being courageous enough to take such a large hit.

The second point I said I wanted to talk to you about leadership transition. Sangeeta joined us in 2008 and has been a pillar of our business. She is a lady write-off, comes with a lot of passion, enthusiasm, good governance practices, highest values and a very driven leader. In 2013, she took on leadership of our Integrated City business. And in 2018, she was appointed Managing Director and CEO when Anita left. Her contribution in each of these roles has been enormous, her passion for the business and the people is palpable. Over the past two years since she took over, she has been focusing on two things, she had green agenda, operational performance and some of those things that you have seen in the F19 sales and collections and all that. And the second is a strategic direction. She has taken a lot of exercises and she has put a lot of processes in place. Unfortunately, she has not the benefit, but I can assure you her successor and the organization will reap the benefits of all the hard work she did.

As you know, I mentioned to you that she wanted to resign. For me personally I have been very comfortable with Sangeeta, as I mentioned you, her value system, governance standards and I always knew she would bring the bad news first to me if there was one. And it was she who brought this Luminare issue to me. And, you know, in the real-estate business values and governance are very important. And the other thing she did well was that she was prudent whether it was in land buying, she was prudent not to chase commercial real-estate when it was the flavor of the month, and I will thought why I am saying that. And they were also prudent to not just go and say in a press release we have launched. Early March when we saw the signals of COVID, the Tathawade was ready for a launch, the project in Bombay was ready for a launch, but she herself pulled back and said we will wait and see.

Thank you Sangeeta. We will miss you. But we understand that at this stage of your life you have other interests that you want to pursue. And on behalf of all the investors, I want to wish you the best.

Let me talk a little about Arvind. Arvind has touched my heart in more ways than one. He looks a quiet person, but he is a very strong leader. And you have seen how he managed the Kalyan launch and how in a month, he has sold more than 80% in this market. But there are two things that I admired most with him, his zeal, passion on one side, and his disruptive thinking, what conventionally we used to call innovation. And you saw some of it in Kalyan, but I know what he has been working on affordable housing. And that will be a game changer to the affordable housing system. I want to wish him luck. And let me assure you that we are going to be the leader in the affordable housing segment. And I will come to that later, so let me get back to Arvind.

Arvind, after he did engineering from IIT joined Tata in the prestigious Tata Administrative Service. After working for a couple of years, he went to IIM to do his MBA. After IIM, he joined BCG, and at a fairly young age he was a global leader of certain practice on consumer, I don't remember the word. Anyway, he was a partner and he was a senior leader. After 15 years in BCG, he joined another real-estate developer, and he was one of the regional CEOs. Arvind has built a strong team and shown there is an opportunity to disrupt the market with superior products and customer value proposition. To ensure smooth transition, the Board later part of February appointed him as a COO, and he has been working closely with Sangeeta for these last few months for a smooth transition. And let me assure you, from my review meetings, I can tell you that there will be no gaps in transition. And here again, I would like to thank Sangeeta for all her cooperation and the zeal with which she is making sure that nothing falls between the gaps and the transitions. The Board and I believe he will continue to build on the good work done by Sangeeta, while bringing his own unique perspective and energy.

Let me move to the current situation. We believe, that for the following reasons, we will weather the storm better than other people. A) we are in the two segments of the business which will revive the fastest, the industrial products and mid-premium and affordable housing.

Let me start with the industrial products. You have all been reading about how Trump and some other countries have been talking about China, and the geopolitical situation is going to change tremendously. I was very pleasantly surprised that the Japanese Prime Minister, Mr. Abe, made an announcement about a month ago to say that we will give incentives, Japanese Government will give incentives to Japanese companies to move out of China. And it's not a small figure, it's billions of dollars equivalent. As you know, Sangeeta had signed a joint-venture with Sumitomo, Mahindra Group has a very strong relationship with Mitsubishi. And she has already started a dialogue, both with Sumitomo to access Japanese customers and her team has been in touch with various state governments to ensure that Mahindra World Cities and Mahindra Origin will be the first port of call when these investors do visit us. We are also in touch with all the CEOs of the corridor, the Delhi-Mumbai, the Delhi-Chennai, the Chennai-Bangalore, Delhi-Calcutta.

And as you know, in the old days we have an agreement with Gujarat Government to develop Dholera. But we are actively pursuing, and even day before yesterday you saw Mr. Modi, again, focusing on this. And we are reasonably optimistic about this. But the point I am making is, we are the only people who have this credibility and the experience to do it. And one of the best compliments we got was when BMW started production in less than 18 months from the time they signed the land deal. If you go to any of the private lands or the government land, it takes you three to four years just to get off the ground. And here, because of our ready infrastructure, 18 month, a company like a car manufacturing plant, which is the most complex, not to talk about, could start operations in 18 months. We have still huge land banks in the projects in Chennai, and over 1,000 acres in Jaipur. Plus, we have 300 acres in Origins in Ahmedabad, may be 50 acres here and there, the developable area. Plus, we have been accumulating land not very far from Pune, it is less than half an hour drive from Pune.

