

“Mahindra Lifespaces Developers Limited Q2 Earnings  
Conference Call”

**October 28, 2024**



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**Moderator:** Ladies and gentlemen, good day, and welcome to Mahindra Lifespaces Developers Limited Q2 FY '25 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. Kumar Sriram – Vice President (FP&A, Costing and IR); and Mr. Rabindra Basu – Head (Investor Relations).

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

**Amit Sinha:** Thank you, Michelle. Good morning, everyone, and welcome to our Quarter 2 FY '25 Earnings Call. At the outset, I would like to thank everyone for participating in this Conference Call. And I also want to wish all of you a Happy Diwali and Season Greetings to you and your families.

Let me cover 3 or 4 things. First, I will quickly cover some of our learnings on the market, then I will cover quick highlights of our “Sales, Launches, Business Development and our IC and IC Business”. And then subsequently, I will hand over to Avinash for the “Financials”, and then we will take on any questions that you might have.

So, let me just quickly cover on the industry part:

All of you know very well, so I will go through it briskly. The industry continues to remain healthy. Overall, strong absorption growth across the markets. Some markets which where we don't participate seems to be slowing down a little bit, especially NCR and Hyderabad. But overall, there is a stable market all along. The momentum in the residential market is there if you see the overall quarterly sales, I think very high numbers that we noted 87,000 units were sold in this quarter, which is a good growth over the similar period last Financial Year. Very good launch pipeline across all sets of players. Quarter 3 calendar year, which is Quarter 2 Financial Year was also very good from a launch perspective.

The overall positive news that we carefully watch is the inventory level. We look at the inventory overhang. It's at 14 months at the end of 9 months of 2024. And overall, I think the mortgage payment to monthly income ratio is also very stable across the markets across the country. The Mumbai and Pune markets saw the highest volume of units launched in Quarter 2 FY '24, which is quarter 3, 2024. Together, they constituted roughly 43% of the units launched during the quarter. So, overall healthy market, Mumbai and Pune, as you know, is a big priority for all of us.

MMR had a very good absorption, 9% year-on-year growth. New launches were also very healthy. Pricing continues to be at 6% growth compared to the same period last Financial Year and similar positive trends that we see in Pune as well as Bangalore. In fact, in Bangalore, what

we see is absorption seems to be at one of the highest levels and they are outpacing the new launches. And as a result, the pricing is seeing much higher growth, close to 10% year-over-year. So, a very healthy market. We see some pockets of slowdown, as I mentioned, not degrowth, but actually the reduced growth rate that we see in a couple of markets, as I mentioned earlier.

The other part is our industrial business, which had a great first half of the year for us. The manufacturing GDP push by the government, Viksit Bharat and all the announcements on the infrastructure side, including the 12 industrial parks through National Industrial Corridor Development Program, NICDP, which was announced in our budget in earlier this year and the National Industrial Corridor Program, all those things are very, very healthy. Already a lot of spend has happened, and we will continue to see more and more spend come in the infrastructure. We also see a lot of global players trying to find home for themselves to set up manufacturing or industrial units in India. We have also seen many domestic companies scale their presence in India for new opportunities, new industrial or new manufacturing setups as well as a capacity enhancement. So, overall, we see that industrial part continues to be super exciting for us as well.

Now let me just cover the sales part. Let me cover both H1 as well as Q2:

We achieved a presale in H1, Rs. 1,415 crores versus last H1, which was Rs. 800 crores. So, this is roughly 77%, 78% growth comparing for the similar period last year. In the quarter, Quarter 2 Financial Year tends to be slow because of multiple reasons, seasonality, there were deals that were lost due to Shradh and many other reasons. So, we will see, we have a Rs. 397 crores in Quarter 2 FY '25 versus Rs. 455 crores in the last Financial Year. But we have more and more launches planned in later part of the year. Our new launch sales contributed roughly Rs. 931 crores of the Rs. 1,415 crores that you have seen, and also some healthy Quarter 2 revenues came from sustenance sales. H2 has always been great for us as we saw in the last Financial Year, we have lots of launches, which are in advanced stage of approvals and launch readiness. So, you see a lot more exciting news coming from us on the sales side, which I am covering in the next section, which is launches.

