mahindra LIFESPACES

Mahindra Lifespace Developers Ltd.
Mahindra Towers, 5th Floor,
Dr. G. M, Bhosale Marg, Worli,
Mumbai - 400018, India
Tel.: +91 22 6747 8600
www.mahindralifespaces.com
CIN : L45200MH1999PLC118949

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Sub : Transcript of Earnings Conference Call - Regulations 30 & 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Ref : Intimation of earnings conference call vide letter dated July 4, 2024 and Outcome and audio recording of earnings conference call dated July 25,2024

Dear Sir / Madam,

In compliance with Regulation 30(6) read with Schedule III and other applicable provisions of the SEBI Listing Regulations, please find enclosed the transcript of the earnings conference call of the Company for the first quarter ended June 30, 2024, held on Thursday, July 25, 2024, with several Analysts/Institutional Investors/Funds. The transcript includes list of management attendees and the dialogues including but not limited to the Questions & Answers.

The text transcript and audio recordings of the Q1FY25 earnings call are also uploaded on the website of the Company at the weblink: https://www.mahindralifespaces.com/investor-center/?category=earnings-conference-call

No Unpublished Price Sensitive Information was shared / discussed by the Company during the earnings conference call.

This intimation will also be uploaded on the website of the Company and can be accessed at weblink: https://www.mahindralifespaces.com/investor-center/?category=material-disclosure-intimation

For Mahindra Lifespace Developers Limited

BIJAL BHARAT PARMAR Digitally signed by BIJAL BHARAT PARMAR Date: 2024.07.31 18:50:54 +05'30'

Bijal Parmar
Assistant Company Secretary & Compliance Officer
ACS-32339

"Mahindra Lifespaces Developers Limited Q1 FY-25 Earnings Conference Call"

July 25, 2024

MANAGEMENT: **MR. AMIT KUMAR SINHA – MD & CEO, MAHINDRA LIFESPACES DEVELOPERS LIMITED**
MR. AVINASH BAPAT – CFO, MAHINDRA LIFESPACES DEVELOPERS LIMITED
MR. SRIRAM KUMAR – FP&A, COSTING & IR
MR. RABINDRA BASU – HEAD INVESTOR RELATIONS, MAHINDRA LIFESPACES DEVELOPERS LIMITED

Moderator: Ladies and gentlemen good day and welcome to Mahindra Lifespace Developers Limited's Q1 FY25 Earnings Conference Call.

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.

We have with us on this call today, Mr. Amit Kumar Sinha – MD and CEO, Mr. Avinash Bapat – CFO, Mr. Sriram Kumar – Vice President, FP&A, Costing and IR and Mr. Rabindra Basu – Head Investor Relations.

I now hand the conference over to Mr. Amit Kumar Sinha – MD and CEO. Thank you and over to you sir.

Amit Kumar Sinha: Thank you, Michelle, appreciate it. Good morning, everyone and welcome to our Quarter 1 FY25 Earnings Call.

At the outset I would like to thank everyone for participating in this call. Let me cover a few things very quickly:

Most of you are very well entrenched into the industry and what's happening on the budget side. We are still figuring it out but let me just cover a few things.

As we see in the market; on the industry, I think it is a growth-oriented budget, has done good on CAPEX allocation, infrastructure and roads, good focus on upskilling with fiscal discipline in line toward the path of Viksit Bharat 2047. So, at least at the macro level it's very progressive, focus on development across India. It also touches inclusive growth with a strong element of simplification and ease of doing business, with implementation being important. Budget has focused on enhancing value in the agriculture sector as you all noted. For the real estate sector, I think one of the big things that we are trying to understand is the impact of indexation and maybe we will learn from you as well as some of you have shared thoughts with me personally.

On the real estate market side, pan India we continue to see sales momentum in Quarter 1 FY25. Overall if you see how the recovery has been in the sector over the last 3 years. So, compared to Quarter 1, F22-23, it's been a 27% CAGR over the last 3 years. So, it's a healthy growth. Premium housing and mid premium segments which is our target segment. They now constitute over 70% of the market. So, we are playing in the bulk of the market, and we will continue to push our presence in a few specific market that we are operating, especially in the MMR, Pune and Bangalore. Pricing continues to be healthy driven by notable market shift towards premiumization "*Dil Mange More*" and all those things that we have talked in the past. The inventory overhang as we track that has actually reduced in the last 11 or 12 months since Quarter 1 of F24 to currently as of 30th June 2024. It was 15 months, now it's 11 months. So, that's remarkable statistics for us to understand.

With respect to MMR, Pune and Bangalore I will quickly cover. MMR continues to thrive as micro market like central suburbs, Thane and Navi Mumbai are seeing good traction. This is at least from an organized sector point of view, it is the largest market with annual sales of 1.5 lakh crore sales. Inventory overhang reduced here as well from 16 months at the end of the 30th, June last financial year, 30th June 2023 to 30th June 2024, it came down from 16 months to 11 months. Something that we track very carefully. In Pune, strong sales growth due to proximity to manufacturing, IT and infrastructure. So, Pune continues to be a vibrant city and good momentum there from an inventory also. The inventory overhang has come down from 11 months to 8 months for the equivalent period. And Bangalore which is a very exciting market for us, Bangalore maintained its dominance with a strong end use base for the mid segment. Even plotted has emerged as a preferred investment choice, high rise continues to be the bellwether. But plotted in the last 18-24 months have gotten a lot of traction. The inventory overhang has come down from 10 months the 30th June 2023 to 8 months. So, that's how we are seeing the market. Impact of indexing on real estate, which was announced two days ago, we are still trying to figure that out but that's something hopefully will affect less of new launches, especially for end users. But we can talk more later.