The other things that I want to talk about is that we have a strong balance sheet. This is something that Mahindra Group is very particular about is cash management. And that's the only thing the Corporate comes and asked you. We have done all permutations and combinations of the cash we have, the cash flows that we will get and the cash flows that we have to pay. As you know, we are a very lowly leveraged company. And given our cash position, we will weather the storm without any problem, and I am using the word, without any problem.

I don't think we want to venture retail and commercial office space at this time. And I am glad that we did not have any exposure to that class of assets, except two small assets. We have a building in Delhi, which is more or less fully leased out, and in Mahindra World Cities, especially in Jaipur, we have some old customers, but we have nothing which we have to go and look for a customer. The affordable housing segment, according to me, is the fastest to roll out. We have land banks which are already tied up. We are thinking what to do with our Thane land and how to position it for affordable housing. Originally, we had kept it for IT SEZ, but Arvind and team are closely working on how to do that. We have other land banks which I will let the management talk about. We have a phase of launch to be done in Palghar. As you know, Palghar recently was made into a separate district with a district headquarter. And more important, in both the statements of the Prime Minister Modi and Nirmala Sitharaman, they have talked about

affordable housing, particularly in reference to migrants. And there was also an announcement yesterday or day before that they are looking at PPP for rental in affordable housing. And I think that will give a huge flip to it, because there are a lot of funds who were looking for steady income, and this is not a market like commercial that suddenly people decide to start working from home or work goes away. This rental is a steady state income.

So I am quite positive on that. Mid-premium, I personally feel will start opening up in the later part of the second quarter or early third quarter, if COVID comes under control. And people will preferably look for ready-to-move houses, and we have things to offer in that segment. We are fortunately not in the luxury segment which is going to be affected. You have been asking Sangeeta about land bank, I cannot talk about it because we are still in different stages of negotiation. And let me tell you that the company has been handed over by Sangeeta to Arvind in a very strong position. Please don't go by one year's accounts, the accounting standard coupled with the one-time provision is not a reflection on the health of the company. I assure you that happier days will be here soon. And I look forward to talking to you in happier days soon. In the meantime, I will sign off by saying, God bless you and your families with good health to tide over the current position. God bless.

Sangeeta Prasad:

Thank you, sir. Thank you for sharing your thoughts so candidly. It gives all of us assurance and confidence. And yes, we all know, we have the capability that you explained. And also you have shown us that areas of focus, and I am sure the team led by Arvind will focus in a directed manner to take the company from here to much, much higher areas and pedestals. So, now, sir we will...

Arun Nanda:

I just want two points before I go. One is that Arvind will take over as Managing Director and CEO from 1st of July. Second is, that the management will talk with you in detail about performance. I have a meeting of Mahindra Holdings, which is starting in the next few minutes, so I would like to be excused at this stage. But should anyone have something specific, please approach us through Sumit, at an appropriate time we will get back to you. Thank you once again. God bless you all.

Sangeeta Prasad:

Thank you, sir. So, once again, good morning friends. I think the Chairman has laid out the future vision for us, the focus areas are specific, as well as shared with you that we have the resilience and the robustness to leverage the future.

So I will quickly go through the business performance of Q4 and F20. Some of it which is available with you, but I think it's important that we discuss it once more. As you all know, many of our key operating entities like Homes, Happinest and MWC DL, MWC JL are not consolidated on a line-by-line basis, thereby not reflecting the overall organization throughput. With that footnote, if I may say, I would like to start with the specifics. In the residential business, we actually did Rs. 818 crores of sales in the last financial year. If we consider the Luminaire cancellations, which you know is a significant amount, which is around Rs. 150 crores, the net

sales would be then Rs. 670 crores. But I would like to compliment the team for Rs. 818 crores, because there have been effort on that direction to get that number.

Yes, we missed the number of a four-digit which we had in F19. We were wanting to repeat that number. However, we decided in March when two of our launches the Chairman spoke were ready to launch, we decided that it is wise not to launch at that juncture and wait for the right time so that we repeat our successful launches. We also achieve the quarterly sale, triggered and catalyzed by the Happinest Kalyan performance of Rs. 397 crores. And we expect that such performances will continue as we move on and as we have built our robustness on the sales and launch excellence.