Actual sales was benefited from some of our outstanding projects that we launched earlier in the year. Mahindra Zen in Bangalore is almost sold out, 207 units out of 228 units are sold. Mahindra Codename Crown in Pune, similar response. We have 56% of inventories already sold out. Our second plotted development in Chennai has also received a very strong response and we continue to sell them. We have launched a new tower in Tathawade, which is Tower A with a value of roughly Rs. 135 crores. Kalyan 2, Phase-2 was launched, which has a GDV of roughly Rs. 225 crores. With the quarter and H2 ahead for us, we are planning Phase-2 of Vista given the success we had in Vista Phase 1 in Kandivali, we are just moving that up. We're also moving Codename Crown Phase-2 in Pune. Zen 2 is in the pipeline in Bangalore, the Alembic, Whitefield line that we acquired in March earlier this year, that's also in the final stage of approval. Similarly, Codename Navy in Malad, is also in the final stages of approval. That is our first society redevelopment launch. We also have a plotted project in Pink, which is waiting for final approval. This is a plotted development in our Mahindra World City Jaipur. So, all in all, a lots

and lots of launches that we have planned for H2, and we're getting ready to maximize our sale through those launches.

Business development:

As I have covered in the previous, we are getting a lot of deals, and good set of deals that we are triaging through very carefully, thoughtfully. The expectations of the landowners tend to be very high in boom markets. So, we are going through all the deals very carefully and making sure that we have the ability to get the threshold returns we expect from each of our projects and that's roughly going well. So, in the first half, we had Rs 2050 Cr, which is the society redevelopment project that we won in Borivali earlier this year Saibaba Nagar, and small parts of land we had acquired next to Zen in Bangalore. So, those are the 2, and we have a very healthy pipeline, and you continue to hear more news from us in the next few months.

Finally, on the IC and IC side. IC&IC business has done really well for us. It has given us in the H1 as I mentioned, because of the domestic as well as global interest excitement that we are seeing for India. We had Rs. 163 crores of revenue coming from leasing our 335 acres of land across World City, Jaipur and Chennai, and we will continue to find more clients in that spirit. A lot of exciting pipeline for us that exists for us to offer our land and services to all our clients. In some areas, we are running out of land, but we are creating expansion opportunities with our partners.

Quarter 2 specifically FY '25 was strong for us. Of the Rs. 163 crores, Rs. 87 crores came in Quarter 2, which is mostly from Jaipur and a little bit support from Mahindra World City, Chennai. I will ask Avinash to cover all the financial details, but I think if we look at the health of the business is quite strong, which is reflected in our cash flows. I think we had one of the best first half. And compared to last year first half, we more than doubled our operating cash flow. So, he will cover more of that in detail. But business continues to be strong, healthy pipeline, both on the industrial side as well as on the sales side, some slowdown that we saw in the Quarter 2 for residential sales, but we will more than make it up in the next 2 quarters.

So, Avinash, over to you.

**Avinash Bapat:**

Thanks, Amit. I will cover the "Financials".

As you all know, many of our operating entities, be it from residential business like Mahindra Homes or Mahindra Happinest and IC & IC business, which is the World City Chennai or World City Jaipur, etc., are not consolidated on a line-by-line basis.

So, we basically have a share of net profit or loss from the JVs or associates. So, we cast our accounts based on Ind AS, which are now in public domain. So, let's talk about a few lines on H1 performance and then move to Q2 and a little bit about cash flow, which Amit alluded to.

So, if I look at H1, the consolidated operating income is about Rs. 196 crores, which is almost 70% higher than H1 of FY '24. And you will notice that some of the cost line items such as

employee costs and fixed costs have gone up, but those are exactly in line with how the business has grown in the last 12 months, specifically. If you look at share of JVs and associates, that profit has actually tripled to Rs. 73 crores from a base of Rs. 25 crores in H1 FY '24. The PAT has also shown an improvement. It's at a negative Rs. 1 crore as compared to a negative Rs. 23 crores in H1 FY '24.

Calling out specifically with respect to Quarter 2:

The consolidated total income here stands at about Rs. 16 crores. This is slightly lower as compared to Rs. 25 crores or Rs. 25.7 crores to be precise in Q2 of FY '24. The share of JVs and associates in Q2 as well is up, it's at Rs. 36 crores as compared to Rs. 1 crore in the corresponding quarter of the previous year. The consolidated PAT after the noncontrolling interest, etc., stood at a loss of Rs. 14 crores and that's how the H1 is at minus Rs 1 Cr from our overall H1 performance perspective. This is actually against a loss of Rs. 19 crores in Q2 of FY '24.