In terms of our business:

Let me just cover the highlights for sales, launches, business development and IC&IC:

And then I will request Avinash to cover the financials. So, on the sales side we achieved quarterly pre-sales of Rs. 1,019 crores which was last Quarter 1 Financial Year was Rs. 345 crores. It reflects a healthy jump 3x. But you know this is a lumpy business. This will have ups and downs as they are linked to RERA and new launches. In Quarter 1 F25, our new launch sales contributed 71% of 1,019 and remaining 29% were from sustenance sales from the projects launched in the past. So, it's launch driven and many of the launches did happen in the month of March which we got the benefit in the 1st Quarter of this year. We have a healthy sales pipeline from the launches that we had in the past but also the new launches that we are planning for the current financial year. So, hopefully our presales would continue to be on a healthy track record. I just want to highlight that it will not be 4x 1,000 because this has ups and downs given the seasonality and the lumpiness of this business. So, that's a quick summary of the sales side.

On the launches, as I mentioned the Q1 F25 sales were driven by many of the launches that we saw towards the middle and end of March 2024. So, Codename Crown in Pune, Mahindra Zen in Bangalore and Green Estate, plotted in Chennai, this drove a big part of the momentum. Mahindra Zen in Bangalore launched in March, 2024 received a phenomenal response for us. 81% of the inventory is already sold out. It's a smallish project, I think Rs. 470 crores but 81% is already sold out. Mahindra Crown in Pune launched in March '24 received a good response. This is the first time we had moved to eastern part of Pune. We have 40% of inventory is sold out till date. Our second plotted development launched in March '24 in Chennai called Green Estate also received a strong response. But this is the second launch we have done in the same location. So, we are trying to make sure that the pricing and momentum continues. We have launched a new Tower A in Tathawade, Pune along with the retail space in 1st Quarter and we are seeing good traction. But more of the momentum will come through in the second quarter and the following quarters post that. Kalyan 2 Phase-II was launched. It was launched after June 30th, so technically in Quarter 2 of this Financial Year. This has a GDV of Rs. 225 crores.

We will see a busy FY25 with a number of upcoming launches. We are accelerating the launch of Vista Phase-II given the response that we received. Navy which is our society redevelopment is going through the final stage of approval. We hope to launch it ideally in Quarter 2 but given the issues and delays potentially with approvals it may extend to October. But I think we are gearing up for that launch aggressively.

We have acquired another 2 acres of land which I will cover in the business development side next to Zen. So, that also will be launched in this financial year. Citadel Phase-I and II were launched in the last 2 financial years. This financial year we are going to launch Citadel Phase-III. Crown Phase-II, we will decide at the end of Quarter 3 given we launched the Phase-I last quarter. We will see how the inventory and momentum is and how the pricing is and we will move it up by one quarter by launching in Q4 or we will see whether we need to stick to our original plan of Q1 of FY26. But that's something that we are aggressively tracking. WestEra is the other society redevelopment project. We continue to track that; it is amalgamation of two societies, so it takes a lot of time to actually bring everybody together but that's also part of our current year launch. We are also looking to launch our first plotted project in Jaipur project Pink, and we are awaiting the final set of approvals. So, our rest of the year is filled with exciting set of launches and hopefully we will continue to have momentum driven in our sales driven by new launches.

Covering business development next:

GDV additions in Quarter 1 was Rs. 1,400 crores by true definition of quarter end because we signed the deal on 29th of June. But we waited to announce it because we were closing two more societies within the cluster redevelopment which happened a week later. So, overall GDV of the Borivali redevelopment Saibaba Nagar is Rs. 1,800 crores. 1,400 of that happened by end of Quarter 1 and 400 happened in this quarter. So, that's total 1,800. Post Quarter 1 we also acquired the plot next to Mahindra Zen a 2.37 acres plot which has a GDV potential of Rs. 250 crores. So, far in this financial year including Quarter 2’s closures we have added more than Rs. 2,000 crores in our GDV, and we continue to get many attractive opportunities at our disposal. One of the key things I spoke in our previous calls was how we need to see more and more deals, at least I feel more comfortable that the flow of deals is much stronger for us. Many times, we are the first port of call and we have the opportunity to take them forward if meets our financial thresholds.

Last one, IC&IC business update:

I think a good start to the year on IC business. Manufacturing continues to gain traction in India and hopefully more and more global companies will find India as their natural home for manufacturing. Our IC business has grown over the years and our industrial parks and cities being a preferred destination of choice to companies both domestic and overseas are seeking to set up manufacturing operations. They really love the plug-in-play model. This is one of the few PPP models that has really worked well, working closely with the government.

In terms of the performance:

We ended Quarter 1 FY25 with leasing or which is a perpetual leasing sale of roughly 19 acres translated into Rs. 76 crores with MWC Jaipur taking the lead with 13 acres, roughly Rs. 50 crores there and Chennai with around Rs. 27 crores which also includes some amount of transfer fee. So, that's our quickly the industrial performance.

I think I would say a good start to the year on all front as presales, GDV, IC leasing, we remain excited about the opportunities that lie ahead of us, and we will talk more about it. In the meanwhile, I will request Avinash to cover the Quarter 1 Financials.

Avinash Bapat: Good morning, everyone. This is Avinash Bapat here, the CFO.

Let me just take you through the financials section:

As all of you know pretty much that many of our operating entities from the residential business including Mahindra Homes or Mahindra Happinest for example or even IC&IC business like the World City Jaipur and World City Chennai are not consolidated on a line-by-line basis. So, that only gets reflected in the financials as share of profits. So, to that extent some of the numbers would not exactly reflect the entire true nature of the business that we are handling. But whatever is reported based on IndAS. We saw that our consolidated total income stood at about Rs. 206.7 crores in Q1 of FY25 and this is a better performance as against the Rs. 110.1 crores that we saw in Q1 FY 24.

