

**MAHINDRA LIFESPACE DEVELOPERS LIMITED**

CIN: L45200MH1999PLC118949

REGD. OFFICE: 5<sup>TH</sup> FLOOR, MAHINDRA TOWERS, WORLI, MUMBAI 400 018

Tel : 6747 8600 /6747 8601 Fax : 2497 5084 Website : www.mahindralifespaces.com

**Recording of discussion with Analysts, Brokers or Institutional Investors**

Date of the meeting	9 <sup>th</sup> June 2015
Type of meeting	One-on-One Investor Call over telephone
Attendees:	
Investor / Analysts Fund / Firm	1) Aditi Puri (Capital World Investors, a division of Capital International Inc.)
Company Representatives	1) Mr. Jayantt Manmadkar, Chief Financial Officer and Chief Investor Relations Officer 2) Mr. Siddharth Bafna, Senior General Manager – Strategy and Investor Relations
Did the discussions involved revealing any UPSI	No
Gist of discussions	<ul style="list-style-type: none"> <li>• The Mahindra Group entered this business as it saw real estate and infrastructure as a sunrise industry post liberalization. There was an opportunity for an organized and transparent player in the real estate market in India as the industry was highly fragmented and opaque.</li> <li>• Mahindra Lifespaces has three major business verticals <ul style="list-style-type: none"> <li>• Residential real estate, which focuses on the Top 6 residential real estate markets in India – NCR, Mumbai, Pune, Hyderabad, Chennai and Bengaluru, where we will be launching our first project soon. The company also has a single large project in Nagpur. We will decide on our future in Nagpur market post completion of this project. Majority of our products are priced between Rs. 40 lakhs and Rs.1.2 cr (except Mumbai, where it is higher). Our growth strategy is to increase penetration in the 6 cities through a mix of Joint Developments, Joint Ventures and Outright purchase of land.</li> <li>• Our Mahindra World City business, focuses on building integrated business cities and economic clusters. Our first project is in Chennai, spread over ~1500 acres and the second one is in Jaipur, spread over ~3000 acres. Both projects are under PPP. There is a good mix of different industries at each of the projects. The company is looking to expand presence in this segment through smaller industrial clusters. The first such small industrial cluster will be located</li> </ul> </li> </ul>

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	<p>in North Chennai and will be spread over ~300 acres. We have signed up with Sumitomo as a partner for this project.</p> <ul style="list-style-type: none"><li>• We also launched the affordable housing business last year. The intent is to sell houses below Rs. 20 lakhs. We launched two pilots last year at Boisar and Avadi. We will wait for the ecosystem for affordable housing in India to stabilize before we take this business to scale.</li><li>• The return profile varies across the company's three business verticals. The integrated business cities have a relatively high margin but a longer operating cycle. Margins also differ based on the stage in the lifecycle of the project. However, IRR is typically lower here among compared to residential business. In the residential business, margins are generally between 25% - 40%, depending on the city where project is situated and the stage in the lifecycle of the project. The margins are also impacted by the way in which land is acquired for the project-whether it is a JDA or outright purchase. IRR is generally higher than integrated business cities but lower than what affordable housing can generate with the right ecosystem and approval timelines. In the affordable housing business, margins are at 18% - 20%.</li><li>• In the residential business, land is treated as inventory, whereby design development and approval process starts shortly after a new parcel of land is acquired. In integrated business cities, you need critical mass of land before launching the project. Getting that land together can take a long period of time too. However, the motive is not to create land bank and wait for the value to move up over time. Appreciation in value in Mahindra World City is not linked to the general appreciation of land but through our value addition of creating high quality infrastructure coupled with building of the ecosystem having high quality companies and support facilities.</li><li>• Overall market has seen low absorption levels and high inventory build-up. However, Pune and Bangalore are two markets that have held up on demand and price.</li><li>• On the cost front, labour cost has seen a high growth over the last few years. Commodities cost has been fluctuating and thus been a bit volatile. However, these price increases are included in our budgeted costs for projects. The variation in actual cost and budgeted cost is less than 2%.</li><li>• The company's RoE reflects the investments made in land for new projects, and given the gestation period of approvals etc, the capital employed starts generating returns only once the</li></ul>
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	project is launched and attains a certain level of maturity on collections. The company is committed to improve its ROE levels and sustain it over the long term.
Any other comments	No