The operating cash flow, which is what Amit talked about earlier, which we measure excluding the cash outflows related to land was almost Rs. 261 crores in Q2 of FY '25. This was as compared to Q2 of FY '24, much higher. It was at Rs. 118 crores in Q2 of FY '24. So, cumulatively for H1 of FY '25, we have an operating cash flow of very close to Rs. 550 crores or Rs. 548 crores to be precise, almost 2x of what was recorded in H1 of FY '24. So, it is Rs. 548 crores versus Rs. 249 crores. This is reflecting the strong collections in our residential business as well as the strong performance of the IC business as we spoke earlier.

In all, the net debt of the company now stands at Rs. 477 crores on a fully consolidated basis. And this now on a net debt to equity is at 0.26 on a fully consolidated basis. So, it's improved over what we saw in March '24. In fact, the costs with respect to interest have, in fact, come down in Q2. If I look at Q1 of FY '25 as against Q2 of FY '25, our borrowing net cost or weighted average cost, as we call it, stands at 8.83. And that is actually down by 13 basis points as compared to Q1 of FY '25. So, overall, the strength is reflecting in the cash flows, as mentioned earlier. And that's what we have for the financials.

So, we will leave it open for questions, if any, and take them.

**Moderator:** Thank you very much, sir. We will now begin with the question and answer session. The first question is from the line of Rakesh from Nine Rivers Capital. Please go ahead.

**Rakesh Wadhvani:** Sir, a couple of questions from my side. In the opening remarks, you mentioned the number of projects that will be launched in H2. Can you please talk about the name of the project and the GDV? So, few of the projects that I could understand one is Kandivali project Vista, new project in Borivali West, Malad. If you can give in detail what is the actual launch cycling in H2 and the value of that, that will be great.

**Amit Sinha:** Yes. So, let me just give you a quick indicative value, Rakesh, on that. So, Vista, will have more than Rs. 1,000 crores of inventory. I think we haven't decided whether we launch the retail part

of it, but the residential part would be between Rs. 1,200-plus minus that will be launched. That's one. The Codename Navy in Malad is roughly Rs. 1,000 crores. That's another large project for us. We are there in terms of getting all the concessions and approvals, but it's a little bit complicated given multiple plots involved and so many residents from the society involved, so final stages of that. So, that's the number 2.

Third project Crown. Crown, we have started the process of getting approval. My sense is we will decide exactly when to launch because we have around 30%, 40% inventory. That's there. But roughly Rs. 800 crores worth of inventory is going to be launched in Crown Phase-2, it's a Rs. 1,400 crore project. Rs. 600 crores we launched earlier, and remaining Rs. 800 crores would be launched. That's the third one. And the fourth one, Pink in Jaipur is Rs. 200 crore plot and plotted development. And Zen 2 Bangalore is roughly Rs. 250 crores to Rs. 300 crores. Alembic is something that I will get back because the timing of that depends on multiple factors. The approval process, it goes through BDA, BBMP. There are some issues in Bangalore right now, not for us, for the industry. So, the value of Alembic Phase 1 would be around Rs. 700 crores to Rs. 800 crores or Rs. 900 crores, the total project is Rs. 1,800 crores, but we will decide whether we want to launch the whole project in one shot or do it in phases. If you were to do in one shot, we will just look at the industry situation and our readiness completely. So, those are the names that had covered, Rakesh. Hopefully, that answers your question?

**Rakesh Wadhvani:**

Yes, sir. Correct, sir. Coming to second question, when I see in this quarter, one of the reasons for lower presales were lesser number of launches by the company. But if I see the projects, which are already launched, there's also some kind of slow growth, especially when it comes to the Kalyan market or another market. Your thoughts on that, sir?

**Amit Sinha:**

Yes. So, you're absolutely right. My sense is presales growth is linked to the number of launches because you get the biggest bank for the buck when you have a launch. We had at least one launch that was planned in Quarter 2, which is deferred from an approval point of view. Our readiness is 100%, but just waiting for some approvals. So, that's the first part of it. If we have more launches automatically it will augment the presales. And we have seen that in the past Financial Years, past quarters as well.

On the affordable side, value home side, which you are trying to cover on Kalyan and a little bit on Palghar side, yes. So, I think as we have seen the affordable segment has been slower than premium, mid-premium and let's say even luxury, which we don't participate. And they are affected by, let's say, high interest rates and many other factors which have affected the bottom of the pyramid, relatively speaking.