The numbers for this quarter were mainly driven by the revenue recognition that we did in our project Vicino Tower A3 and A4. As a result of that, the consolidated PAT which is after all the non-controlling interest etc. stood at Rs. 12.7 crores as against a loss of Rs. 4.3 crores in Q1 of FY 24. Our cash flow position was healthier. The net operating cash flow which is excluding the land related outflows, and all was about Rs. 287 crores. This was supported by strong collections during the quarter as well as the IC business which generated good amount of revenue. So, based on that we have a consolidated debt of Rs. 398 crores on a full consol basis. So, let me just chip in here with respect to some clarification. The net debt at consol level as per IndAS would reflect Rs. 570 crores. But when we do a complete consolidation of debt as well as cash the net debt would stand at Rs. 398 crores. So, that's a reduction as compared to the previous quarter. the net debt to equity rather let me put it that as first, the net debt to equity stands at 0.21 on a full consol basis. The cost of debt stands at about 8.6% and again if I translate that to a complete consol basis it would jump up to 8.96%. But that's a small reduction as compared to the prior quarter. We were at 9.03% and that has come down to 8.96%. So, based on that what we would like to report is a healthier consolidated income, better PAT as compared to last quarter and a better cash flow resulting in a good quarter for the company.

So, that's a small brief on the financials. Would like to conclude and open for discussion.

Amit Kumar Sinha: That's good. Thank you, Avinash. So, I think that's a quick summary from our side. We will open the channel for questions and discussion. So, Michelle over to you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of from. The first question is from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: My bigger worry is now that, maybe the presales run rate now though I am not analyzing it but seems to be now running ahead of your efforts on business development. I mean you have been last 2 years almost accruing close to about Rs. 4,000 crores of new business development. So, how do you look into your guidance of Rs. 8,000 to 10,000 crores by FY28 which implies 50% pre-sales CAGR. Even if I take the midpoint of that guidance of Rs. 9,000 crores from say this year Rs. 2,700-2,800 crores on my assumptions. So, how given that kind of a growth that you need to deliver to achieve, how do you think now on the business development side you need to step up—though you have given Rs. 2,000 crores financial year to date—so do you think that now this year is like I mean going to be a transformational year where we will see these efforts of last 3 years, 4 years of 4,000 now going to maybe Rs. 7,000 to 8,000 crores and then going ahead further into the coming years. That is kind of a quantum you need to do to achieve these numbers.

Amit Kumar Sinha: It's a critical question that you asked and it's probably the biggest one that we are carefully analyzing on a daily basis. So, let me answer this into three parts. First part is, it's been a year for me here. I now feel much more comfortable with the flow of deals. So, the kind of deals that we are seeing is quite healthy. So, it's up to us to close those deals if it meets our financial and other thresholds. So, I think that first part important one. In the past I felt that we were not seeing the deals that are where we are first port of call. It was rejected by others, potentially less interest, it used to come to us. So, I think that's starting to change. It's not changed but we are starting to see movement on that. So, that's the first part.

The second part is just wanted to highlight to you what our full GDV looks like, we have signed between Quarter 4 and Quarter 1 roughly Rs. 4,000 crores. So, Alembic, Saibaba Nagar and a couple of other small deals in Bangalore, Windsor and Good Host that's Rs. 4,000 crores. I have unsold phases of roughly Rs. 4,000 crores from Vista, Citadel, Wagholi and a few others. I have unsold inventory of more than Rs. 1,000 crores. So 4,000, 4,000 and 1,000, so 9000. I have land in Project Pink that we are first launching, significant land in Jaipur. We have in Chennai which we are doing plotted, and we have a new which was known to all of you in terms of Murud, we are thinking of launching it at the earliest. Across all these three, it's somewhere around Rs. 3,000 crores, full potential value of those. So 4,000, 4,000, 3,000 and 1,000, so that's 12,000 and Thane we have applied for IITT policy after 63-1A exit, that's 8,000. So, that's 20,000 of GDV that we currently either own or have a path to launching. Obviously concentrated GDV like Thane doesn't get materialized in the short term, it will have multiyear effect. So, we are sitting on a decent GDV but our work is cut out. That's the part three in terms of what we intend to do.

My goal is to sign the right deals at the fastest speed. But if you know the landowner's expectation in this market, vary a lot. They look at the pricing in the market and say that's how the land should be priced and it's our job to make sure that those deals are set up really well. If we buy the land at or do a JDA or do anything that is assuming price of the land and if market slows down 3 years, 4 years, 5 years later then we will be sitting on a project that will not give us the bottom line that we are seeking from a financial point of view. So, efforts are so we have good flow of deal. We have a strong base of project that we have to bring to market at the earliest and our business development effort on the GDV addition side will continue. That's something that I personally look after and I pursue that seriously. And that's something we will see more action coming out. But it will not be chasing deals for the sake of growth. It will be the right deals for us for the future of this company. So, those are the three-part answer. I just wanted to give you Parikshit.

Parikshit Kandpal: But any sense directionally like how does the 4,000 number look like from the mid-point of view beyond the existing land parcel we hold? So, how do you think this year we could maybe look at this number growing that Rs. 4,000 crores and monetization?

Amit Kumar Sinha: Parikshit, you're talking Rs. 4,000 crores GDV or sales?

Parikshit Kandpal: GDV. I am talking about GDV.