Then I will go with, one of the things during this COVID time, I would like to say that the employees have really stepped up a lot, they are working from home, balancing home and life and ensuring they are connected with the customers, both existing and potential. And using the digital as a mechanism to connect with them, and also ensuring that we try to get all our collections and some sales. And as we go along, we will be using digital as a mechanism, as a catalyst to effect our business much more successfully and efficiently.

I mentioned to you earlier, we consciously took a call not to do some of the launches, which would have given us sales figures and helped us achieve better numbers. But circumstances, and unusual ones at that, sometimes tell you to take unusual decisions. The only two launches we had as organic launches were Happinest Kalyan, which you know, I had spoken to you in Q3 in detail, and Arvind will further speak about it. And we had few other phases launch at Boisar, Antheia which were ongoing projects. The new product launches which were planned in Q4 F20, as you are aware that Bombay land and Pune land, the Chennai land and the ongoing phases of the Vicino project will be launched timely and wisely to leverage customer sentiment, and we will observe the market and we will keep you informed on that.

Now I will go to the collection. And that's where I feel that in a market like this, uncertain market, rigor on collections is a key driver for future resilience. So here again, there has been a miss, we would have loved to cross the four-digit figure for the second time over for the company, as we did in F19. But last month of the year, as you know, we had to slow down on collections because customers had other sentiments which was plaguing them. So we have reached Rs. 930 crores, would have loved to go to the four-digits. The Q4 collection was Rs. 197 crores. The new loan approvals, as you know, are progressing at much slower pace. So we will see in the short-term a muted collection, which we expect with all the effort and the collaboration of the financial entities and the government, things would improve.

During the year, we had a completion of 1.07 million square feet. And we had in Q4 completed 0.18 million square feet development in Bloomdale and the commercial area in Happinest Boisar.

I will spend a few minutes on the construction activity because of COVID circumstances. As you know, it came to a complete standstill due to the lockdown. Then there was a phased resume of work in various sites, which keeping all the compliances as well as the safety and well-being of our stakeholders, we have started work in the areas and the sites where we could. But I think all of us know, today the country is going through something much more. The migrant labourers are in a certain shape we all need to have compassion. Many of them want to go back home, rightfully so. So we will still see muted construction activity, and as things improve and we put mechanism in place as a country and as developers, we will see construction activities progressing.

Land pipeline, we have been continuing to engage with landowners. I know in the last quarter I had said that we were in advanced stages, we had consciously and wisely done is we have kept engagement hot and warm, yet we are completing all our negotiations. And we are doing in-principle agreement, but also keeping in mind the current situation. Setting expectations with the landowners that the commercial terms may undergo some changes as we proceed into the future. We have seen cooperation from the landowners because they believe people like us will stick to the fact, will pay them. So, we will see some opportunities there and we will talk about it. So at present, in mid-premium, we have six-plus active deals, which are, as I said, in warm and hot stages of negotiation, both in the outright and JD phase across Pune, Mumbai and Bangalore. Arvind will touch upon the affordable land parcels as well.

IC business, yes, the year was muted for the IC business in totality.

Let me be very candid with you. The macroeconomic scenario was not helping us, while we had strong lead. But there is a silver lining and I think the Chairman touched upon it. As a pleasant surprise, I would say, while we were in touch with the customers and leads were hot and pertinent, we actually in the month of March signed some late sales. The people are feeling comfortable and confident to come into the World City kind of an ecosystem because they see it as a much more safer and hygienic place. And here I would like to compliment the World City team, that the amount of positive feedback I have got, and the management has got, for both B2B customers and B2C customers, reinforcing their confidence that World City ecosystem in these kind of circumstances and environment is the best place to be. They can start work; they can live better because the density is lower. So I think there is a method in the madness which we have started, and we must leverage this opportunity.

Then with Sumitomo we are having active discussions how we can leverage the Japanese shift from other geographies to our geography, we are working on joint plan with them. We are making our positions and plays right to the state government. We are participating in committees to bring an investment in to this country, and at a national level, with the Group's support, we are also trying to put in recommendations for policies which will attract investment into this country, and specifically to the ecosystem which we have built.

So, I will pause here and just step back and say, whether it is mid-premium affordable and IC, we have the robustness and the resilience to leverage the future.

Now, I will touch upon what the Chairman spoke to you about, a one-time impairment we have done on account of our project in Luminaire.

People may think in uncertain difficult times, what are the type of decisions we take. And as management we felt it was prudent and we need to be abundantly cautious, and uphold the highest standards of corporate governance and take bold decisions. And I think I must tell you, we all rallied around each other, the Board gave us support. And he said, "We must take a one-time exceptional provision in our books, so that when things improve we would be much better". And I know you as our prudent investors will understand and appreciate such a decision. The good part is, there is no cash risk. We are going to be cash positive in Luminaire. As chairman spoke about, we have evaluated all our projects in fine tooth comb, and we are good.