But if I look at my Palghar Phase-2, we have sold almost 75 units in this past quarter. The value of that is not fully captured in the number that you have; it will get captured in the subsequent quarters. But 75 units in 3-plus months is very, very good. Similarly, in Kalyan, we are making good progress. I think the pickup in inventory is happening. We have to just price it right and make sure that people, customers understand our value proposition. But the value of that is very small, Rakesh, because of the affordable nature of the segment.

**Rakesh Wadhvani:** Sir, one last quick one from my side. With respect to the new business development, we had guided in the last year, this year, newer business development will be much higher than the last year business development. So, any thoughts or any guidelines with respect to new business development in F '25 and F '26, and along with the land parcels we have in Thane. Sir, that is it from my side.

**Amit Sinha:** That's a good question, and that's a broad question. I think let me answer at a conceptual level first. Last year, we did Rs. 4,400 crores of GDV. For us to maintain our growth trajectory, we need to definitely surpass that. So, that's our target, and go beyond what we have done in the past year. However, we want to be very careful not to be in the deal fever given where the market is today. Every deal that we see, and we are very glad that we are seeing a good number of deals. And now at least we are many times first port of call for many of the deals that I mentioned in the previous call also. We are applying a very, very strong financial lens to all the projects if the expectations about land prices is very high and the pricing and the cost thing doesn't work out for us, we end up saying no to projects. And we have said that after going through the details, after initial term sheet also, we have said no to the projects because we just don't think that they will serve us and our shareholders well, if we sign a bad deal just for chasing the deals, right?

So, my sense is we will pick the right deals, and there's a lot in the pipeline. We don't have a dearth of deals in the pipeline. We just hope to close the right ones soon, and we will keep you updated as more of these deal announcements happen over the next few weeks, months and years. So, that will be short answer to FY '25 and '26. We will follow the same thing. We will be careful about signing the right deals.

And then about Thane, Rakesh, as you said, Thane approval processes are very cumbersome. I think in the past, we talked about 63-1A exit, etc., that's done. The next set of approvals are underway. Our goal is to launch at the earliest. But given the national elections, now state elections and many changes that keep happening, I just don't want to give you any unreasonable timeline that we can't meet. My sense is it will take another 12 months to 18 months for us to bring that to the market.

**Moderator:** The next question is from the line of Prem Khurana from Anand Rathi Shares and Stock Brokers. Please go ahead.

**Prem Khurana:** Sir, two questions. So, one was, I mean, if you could help us understand where are we in terms of approval process for Santacruz. I mean, in terms of acquisition it was our first project in terms of on the redevelopment side, but then it seems that Navy seems to be moving faster than Santacruz?

**Amit Sinha:** Yes. Thanks, Prem. And I think in full transparency, you're right, it's moving slower than what we wanted it to be, it was our first one. But our second and third seemed to be moving faster than the first one. The reason is the following: and this is a learning for us. This is a roughly Rs. 500 crore projects, not very large, but it is an amalgamation of 2 different societies NextEra and Westview. And they have 2 different management committee, 2 different lawyers, 2 different

set of stakeholders. And that has taken a lot of time to get alignment with them to get all the things done or align in a definitive agreement. So, that's something that's taken time. I don't think we have reached the stage of getting even approvals right now. We're still trying to get both the societies to agree. And hopefully, it will happen in the final stages for the last 2, 3 months. There are 1 or 2 clauses that have affected us, but hopefully, it will close as well.

**Prem Khurana:** But sir, I mean, given the fact that even Borivali seems to be a combination of 7-odd societies, I mean, have we been a little careful in structuring the transaction this time around and the way it's been with Santacruz?

**Amit Sinha:** Prem, your voice wasn't clear. Can you repeat the question?

**Prem Khurana:** I was asking, I mean, as far as Borivali is concerned, the recent project that you have been able to manage, there, again, you have multiple societies involved, right? And with Santacruz, I mean we are -- dealing with only 2 societies. In case of Borivali, these would be 7-odd societies.

**Amit Sinha:** Correct.

**Prem Khurana:** Have we made any changes in the way we approach the redevelopment where I mean you would require a deal with multiple societies or even Borivali could run the same sort of risk wherein it could take you some time to kind of get them on board.

**Amit Sinha:** Yes, that's a great question, actually, and I am glad you asked. The Borivali societies are part of cluster redevelopment. So, they win together, and they lose together, right? Whereas WestEra is where the relationship between society is not very, I would say, constructive as we have seen. And that is causing the problem because somebody's gain is somebody's loss potentially as perceived whereas in Borivali, that's not the case. If they stick together, they all benefit.