Amit Kumar Sinha: So, last year was like 4,400, so our goal this year is to definitely you know go beyond that. But we will be measured about it. But that's what I just want to. I don't want to give a number and then say hey you know you said something and then you didn't go well against that. My goal is to scale this business, for us to achieve 8,000 to 10,000. That's the raw material. So, we are not going to stop but we are going to be cautious about it. I would rather achieve instead of 8,000 to 10,000 I achieve 7,500 but good quality deal. That is more value which gives us bottom line is much more valuable to me than trying to do 10,000 which doesn't give me bottom line. So, that's what I am trying to optimize. My goal is definitely do more than Rs. 4,400 crores that we did last year.

Parikshit Kandpal: So, we should be looking at something like 7,000 to 8,000. If you get profitable deals than chasing 9,000 to 10,000 you may see some dilution, right?

Amit Kumar Sinha: I can't answer that question. I know you have to do your modeling. I will keep it a little bit open from my side.

Parikshit Kandpal: So, the next question the last one is on the delivery. We have seen EBITDA being negative for quite some time. I understand that these are historical projects coming up for recognition and period cost seems to be much higher than the projects which are into recognition. But if you can give some more color on FY25-26-27. So, where in our own projects will start moving into recognition and do you think there will be a time where we will start seeing EBITDA at least turning positive? Because I think you will have some sense on delivery. So, at least if you can give some color at least on delivery, the quantum of deliveries and million square feet coming up the next 2-3 years. That'll be helpful for us to model profitability on EBITDA side.

Amit Kumar Sinha: Let me ask Sriram to answer that question.

Sriram Kumar: So, from a Resi profitability perspective as you know like the launches we have had in the in the recent past and the year before will technically come for completion over the next 1 to 3 years. So, you will see the Resi profitability picking up as and when we have these completions as per our standard plan. And the one thing I can assure you is we are well on track as far as the completions and as far as the resultant revenue recognition and profitability is concerned. So, you will see that over the coming quarters on how the revenue recognition, the profitability improves on the residential side.

Amit Kumar Sinha: Let me add something if I may. I think we are trying to change the portfolio of our projects and that transition will take time. Right now, we still have many of the projects that were pre-2020. During 2021 as well as pre-20 and those projects are either affordable or project that have gone through many challenges, regulatory approvals and many other issues. As long as they are there, they will create a drag on our profitability and that's what we see because those are the projects that are completing right now, and they are creating a drag. My feel is from the next financial year, not from the F25 but F26 onward you will start to see the new portfolio projects starting to kick in which will try to absorb the drag a lot more than right now what we are seeing in our P&L and balance sheet. So, Parikshit I think, and we are also seeing that. But the health of the business is reflecting in the operating cash flow. Ideally you can net out construction cost, you can see how well our operating cash flow, how good is operating cash flow and that's something that we track very carefully. So, it's a long- -winded answer to your question. But hopefully you will see more and more improvement on the profitability side than you have seen in the last few years.

Moderator: The next question is from the line of Adhidev Chattopadhyay from ICICI Securities.

Adhidev Chattopadhyay: The first just a housekeeping question, what was the quantum GDV of the launches we did in this quarter and how much of the sales contribution from that for the quarter? And secondly for the launch pipeline you have highlighted for rest of the year. I think it includes one of the society redevelopment projects. Could you just quantify the expected GDV value of these launches for the rest of the year?

Amit Kumar Sinha: So, let me answer the second question and then I will request Avinash or Sriram to jump in with the first part of the question. The rest of the year, we will have the Navy is a big one, redevelopment that you touched upon, it's roughly 950 to Rs. 1,000 crores GDV. But that's not the only launch we are planning. We have Vista Phase-II which is going to be close to Rs. 1,500 crores. We have Citadel Phase-III which is another Rs. (+1,000) crores. And we have likely WestEra which is just close to Rs. 500 crores. These are the four large launches that we have planned in the second half of this year. Obviously awaiting approvals and few other things. And there are some other minor launches also that we have in terms of size which is Pink in Jaipur

Rs. 200 crores, plotted that we have already seen in Chennai. There will be more plotted that will come out. And there will be a couple of other launches here and there. If you add all of them together it will probably be Rs. (+3,000) crores worth of launches that we will have minimum for the rest of the financial year. So, that's a quick answer to that. What we have launched in Quarter 1 is actually small. I think it's only Tathawade. Tathawade is roughly Rs. 100 to 200 crores. Adhidev, I think the biggest thing is the launches that we did and for us the launch is once we get payment we call it a launch. But most of the launches happened in April. So, that was roughly, Rs. 475 crores of Zen. That was the biggest one that we had. Then we had Crown which is the new in eastern part of Pune which was I think Rs. 500 crores. We sold Rs. 300 crores of that. That was the second one and then we had a plotted development. Again, we got the RERA in March, but we did all the launch events everything in the month of April. So, all those things if you add all of them combined it will be close to Rs. 1,000 crores across all the three launches.

Adhidev Chattopadhyay: So, to understand correctly most of the sales for this quarter would have come from the new launches itself which we have done in March?

Amit Kumar Sinha: The split is 71-29 of the 1,019, 71% is new launches 29% is sustenance.

Adhidev Chattopadhyay: Including the Q4 launches obviously which have a spillover effect.

Amit Kumar Sinha: Correct. Exactly.

Adhidev Chattopadhyay: Now the next question sir is on more broader question is on our BD and operating cash flow based on our whatever launch pipeline, what is the sort of operating surplus you would see going ahead yearly? And compared to that how would a land spend compare? I am just trying to understand how we are looking to manage the funding part of our group between equity debt and using our own cash flows.