That's some comfort and assurance I want to give you as the outgoing MD and CEO when I handover to Arvind that the company is in good shape, and let's all leverage, work together well, get all our efficiencies and effectiveness to leverage the future. And as you all know, the impact of this one-time exceptional item is around Rs. 200 crores in the books of the consolidated financials, and around Rs. 240 crores in the standalone.

So, now, I would hand over to Arvind to take you through the developments in the affordable segment. I would also take this opportunity, Arvind, welcome to the new role from 1st of July. I know you and I have been working together for months, so you are totally clued in. Now, on to you for talking about the affordable business.

Arvind Subramanian:

Thank you. Sangeeta. Look, I think, last year, the affordable business, the highlight was Happinest Kalyan. As you know, we launched Kalyan in November of 2019. The launch itself was done in record time. We acquired the land on a Monday, did the conveyance, got our RERA approval the same Friday and launched it the following Tuesday. And that speaks to both the amount of preparation that had gone into the launch, but also the continuing ease of business in the environment.

The launch was met with great success. Overall, as of 31st of March, we have sold 901 units out of the 1,241 units, with over Rs. 305 crores worth of sales. So, it's been extremely well received, and this is despite the fact that it was actually the fourth big launch in that micro market in Q3.

The registration processes have also been going on very well. We had planned and had already set up, enabled ourselves for registration. Over 700 customers have paid their stamp duty amounts. By the end of March, before the lockdown came in, we had registered just under 300, about 270 customers had completed the registration formalities. So we see, as soon as the lockdown is lifted, we will be able to proceed to complete the remaining registrations as well.

And buoyed by the strong sales response, we decided to take up all the towers for construction in a single phase. It was originally planned as two phases of construction. But all seven towers and the multi-level car parks, all eight structures are being worked on together. We have progressed very well on construction. So again, before lockdown, we had already reached plinth of three out of the seven towers. And excavation has been completed for two more towers.

Just touching briefly upon the other Happinest projects, we also launched a new block in Avadi. There are two blocks remaining, so one of those two blocks was launched in early March. It got very good early response, but we had to pull back because of the lockdown towards the third week of March. Out of the 40 units in that block, 15 units were sold within two weeks itself.

At Boisar, we have completed all phases of construction and have now got the OC for all phases as well, including the commercial center. And we have around 100 finished units left there to be sold.

For Palghar 2, which is the second project in Palghar, we have all the approvals in place and we will time the launch depending on our read of the market as soon as we feel the market is ready to absorb that. We are fully ready from an approval perspective as well as a marketing and sales preparation prospective.

As Sangeeta mentioned on the mid-premium side, we have been very actively engaging with landowners on the affordable side as well. We have active negotiations, both in Mumbai and Pune. And we are following the same principle across both segments, which is, having a good faith negotiation with the landowners, but keeping a very explicit condition on the table that once the COVID situation is behind us, we will both reassess the right commercials depending on what the market scenario is at that point.

With that, let me request Vimal to take you through the financial highlights.

Vimal Agarwal:

Thanks, Arvind. I will now briefly cover the consolidated financials for the FY-20 as well as for the quarter ended March 2020. The consolidated total income is to be at Rs. 646 crores as against Rs. 654 crores in FY-19. The consolidated PAT, post minority interest, stood at negative Rs. 193 crores as against Rs. 120 crores in FY-19. For the quarter ended March 2020, the consolidated income was Rs. 111 crores, as against Rs. 85 crores in quarter three F20. The consolidated PAT post minority interest is to add negative Rs. 224 crores, as against Rs. 2 crores in Q3 F20.

As mentioned by Sangeeta, this amount includes the one-time impact on account of Luminare project. So far as debt is concerned, company has Rs. 99 crores of net debt on consolidated level as per IndAS. At gross level, debt is about Rs. 231 crores, with a debt cost of 8.66%. The cash in hand which we have is about Rs. 132 crores. Our cost of debt right now is lower than the previous quarter, which was 8.75%, now it's 8.66%

That is all from my side. You can open the bridge for Q&A from the participants. Thanks.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rajat Kamat from Anand Rathi. Please go ahead

Rajat Kamat: Actually, I don't have a question, ma'am. I just had a query before, but then it was solved.

Moderator: Thank you. The next question is from the line of Mahavir Meda, an individual investor. Please go ahead.

Mahavir Meda: How are you, ma'am?

Sangeeta Prasad: I am okay. How are you? How are you tackling the current times?

Mahavir Meda: Yes, everything is going good. Thank you for asking.