And we also applied learnings from WestEra that how to actually get the key terms, which are typically of dispute or negotiation, sort it out sooner rather than later. And that's also helping us in terms of moving the speed along. Our hope is that Borivali will move faster because they've been stuck for a long time, and they have realized the value of that whether they should be aligned or they should keep fighting. I think, hopefully, the same wisdom will prevail with some of the other situations, including with WestEra.

**Prem Khurana:** And sir, one question on IC & IC. If I remember right, whenever we used to lease out some land, I mean, we used to give some time to our tenants to kind of get processing unit in place. But I mean, how I see it is eventually we have 147-odd customers in case of Jaipur. And already 89 seems to have commissioned operations. There are 50-odd, wherein we have given them the land, or they've taken the land on lease, but then they are yet to commence operations. And the idea would have been to kind of make them operating at the earliest possible so that you are able to create some sort of employment, some sort of economic activity, which would help you to kind of get some more tenants, right? But it's been, as I mean, it's taken a little longer than what



you would have envisaged to kind of make them, I mean, start working at the ground. So, why would the situation be there?

**Amit Sinha:** Yes. I think it's a great question. I think we track that data very carefully. And even so in the last few months, we also work very closely with our partner, RIICO to highlight where we need help from them. In the past 12 months, we have also taken land back from those customers or clients who signed up for land and didn't do anything for the longest period of time. We have also given notice to a few. So, absolutely right. We are doing the cleanup. But the number that you have in terms of 50 is slightly different as we track it. There are many who are in the planning stage, and we are carefully tracking that. There are others who are awaiting the approval for doing the construction. And then there are a few who have actually started something, then they are waiting for, let's say, capital or some other approvals, et cetera.

So, then if you exclude all these which are in the pipeline who have no intent issues, if I can call it, it's less than 5 or 6 who have not done anything as of now. And we are tracking each one of them and pushing them along to start their work or give the land back to us. And since we have already done this land buyback, so to say, all the customers, all the clients understand that this is something that they need to take it seriously. Otherwise, they'll find it very difficult to retain the land and not do any activity.

**Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal:** Congratulations on a decent quarter. Sir, my first question is on business development. And I think last time we had mentioned we are setting up a platform. So, first of all, on the leverage side, the debt has gone up. So, how much further headroom we have in terms of absolute debt? What are the levels which we will be comfortable with to take care of business development if we get some opportunities on land side?

And secondly, on the platform, so any update there, if you can help us understand what kind of structure the platform has? I mean, will you contribute equity from here or the parent will contribute? And why is the parent not looking at directly doing a rights issue or getting funds in at the MLDL level because that will also help us on our net worth, and then further leveraging that work to do business development?

**Amit Sinha:** Yes. great questions, Parikshit, as always, and thanks for your comment. I think there are 3 questions that you asked. Let me answer them sequentially. I think in terms of the deals, right, first question was on the deal side. Hopefully, you will hear positive news when we find the right deal. I think as I mentioned, we have a good pipeline. If I wanted to close like 2 - 3 deals, I can close it tomorrow, to be honest. But we're going through all the financial, legal, all the diligences that are required for us to make sure that those are good investments for us.

So, I am actually not worried too much about the business development. This was a worry last year for us, and you have seen how much we scale with people and resources and our own invest to actually address that. But as I mentioned in my upfront comment that the expectations of some

of the landowners are very, very unreasonable at times. And it's better to walk away, let market cool off. Let's see what's happening in Delhi. Now the land prices are cooling off now because everybody realized that the prices are unreasonable for launches and then same thing for Hyderabad, as you know, right? So, on the BD side, I am less worried about that, right?

On the platform, I think advanced stages of discussion, but let me put it this way, they are quite confidential right now. I would hate to give the names or the dates of when they will conclude. I think I would say that we're making good progress. No promises, but at least this quarter, we should see a closure on at least one way or the other discussion fructifying or not. So, that's something we will keep you updated, right? So, that's the second one.

Third one, I think you're absolutely right. We analyze and shared in our Board the kind of equity and the debt that has been raised and our parent is looking into it. But right now, from our own MLDL perspective, we have the ability to actually fund in the platform the right amount of equity appropriately. Our debt-to-equity ratio is still very conservative. We were at 0.35, 0.36 at the end of March. Now we are at 0.26, So, we want to keep it conservative, and we work very closely with our group treasury to make sure that we continue to be conservative on that front. We don't want to use debt. Debt is needed, but is it like a necessary evil, but you have to be very careful given the business that we run, right? So, we are very cognizant of that and very conservative. So, that's where we are. Avinash, you want to add anything?