Avinash Bapat: In terms of cash flow let me explain. Cash flow from operations which is before payments towards land outgo, if we look at last couple of years from FY22 onwards, it's been in the upwards of Rs. (+600) crores. In fact, Rs. 650 crores would probably be the average. Even for the 1st Quarter we are at Rs. 287 crores and the target is to be equal to or more than what we have clocked in the last year. That is the starting point. So, having said that, obviously the outflows towards land are one discretionary and two futuristic in nature obviously because we wouldn't know right on day one as to whether we would be doing an outright purchase or whether we would be doing a JDA. There are multiple models in terms of land related outflows. If we look at how the activity for land related acquisitions has been, there was a significant jump in the last year that was almost Rs. (+800) crores or almost Rs. (+850) crores towards land. Having said that in this year as well depending on the kind of projects that we are undertaking, it could be maybe either equal to or slightly lower than that. If we go into more society redevelopment or JDA kind of projects this will be a slightly lower number other than that it would probably be a healthy Rs. 700 to 800 crores towards land as well.

Sriram Kumar: So, just to add I think one thing I will call out is the FCF growth that we are seeing in our business has been very robust. Compared to the last year same quarter it's about 118% growth over the prior year and the residential collections for us you know which stood at Rs. 540 crores for this quarter is also close to a 96% jump over the prior year. And as Amit and Avinash alluded to the recent launches that we have had since March, those are also expected to contribute to the cash flows heading into the next quarter as well. So, overall, we see very healthy cash position and collections, and which also is reflected in our net debt ratio as well which if you see it's come down from 0.34 to about 0.21 in this quarter.

Adhidev Chattopadhyay: Just one suggestion, going ahead if you could give some reconciliation of what you say the OCF generation, and the land spends we are doing separately. I understand in society redevelopment projects we will have some corpus payments and again rental payments and other things to the owners and if you could just segregate that. So, to help us understand the BD spend and the existing business cashflow generation. That's it from my side.

Amit Kumar Sinha: Very good. Thank you. Good suggestion. We are trying to clean up the investor report, so we will continue to take your suggestions and improve that. Thank you.

Moderator: We will take the next question from Puneet Gulati from HSBC.

Puneet Gulati: First of all, can you talk a bit about what kind of competitive intensity are you seeing in this new GDV, especially in the light of the fact that you are now saying that you are seeing change in Mahindra becoming the first port of calls. What is driving that and how is the competitive intensity now versus a year back when you joined?

Amit Kumar Sinha: I think you are referring to competitive on the BD side not on the launch side, on the land acquisition. Let me say that if we like a piece of land and it meets our commercial thresholds, we don't lose that land opportunity because of speed or the way we function anymore. In the past Puneet, our decision making used to be much slower. As a result, anybody who wanted to sell will know that Mahindra may not take a decision in the next month, 2 months, 3 months, 6 months and they will naturally go to a faster decision making organization. At least that's the first thing we have done is if you like the piece of land and it meets our financial thresholds, we take decisions quickly and if you don't like it we send a message in the next, many times in the same day or in the next few days after we have done the due diligence and underwritingt. So, we don't waste each other's time. And that word has gotten around that if Mahindra wants to do the deal and they are saying yes, they really mean it and they will execute on that. And that's something I've seen already in a few times, four or five deal that I've been part of since I joined. And we also work very closely with our ecosystem partners the legal team, the accounting team and the financial due-diligence team to make sure that the speed at which we want to operate they also operate with us. So, that's something extremely valuable. Now in terms of the competition, competition is always there but there are certain elements that allow the competitors to work with us. Many times, it's a corporate-to-corporate deal, like the Alembic deal, it's much easier because of our brand, our governance, the way we work. They're much more comfortable dealing with us. Even with society redevelopment if you see, they're very comfortable dealing with us because we will not do something that is wrong by them and by us. So, those are things that allow us to create a little bit of I would say differentiation compared to what we were doing in the past. Are we there in terms of getting exactly the same set of deals and same risk reward profile? I had reminded myself; I keep reminding myself and my colleagues is that I am a corporate CEO I am not a promoter CEO. And the risk reward profiles are very different. So, which deals they will pursue versus which deals I will pursue is very different and I will take different kind of risk. They will take different kind of risk. So, those are some of the things that we are seeing and that how we are able to convert some of the flow of deals in our favor. Many times, we also lose. That's a good learning for us and it's never you know you always learn something out of it.

Puneet Gulati: And just on the same side. So, versus a year back are you seeing more people on the table discussing or competing for the same land parcel or has that remained largely static?

Amit Kumar Sinha: Yes. So, mixed bag. I think Bangalore I see a lot more. It's like if you don't move fast or if you're not giving a competitive deal, I think the deal goes away. As you know Bangalore is a lot more corporatized from a real estate perspective than Mumbai or Pune might be. So, Bangalore I see that what you said exactly. But in Mumbai and Pune I think there are other local players, regional players also that play a very big role. So, I see the relationship, your proprietary nature of your deal, so like ideally the best deal is the one where it doesn't go to others. You are the first port of call. You'll talk to the landowners and then you craft a deal that works for both you and the landowner. And I think we are trying to crack that piece of market, especially in Mumbai and Pune.

Puneet Gulati: Secondly, you're talking about taking your sales potential last year Rs. 2,700 crores to Rs. 8,000 to 10,000 crores. How are you scaling up your organization and are you seeing any potential bottlenecks in terms of availability of construction partners contractors etc.?

Amit Kumar Sinha: I think I would say it's like India's cricket team. You'll always have constraints everywhere. The pitch is not good, the conditions are not good, sometimes the swing is you know is troubling you. But these are part and parcel of execution and I think as long as we are solving it together as a team we are getting there. We see our attrition came down last year and we continue to focus a lot on our immediate leadership and the broader organization. We are investing in talent, career development, new programs have been launched. There are fun events. This is the first time the whole company went to an annual off-site ever at least of this size. So, we are making everything to make sure that our associates our colleagues are excited. They are engaged and they are able to get career enhancement through their relationship, their exposure to Mahindra. Not Mahindra Lifespaces, Mahindra and we have created many transfers in and transfers out opportunities for them as well. So, hopefully this new Mahindra Lifespaces on the talent model also will see excitement. But we have to work with the constraints and conditions that we are operating and there will be some good days, there will be some bad days but hopefully we will deliver what we have promised to our customers and our shareholders.