Sangeeta Prasad: Everything good at home?

Mahavir Meda: Yes, everyone good at home. Ma'am, I would like to ask four questions and I have one suggestion. First I would like to ask you, today Mahindra Lifespaces shares are available at 15% to 20% of its actual value, and 50% of its net worth. Why we don't buy back our shares? Or why promoters are not increasing their stake? That is our first question.

Second one is, any development on Thane land? Which may be in future our main area of earning. And any development on Mahindra & Mahindra land at Kandivali? Second one.

The third question is, any plan to cut expenditures as we skip dividend to save cash flow?

And fourth one, will we get advantage of companies shifting from China to India in IC & IC?

And I would like to give a suggestion, that we shall demerge our three companies like affordable housing where we have partnership with HDFC; second one the IC & IC; and third mid and premium housing, to unlock shareholders' value. That it. Thank you, ma'am.

Sangeeta Prasad: Mahavir, first of all, I must compliment you that you are a very connected investor, you are always keeping track, that keeps us on our toes. So thank you for that. So let me talk about first operations part, and then we will go to your first question last. So the first thing you spoke about was about the land. Basically the Thane land and company land, group land. Thane land, I would like to tell you that we have already worked a lot in the last one year to look at the product mix, what could be the right product there. And the Chairman touched upon it that we are looking at the affordable market as a very prime mover for that land. And that work in progress, before you launch, you have to do a go-to-market, you have to do a proper product mix study, a market study, all that is on. And as we go through in the future, you will see there is a lot of work also happening on the regulatory front, so we need certain approvals. So Thane is top of mind for us,

Mahavir, I just wanted to assure you. Because sometimes what happens, you are not able to see things in front, because there are things we cannot share with you upfront, it will go against the brain because we have to have some confidentiality. But I want to assure you.

And on the Group land, that is another initiative which we have started talking to the pertinent group resources on the land inventory. I again cannot tell you in specific, there is enough advanced work done on that. Yes, in the last two three months, because of the COVID situation, the discussion, because each one is prioritizing on their core business. As you can understand, having conversations on this have been a little slow. But last year, 9 to 10 months a lot of progress has happened. And I am sure as you stay with us and see things happening in future, you will see improvements and action. It even happens with backup actions, now backup actions are not available with all of you, because we cannot give you all that information.

Now on the expenditure part, you are very right, that we have created an organization which is on the scale, prepared itself for the scale. So sometimes you have to upfront some of the investments in expenditure, so that you can prepare. So for instance, let me give you an example. To prepare to make Thane go-to-market ready, you need a team, don't you? The operating team, regular team cannot work on it, then they will lose their focus on launching a Tathawade, or Happinest Kalyan or whatever it may be. So then you need a separate team. So at this point of time, unfortunately because of the accounting standards, all these costs get accounted for in the P&L, isn't it Mahavir. But if you ask me, as a business leader, I will think those costs are actually investments for future. Notwithstanding that, from last year we have started a rigorous activity on fixed cost management on all elements, administration, marketing, sales. We have already seen some improvements in that. In fact, even in the COVID situation, we have further accelerated that initiative, Vimal is leading that effort with the team members from all locations. And we will see improvements in that area, even in the fixed costs. So as Mr. Nanda was mentioning, Mahavir, there are certain actions we take, you don't see the impact immediately, because these are important, significant large initiatives.

The third you spoke about integrated cities. I think you are not asking a question, you were actually saying, "Take that opportunity Sangeeta and team". So point taken. The opportunity, as I mentioned earlier in my opening remarks, as well as the Chairman mentioned in his, that there is an active strategy in place, three-pronged, working with our JV partners, especially the Japanese one. Second, working with the state governments and participating in influencing the state governments to take some decisions for the betterment of the state as well as our city and working with the center. This is the three prong activity through which we want to reach out.

In fact, I would like to tell you, as I mentioned earlier, in the month of March, and this question, thank you for the four questions, it will help answer questions for others also in this call. What we have seen is, particular country actually signed a LOI for a Country Cluster in Origins, Chennai. Can you believe it? In the month of March, because they believe it's safer to come to this place. So these are some of the signs that give us confidence, that if we proactively work on these things. And this has been because of proactive work by the IC team for the last six to eight

months that the Country Cluster has signed an LOI, even in the troubled times, the uncertain time.

Fourth, on buyback, I know you have given this suggestion earlier. I would like to assure you that we are looking at all ways of how do we leverage all the potential we have as a company with our cash resilience and robust balance sheet and our market and brand presence? How do we actually operationally and organically make this company a much better company? I would think, Mahavir, you would agree with that, that would be our first priority and that's what we are focusing on. As far as your suggestions are concerned, suggestions are welcome. We will evaluate them and come back to you. And dividend, right, you rightly mentioned, we did it to conserve resources so that we can tide over and leverage the future.