Puneet Gulati: Lastly on the plotted development, you talked about making that a big part. Will that be a focus area largely for the IC part or even for normal residential business you would enter into plotted development as a business opportunity?

Amit Kumar Sinha: I think we are trying to monetize land wherever we have. So, IC is the starting point, land available was not giving us returns. So, why not we move forward. So, we have already done two and on the cusp of doing the third one and Jaipur is the third one. But in the Resi also we are looking for land parcel like Alibag, Meridian we did plotted last year. Of the 26 plots you sold 22 already. So, it's part of both monetizing IC land that is there which could be used for Resi as well as new land that we can acquire for plotted. It gives very good returns. The lead time is less than 12-18 months. We like plotted quite a lot.

Moderator: The next question is from the line of Rakesh Wadhwani from Monarch AIF.

Rakesh Wadhwani: First question with respect to the launch pipeline. To the earlier participant you mentioned that the number of projects and the GDV that is coming around Rs. 4,000 crores roughly. So, I just want to know like we have a good number of projects that are there in the pipeline. So, what will be the numberin FY26 also. I hope that every project not getting launched in FY25 from our own pipeline.

Amit Kumar Sinha: So, you're right. Let me just make sure I understand your question well Rakesh. You're saying that what the F26 pipeline look like given what I explained was for F25, right? Is that what you're asking?

Rakesh Wadhwani: Yes.

Amit Kumar Sinha: So, I think this is a great question. And I think for us we worked hard last financial year to set up this financial year well from a GDV perspective. And I think Parikshit mentioned upfront our GDV always has to lead the sales. So, you have to always do more on the GDV so that you get your sales to happen. So, now I am working towards the GDV for F26 now and the first step is getting Rs. 2,000 crores with Saibaba. If you launch it, you will not get Rs. 2,000 crores in the same year. It will take maybe the market conditions are favorable and it's a very successful launch you'll get maybe 30%-40%-50%. So, I need to do to achieve a handsome growth on my F25 pre-sales into F26 I need to do lot more GDV. That was a question that Parikshit was asking and some of you also touched upon. So, I am working towards creating the additional headroom in GDV that will ensure me at least a 30%-35% growth on annual basis so that I get to my 5X aspiration. So, that's what we are working towards. I don't want to give a very specific number because these are lumpy deals. Sometimes you'll hit a home run, sometimes you'll be you know doing a single boundary versus single again a cricket analogy. But 100% aligned with you that to set up F26 I need to lock in more and more GDV because the GDV that I currently have will get depleted in the current financial year and then it will have not enough fuse left for the next financial year. So, that's where we are working towards.

Rakesh Wadhwani: Second question with respect to the profitability, just now in the past we have most of our own projects where we are the landowners. Now we are looking into the redevelopment projects also. Just wanted to understand how the margin profile in that product segment works? Like what will be the gross margin and EBITDA margin and is there any drastic change in both the business segments?

Amit Kumar Sinha: So, in the past when you talk about our land, it was mostly in World Cities that we had done. In all other places we had to buy land and do the development like Luminaire or Alcove or Vicino. Even Kandivali obviously we had to buy from M&M. It was very painful negotiation with them because both sides are on opposite sides. So, we are always buying land. But what helps is you have to do underwriting really well. We run our company now internally based on IRRs. Both, it captures the cost the pricing as well as the timeline. And we look at each of the land parcel from that. Does it give us the IRR that allows us to make money? And we have threshold IRR's which are high because we know there will be dilution that will happen as a result of adverse conditions. And from a growth perspective we want to make sure that we don't sign deals that will give us pain in future years. That's very important because you'll say oh the accounting profit will come later; IRR seem healthy but in the last year we have cost overruns and IRRs came down. I think that's something we are really trying to avoid as we build new Mahindra Lifespaces. So, from a profitability point of view, you will see the impact of project that we have launched in the last financial year and current financial and these will have 3 year, 4 year lag effect in terms of when they reflect. So, next year or two are going to be the tricky where we have the let's say drag of the previous project that I mentioned earlier which will hurt us. But from the next financial year, so F26 onward you'll start to see the impact of some of the nicer projects where we have done the IRR and design and everything well. But 27-28 will only improve from there on.

Rakesh Wadhwani: In the investor presentation Slide #17, there's a slide which says the residential sustainable future cash flow. Under that we have mentioned we expect Rs. 6,035 crores estimated cash flow from all the projects that we have. So, we have bifurcated in that cash flow from ongoing, future phases new projects. So, under new projects the cash flow expected is Rs. 2,008 crores. Just wanted to understand what does come under new project? Does it include Thane project also or the projects which we have already logged in but not launched?

Amit Kumar Sinha: No. So, this does not include Thane because we want to be conservative in our projections. Thane will take some time because the IITT policy is a very arduous long process and we have started this process but it will take some time. So, in the current the slide #17 that you see, we have not factored Thane as of now. But it has factored some of the land acquisition that we have done, Alembic is there, it has Windsor which I don't think Saibaba is factored in. Saibaba is factored in there. So, it includes Rs. 4,000 crores of GDV that we won in Quarter 4 and Quarter 1. It has unsold of Rs. 4,000 crores which I mentioned at the start. It does not include Thane; it does not include Murud or any of the other Pink subsequent phases and you see the unsold already to move-in inventory there. So, it's a more conservative view that I've given you there.

Moderator: The next question is from the line of Vaibhav Saboo from Nippon AIF.