Thank you, Mahavir. And again, stay safe and stay healthy.

Moderator: Thank you. The next question is from the line of Himanshu Upadhyay from DGIM. Please go ahead.

Himanshu Upadhyay: Good morning, Sangeeta. My first question is under Vicino One. We launched a very small part of the Vicinio, but still we find it to be much slow moving in comparison to what Vivante and Roots were, or the sales happened in those two projects. What is your view, do we need to rethink on the product or how are you looking at this project which is under launch or we have already launched? In another two phases maybe there too would be launched in this product.

Sangeeta Prasad: Do you have any more questions, or you want me to answer now?

Himanshu Upadhyay: I have some others also.

Sangeeta Prasad: Would you like me to answer one by one?

Himanshu Upadhyay: Yes, that would be better.

Sangeeta Prasad: Himanshu, again, the same message to you, stay safe. I would like to share with you, that , we have launched a very small portion of Vicino, frankly, because we wanted to understand how the market responds to the product. And we saw that in the first month we sold 50% of the product. And then we, of course, saw some movements which were not as we expected. So, the other two phases, which we have not launched, which we did not launch because we are also waiting for certain approvals and have has a different product mix. So, Himanshu, what we are looking at, this is also the time which is helping us to evaluate the product mix. And the combined product mix, I think what happened in the first phase, it was a restricted product mix. So what happens, if a customer comes in and they see a restricted product mix, then they are not able to make a choice. In fact, we got a lot of leads and pipeline for the subsequent phases, which we have not yet launched. So I believe that once we get all the phases into the market at the right time, not today, but as the market becomes better, as COVID situation improve, Vicino will

become a success. But we are constantly evaluating if there's anything we need to do. Thank you for your question.

Himanshu Upadhyay:

Yes. Second was on the Luminare. We have launched one phase which is completed, and inventory is there, second is under construction, and a third we need to launch. How are we thinking about the third launch? Is there any scope to redesign, do something differently in that? And, again, it's a JD project, so what is the partner's view set, how is he thinking and is he in line with us or... Just some thoughts on that project. And the sales momentum, has it increased after the reduction in price? Are you seeing something of that sort or some more clarity on the way the project will move from here on?

Sangeeta Prasad:

Yes. So Luminare, as you rightly said, has three phases. Just one minor correction, we had launched both the phases, the one which is under construction much earlier, both the first tower and the second tower we had launched. But what we did was we have given, in the last one year after the OC, a lot of focus on the finished goods because that market was more interested in finished goods. And while we have failed in that in-construction phase, because we had launched it earlier, we would like to give it a focused to relaunch once we get the OC, because we think that's a better strategy. Now as far as the Phase 1 is concerned, as you know that there were significant cancellations of the earlier booking which were booked at higher price, that saw a little bit of deceleration and a mood change. But after that, in the last three, four months, we have seen a consistent improvement in sales at the current market prices. So the cancellation event, actually was a dampener. But we saw a revival in the market, and, in fact, I would like to tell you, in February, March as well as these two months, we continue to have strong leads. But unfortunately, because of the current covid circumstances, the sales have not been effective. So, once the situation improves, Himanshu, the finished goods will surely see a continuous improvement in sales.

The second phase, as I told you, which is in construction, while we are not bettering any customer to buy, we would like to give it focus once the OC is received. You are right, it also gives us step-back time for the third phase. We will have to look at regulatory customer and market impact which we are evaluating now, to see how the third tower becomes a successful launch. We have some time so that will help us to focus on the strategy for the third tower, which we have not yet come to a conclusion. And it's important to be aligned to the market and the customer before coming to a conclusion as well as the regulatory environment.

As far as our JV partner is concerned, they trust us for our knowledge and expertise of the real-estate market. They are willing to, because we collaborate with them, they are willing to listen to our intelligence and our approach. So there is no issue there.

Himanshu Upadhyay:

Okay. And fourth one, this is more to the mid-income housing. Today we have a unique situation in real-estate where the demand is not there at the current prices, or a very low demand. And no builder wants to reduce the prices because of various reasons. Or I would say, have become a disruptor even for the newer projects which are getting launched in last four, five years. How

do you see this situation panning out in future? Means, at one price point where new projects are also coming, we find movement is slow. And we are not going ahead in this sector for now four, five years. What role can you do? This is also in reference to the new projects where you will be launching, let's say, a Sakinaka or Pune or a Bangalore, the new projects which you want to launch. How are you looking at those projects or the phases? Because one is, you launch and the launch becomes slow and then we have these issues of low sales. Can you do something of being a disruptor? Or how do you do it?

Sangeeta Prasad:

Okay. Himanshu, good question. So I would not like to share a blanket answer, I would be a little more specific. First of all, let me talk about the larger environment, because you first spoke about the larger environment, and then I will come to our company. The larger environment today, it's not about price, it's about demand. Today, the sentiments are quite poor. So people are worried about their own safety and own well-being, so obviously where the price is Rs. 10,000 per square feet or Rs. 9,500, I am just giving you a number, people are feeling uncomfortable to make a long-term investment at this juncture. But on the good side, at this juncture people have also realized that a home is the safest place to be. So the moment the opportunity comes and things get a little clearer, people will like to invest in homes. Because even you know, Himanshu, in the last two, three months, all other safer investments have proved so wrong. At least this physical investment has two objectives, it gives you a safe place, what we call a safe haven. So what it does is, it is there, it is not going to disappear like some paper instruments. So what we see is, as the situation improves, the COVID situation, there will be a coming back in the market. Of course, the product reimagining and redesign is very important. You touched upon it and I agree with you that the right product at the right price and the right brand becomes very important.

Now let's come to our specific company. We have a very super successful launch in Centralis last year. Centralis was a mid-premium project in Pune. Why did it do well? Because it was in an area called PCMC, where there are people who because of job security want a good home from a good brand. So if you recall, we in three days booked around 300-plus units. So that was the right product at the right time at the right place, it does have a customer. So that's the most critical success factor. We launched new, we sold out the phase which we launched fully in the next two to three months. But we are of the view, whether it was a Tathawadi project in Pune or the Acme project in in Bombay, or Vicino with a larger and a more diverse product mix, there will be a customer because our brand as well as the product we are giving in the market will give us customers. And we will use all kinds of go-to-market. This is the time when we are stepping back because of the situation and reworking on some cost categories. But there is a market and there will be a market, at present unfortunately people are not willing to put in too much money because they want to conserve their resources.

Moderator:

Thank you. The next question is from the line of Arpit Ranka from Koval Investment. Please go ahead.

Arpit Ranka: So, I have a few questions on Industrial City, which broadly got answered. But one specific question is with regard realization on World City Jaipur. So, in FY-20 realization went up to Rs. 2.5 crores and we still have about 1,000-plus acres available towards. So, is it on a sustainable basis that we see this shift from Rs. 2 crores to Rs. 2.5 crores, or it is more like product mix or something like that?

Sangeeta Prasad: So, both your assumptions are correct. The product mix, as you know, is an SEZ and a Domestic Tariff area. The Domestic Tariff area pricing is higher, because in SEZ the pricing is a little lower. But the good part is, Arpit, both, if you do a trend line for the last few years, have seen an increase. So, never have the weighted average prices gone down, so we believe that it should improve, but did we ever predict COVID happening? So I am saying that sometimes things happen in our lives which just blow us away. But overall, I am confident that with the current push towards industrial real-estate assets, we should be able to sustain, because we have been sustaining it for a few years repeatedly, both in the Chennai domain and in the Jaipur domain.

Arpit Ranka: Absolutely. No, that helps. So on that very same point, so we know our product is good and we have a head-start on this category. But any specific states that have initiated conversations around this over the last two, three months? Or this has just not happened? Let's say, you already have accumulated land around Pune and around Dholera, as Chairman also mentioned. Which has been there for like many years now. So any chances of developing those parcels or few other states kind of happening in the next two to three years?

Sangeeta Prasad: Okay. Dholera, let me clarify, we have not aggregated any land. We have a MoU with the government. And the MoU is to see how we can work together. And so that's about the Dholera. And about Pune, you are right. We changed our strategy in Ahmedabad from aggregation to aggregated, so we could do the turnaround of land acquisition much faster. The Pune land aggregation started much earlier. So it was in the aggregation mode so it is taking a little time. But I want to tell you, what we have done is we have to first ensure that we safeguard the access to the land, because you know, Arpit, if the access is there, then the land becomes more valuable. Otherwise people can have bargaining power. So one of the good things is the access, we have almost got the access and we have built a certain aggregation and we should be going about. And the good thing is, we have already seen interest from strategy and financial partners on that project as well. And the other good thing is, the acquisition is at a very sub-par price, so we will see a advantage there as and when we launch.

Arpit Ranka: Yes. If I remember, we have been accumulating like 10 years ago and all that.

Sangeeta Prasad: Correct. So that is where it is time and value.

Arpit Ranka: Okay. So broadly, we can expect good development in terms of growth on Industrial City in the next three year time frame due to the external factors and the positioning that we have had, either by design or by luck or a combination of both.