Vaibhav Saboo: Firstly, during the last quarter probably you had mentioned that we would be requiring around Rs. 7,000 to 8,000 crore expansion and while half would be funded through internal tools half we would be looking to raise funds even on a platform level or on a promoter level. So, has there been any progress on that particular piece?

Amit Kumar Sinha: There are I would say three four discussion that is going on, given they are internally at Mahindra level, externally with some of the other fund houses as well as some of the global partners who have interest in pursuing India opportunity and India real estate opportunity with a credible responsible player. So, discussions are underway at each of these conduits. My sense is given the confidential nature of this discussion etc. we will be able to share whenever it's concluded or close to conclusion, we will be able to share the details.

Vaibhav Saboo: Secondly can you just provide like approx number of how much deliveries and ultimately financials are we expecting for the current year?

Amit Kumar Sinha: Deliveries meaning, Vaibhav what do you mean by number of apartments?

Vaibhav Saboo: Yes. How much revenue recognition can we expect, just an approx figure just for the year?

Amit Kumar Sinha: I will give you a rough number if that's okay. I think because linked to OCs etc. it will be around, if I exclude the IC business it will be Rs. (+/–1,400) crores is what we expect for which we are either we have completed waiting for OC or will be completing and will be applying for OC.

Vaibhav Saboo: What type of launches are we expecting in this quarter?

Amit Kumar Sinha: I answered that earlier. I think there are seven launches that we are expecting, roughly seven launches. The prominent ones are going to be Vista which is Phase-II of Vista Kandivali. We have Navy in Malad which is ideally this quarter but may spill over depending on the approvals. The third one is Citadel Phase-III. We are waiting for some policies that have been approved, have to implement in for our project. And then there is Project Pink, the plotted in Jaipur. So, these are the prominent four. WestEra is the other redevelopment society which might be a touch and go for quarter four but we will see and there are a few other smaller launches in Bangalore.

Moderator: The next question is from the line of Komal Choudhary from Ratnabali.

Komal Choudhary: Most of my questions are answered. Just wanted a small clarification on the completion of the project this year. I think you mentioned eight projects to be completed this year and out of those how many are legacy projects?

Amit Kumar Sinha: I think eight were the launches, Komal. In terms of completions, I think if you include the towers and all it will be closer to 10 because actually all of them would be legacy projects Komal because only legacy project will be completing. So, these are pre-2020 or 2020 projects.

Komal Choudhary: And my second question is on the redevelopments that we are doing. What is the IRR we are expecting over there?

Amit Kumar Sinha: We always look for highest IRR. I think some of this Komal is confidential. Let me just highlight something for the benefit of all. I can't share the one number but I tell you that at Mahindra Group we have an ROE target of 15% to 18%, a growth business slightly lower but 18%. Although this business is not measured in terms of ROE, its measured more in terms of IRR. But at least from a shareholder perspective that's the direction we want to go to. So, we have made many changes in our business model last twelve months. First of all, we are costing it conservatively. Knowing that there's always inflation and escalation and surprises. We also keep contingencies. We also have additional cushions for addressing any surprises that we might have. So, we are doing costing much better. We have DLP separately accounted for. All those things are doing in a lot more conservative way giving hopefully sufficient room for any kind of challenges. Similarly on the pricing side, we are a lot more conservative and obviously recent success especially in the boom time has taught us that we can be a little bit more aggressive about velocity and pricing and we are always learning from each of our launches and experiences. So, we are targeting the highest IRR projects. In some markets it's very high. In some markets it's close to what we typically see in this business. But we continue to push the boundaries on that while keeping our cost structure and pricing more conservative.

Moderator: The next question is from the line of Prem Khurana from Anand Rathi.

Prem Khurana: Given the fact that we are planning to launch a host of projects I thought I will check with you. So, have we seen any change in approval timelines because we are selling good and most of our peers too have been selling seriously good. So, which is where the idea would be to launch as many projects as possible to encash the sort of demand that we have in the market. And it's very difficult to be able to push people at municipal corporations or RERA that are going to work beyond the normal working hours. So, fair to assume the approval timelines would have changed given the fact that these guys are full of, I mean there are too many files that must be reaching these guys now.

Amit Kumar Sinha: So, I think you're right. We saw Quarter 1 was I would say slower than what we would have ideally liked in terms of the speed of approval. But we understand many of the officials' business was affected because of elections almost I think six weeks. So, we couldn't change that whatever we tried. We do our best, I think you use the word for launches. I think for us what matters is successful launch. So, not only the launch but warming up the market and making sure our channel partners are well ready. There is a pull created from customers through all the marketing, but you can only do it after RERA. So, we are always balancing the needs of the market, needs of a launch to make it successful as well as the regulatory requirements and approvals sometimes get delayed. And Quarter 1 was slightly sold because of election and other reasons. But we will hopefully make it up in the subsequent quarters.

Prem Khurana: So, I was going through our annual report of the year and what I observe is we have created three new entities Ample Parks. And I believe I mean this is under the JV that we have it with Actis, the understanding that we have for warehousing projects. So, we have signed this agreement in I think 2022 and since then the potential still exists but then the yields have changed. Any thoughts, how do we intend to approach this now, also the original plan stays, or would we see some change there? And these two entities Ample Parks 1 and 2 would you be able to share more on these, which locations have we been able to identify land parcel and the recent denotification that we saw in Chennai on SEZ side, has it something to do with these two entities?

Amit Kumar Sinha: I think Prem allow us to do a formal release on that because there are multiple issues in terms of approval that we are waiting. We don't want to jump the ship and jeopardize anything. We will share the detail as soon as we have concrete deals closed. Give us that flexibility. In terms of Ample Parks that's a partnership with Actis. The fundamental principle was we have a lot of understanding of how industries buy, where they buy, what they're looking for. They wanted to build a powerhouse for BTS and warehouse and naturally we are partners together. Thumb rule target is 70% for them, 30% from a capital perspective while the entity will also take debt, and it does have a linkage through the places. Either we have land, or we have understanding of the land and industries. So, we will share the details as soon as they are concrete from all perspective.