- Sangeeta Prasad:** And also the fact that the existing customers have realized it's a safe place to work in.
- Arpit Ranka:** Absolutely. I hope it all shapes up. And the second question is, rent assets are not too many, just two generating about Rs. 80 crores rental income from those two buildings. Any risk you see to those Rs. 80 crores in the next couple of years or something? Or you think give the old pedigree of tenants there and offices is unlikely that any risk there?
- Sangeeta Prasad:** So luckily we have a good pedigree of clients, as you would have seen the client list. So we do not see much risk in that. But we will be keeping, surely monitoring and seeing what the best movement forward is.
- Moderator:** Thank you. The last question is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** So the idea was to try and understand, we are working on these couple of launches, I mean, Tathwade and all. But these have been pushed forward because of the COVID-19 situation. And what we have seen is, whenever we launch a project we get to sell and people find comfort in our brand and which is why they come in and buy in bulk. The idea was to understand, I mean, what is that one thing that you would look for if you want to have that sense that now is the time to kind of come and launch? I mean, I understand these would be mostly intangibles, but if you could share your thoughts. Because launches have been very critical in the overall scheme of things for us. I mean, last year we could do good because we had number of launches, and this year we were supposed to have more but then because of the COVID we couldn't do that. So if you could share your thoughts on what is that one thing that you look forward to kind of to be able to get that comfort that now is the time to launch?
- Sangeeta Prasad:** So, since I have been answering a lot of question, Prem... First of all, Prem, good to connect with you again, you are a very avid observer of our company and we appreciate you for that. I would revert the question to you. What do you think is the right time to launch? I am asking you as a potential customer and as an investor, what do you think is the right time?
- Prem Khurana:** Which is why I said that most of these will be intangibles, I mean, consumer sentiment is what people look for. But then it is very, very subjective. So, I think you would have some things that you tend to look for as an organization to be able to get that kind of comfort which makes you come to the market.
- Sangeeta Prasad:** The easy ones first, okay, the tangible ones first. We should be ready from a regulatory point of view, we should be ready from our go-to-market strategy and the reaching out to the customer, the sales strategy point of view. So those are the tangibles which practically we are almost ready, but caveat. Since the circumstances have changed, even the marketing and sales strategy, we should be foolish to keep it static, correct? So we are evaluating that at this point of time. And that evaluation can be as much mature as situations change. So one of intangible factors is the ability to change the marketing and sales strategy in a tactical manner to cater to the changing

requirements of the market. So these are the very explicit factors. The second factor is actually a little intangible because it requires agility and alertness. What and how do you determine agility and alertness to the market is by seeing what is happening in the macroeconomic environment? As you know, the FM is every day giving some policies or the other, how are those macroeconomic policies impacting my specific projects? You understand, from a regulatory point of view. And the second is, how is that micro market? What is the inherent demand? What are the inherent type of customers? Is that the right time. Therefore, if I see that in a PCMC, and that doesn't mean only doing residential real-estate demand, so how are companies responding to people for their jobs? Is there some assurance being given to the employees? Once we understand some of these, these are not totally exhaustive factors, I just thought I would give you one or two of these. That is the right time we will put down a checklist. We have a checklist, internal checklist of tangibles and intangibles, and we will decide to launch. But at this time it is better to be agile and alert to the market and the regulatory conditions, and then take a call. The thing which we are actually working on is the speed from input to output, Prem that is most important. I hope I have given some answer to your questions. And we can have a separate offline discussion where I will take your suggestions as well.

Moderator: Thank you, Prem. That was the last question as we are past the scheduled time. I would now like to hand the conference over to Mr. Adhidev Chattopadhyay for closing comments.

Adhidev Chattopadhyay: Sangeeta, please give you're concluding remarks. Thank you.

Sangeeta Prasad: No problem. Friends, I know we are meeting in difficult time. The first thing is the safety and well-being of all of us and our loved one. The second is how the economy comeback does. The government is everyday taking some steps, nothing is good enough so we need more. And as developers keeping track of the market, keeping track of the macroeconomic conditions, engaging with our customers, with our stakeholders, see how we can optimize and maximize work at our sites. How we can ensure technology is used as a driver to ensure connect with customers, collections, care of customer and collections and doing more sales is some of the focus areas.

So while all this happens, we will be, as Prem said in his last question, focusing on how we make our residential project launches successful. How do we take the land acquisition which we were discussing, Wisely and mindfully take the right call on the commercial, so that we give you a better future as investors and focus on the industrial segment, both at a company level and at a government and global level, so that we can harness all our investments.

Thank you. Stay safe. Happy to have connected with you all this while. All the best to all of you.

Moderator: Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.