Prem Khurana: And just one last if I may, on Happinest side. And how do we intend to approach that vertical now? Because after Covid we have seen a rising preference for larger units I think which is where when I look at the numbers and it seems as if Happinest is gradually becoming even a smaller portion of our overall scheme of things for us, only Rs. 50-60 crores a quarter. And we still have some Rs. 600-700 odd crores of inventory to go. And we would have some team in place also for this vertical. And when I look at the BD activity that you're doing, at least since 2021 which is when you started giving out information on BD, we have not done anything on Happinest side. So, how do we intend to approach this vertical?

Amit Kumar Sinha: So, I think my strategy I was clear when we talk publicly with all of you and in other forums, is that our focus is going to be mid premium and premium. So, if you break the market into four segments affordable, mid premium, premium and luxury, we will play in the middle too. This segment is roughly 70% of the overall market. Luxury obviously has value wise significant, affordable value wise maybe 10%-15%. The remaining is luxury. So, we want to play in this these two segments mid-premium and premium. And that is reflected in some of our land decisions over the last recent year, two years. We will fulfill our commitment and if there is a very large opportunity in affordable that comes that meets our financial threshold we will look into it. We are not saying no to it but it has to meet our financial thresholds every time we do a deal.

Prem Khurana: Any thoughts on them, how long would it take us to kind of liquidate the existing inventory, the budget story underway and the balance potential?

Amit Kumar Sinha: I think it will be, we are carefully targeting anywhere from 2 to 4 years. Some of the phases are more recently launched which are part of subsequent phases of promise project. Just been launched. So, 2 to 4 years we will start to see most of the cleanup that will happen.

Moderator: We will take the last question from the line of Ronald Siyoni from Sharekhan.

Ronald Siyoni: I had two queries, first was with respect to the recent meet which we had. In that there was a takeaway that parent was not investing in Mahindra Lifespaces despite being a growth gem and they had been shying away from last 2-3 years, we can say directly infusion into the company. Despite you doing strong numbers over the last 3 years. So, has that thought process changed because we are 3 years down in the cycle and yet that confidence from the parent is not there and they are still looking through funding partners or say other partnership or fundings. That was the first.

Amit Kumar Sinha: So, yes, that's a great question. And I think I used to be on the M&M side till last year, a year with on this side. I think I know M&M and we are trying to make MLDL also similar to how M&M thinks about capital allocation. It should be focused on the best returns for shareholders. Capital will go where there are best returns for the shareholders. So, you can adjust the returns a little bit lower if you see hyper growth and which is what we are trying to show that we want to grow. I think the first year for me personally as well as for MLDL was to show that we are fully transparent with our portfolio where our businesses, IRR is and all those things. I think there is a good amount of clarity that's there. And then we are trying to launch new project that show that there is a promise and delivery execution in line with the plan for good projects, premium projects, mid-premium projects in line with our profitability. So, I think there is a good traction that's already happened. And I think there is already discussions about fundraise. The format the timing etc. is something that we will work with them. But already discussions are underway but we have to continue to deliver and show that we also have a good strong path to healthy returns in IRR or ROEs.

Ronald Siyoni: And second was the execution front you touched upon, so still execution or deliveries have been lagging and you have been outperforming on launches and presales. So, there is a little bit concern here that 2-3 years down the line we may end up at the same point where the cost would have increased and may suffer losses. If not to this extent but profitability may narrow down if we do not gear upon execution. So, if you can touch upon that how confident are we on that front?

Amit Kumar Sinha: I think we have brought many changes. This is you are asking a question which is so critical for this business. Because you plan and then you execute for 5 years. How do you keep up to the plan that you made up 5 years before right to the final day of OC and then you have to survive that for another 5 years because you have to give a defect liability insurance. It's a 10 year projection that you have to do for even the mid-sized project. It's a tough one and that's why I think we are being cautious, conservative in our estimation that given all the past experiences that we have had so far of doing projects and dilution of profitability or project which have done well and received better profitability what is the driver and how do you reflect that in our learning, those learnings into our execution our actions? I think a lot of effort is going on. The teams are geared towards it. Our construction team, our design team they all are working hard towards solving this. But there is no way I can give you a full confidence, at least I can tell you we are trying our best with intent and effort but till we deliver there is no way for us to prove that we are on the right track. There will be some puts and takes. My sense is if you are getting there 90%-95% accuracy it still allows us to meet our financial threshold. So, hopefully in the next couple of years you'll see the impact of what we are doing now. It will be tough to show any earlier because what you'll see in the financial is what was done 3 years back.

Moderator: Thank you. Ladies and gentlemen as that was the last question for today, I would now like to hand the conference over to Mr. Amit Sinha – MD and CEO for his closing comments. Over to you sir.

Amit Kumar Sinha: Thank you, Michelle, again. Thank you to all the participants. It was great to have a good discussion on how our Quarter 1 has been. We are quite excited with the prospect going forward. I also want to remind that Quarter 1 was Rs. 1,000 crores is a strong one but there is seasonality expected in this business built into the business for the financial year. We are working hard towards scaling our sales, launches, BD and continuing the extraction, monetization of IC business. You have been a great source of feedback and many of you have actually helped introduce to some of the landowners etc. as well. So, thank you for all the support. We are indebted and we look forward to your feedback and continued support for growing this company. Thank you.

Moderator: Thank you, members of the Management. On behalf of Mahindra Lifespaces Developers Limited that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.