**Avinash Bapat:**

Yes. I mean you mentioned about overall debt going up actually. On a gross level, Parikshit, if we look at it, it's gone up only by about Rs. 30 crores. The net debt stands at Rs. 477 crores, which is pretty healthy, as Amit mentioned, 0.26 is what we convert to from a net debt-to-equity ratio. And I mean, typically, if we look at some of the comparative players in the market, the net debt-to-equity ratios are way higher than this, going up to 0.6 or even 0.8 at some point in time. We have in the past mentioned that we want to be conservative here, not go beyond a threshold of, say, 0.5 or slightly higher than that, but we want to be conservative. So, there is legroom available in terms of fundraise, and that's where we would look at funding aspect.

**Parikshit Kandpal:**

So, Amit, my other question was on whenever this structure is in place as and when you're ready to announce it, so will that be the only structure where you will raise funds to deploy in land? Or you have the option to directly also chase land deals wherein MLDL level, you can buy outright lands?

**Amit Sinha:**

Yes. I think we will have the flexibility, absolutely. But what I have seen of our efforts is we just align with our partner typically. And even though we have the structural flexibility to do things beyond the platform, we may or may not do it just to make sure that we are fully aligned with the partner. So, short answer is structurally, yes, but principally, maybe not, right?

**Parikshit Kandpal:**

This puts another layer between the growth and the management and there's a partner whose interest is also to be taken care of and expectation of IRR again. So, one side, we have land prices which is going up. So, then you also have to share IRRs with your partner. So, won't it create further delays and bureaucratic hurdles to pass through the muster to get the land deals

because now the kind of business development we are targeting, even if we do Rs. 4,000 crores, Rs. 5,000 crores of business development on the new land parcels, it will require almost Rs. 400 crores to Rs. 500 crores of capital. So, the quantum of capital going toward land is increasing, then you have a partner again. And a lot of deals which you do directly now, it has to pass to the partner.

**Amit Sinha:** Correct.

**Parikshit Kandpal:** Because now we have built a momentum in the last 2, 3 years, somehow, I am sensing a little bit of a discomfort that this momentum, I want reassurance from you that, I mean, the momentum continues and the structure and other things may not delay our target of like 10x, Rs. 8,000 crores, Rs. 10,000 crores of sales in the next 3, 5 years. So, that is where I am coming from.

**Amit Sinha:** Yes. fair point. And I think that's why choosing the right partners are also very important, Parikshit. I am worried about the same thing. We typically call it operational freedom, operational independence. Obviously, there will be reserve matter veto rights, etc. But there should be a principal meeting of minds and ways of working so that we don't create unnecessary bureaucratic hurdles when we have to move fast. You have seen in the past, we have closed deals in like 2 weeks' timeframe, right? I don't want a situation where market is hot and then we are stuck because private equity partners' internal process will slow us down. That would not work very well for us. And that's why right now, we have luckily a few options, and we will choose the right partner. From a strategy perspective, they are aligned. What we want to do, what we don't want to do, this is very clear. And they are aligned in terms of how we think, how we operate, how we will be creating value for each other.

And third is something that I care a lot is about are we able to learn from them and bring more discipline in our way of execution. At the end, this is a business of choices and then execution. Once we make those choices, we have to execute them very well. So, that's the part that I look forward to learning from my counterpart. If it's going to be plain vanilla; I will just give you capital and I will keep asking you question. That may or may not work for us. And there are certain partners who can do that. I think we are looking for the right level of value creation from their side also so that we, as institution, become stronger and better.

**Parikshit Kandpal:** So, just one more thing on that. So, how is the parent thinking about it? I mean, there are 2 ways of doing it, either you directly do it at the entity level. And so why is parent choosing to get a private equity partner here when other companies or peers, I mean, we are not seeing this kind of a structure, especially in a market which is doing so well. So, how is the parent thinking and whether this platform will be this plain vanilla equity platform, or it will be a structured kind of platform?

**Amit Sinha:** So, short answer right now, it would be equity platform, simple. We put 51%, maybe they put 49% and we share the return. So, in a way, it's pure equity platform. There's no like quasi debt or anything like that. It's upside, downside, we share in the ratio of our capital structure. I think at the group level, we have had multiple discussions how should we think about what we are

seeing in the industry in terms of QIP and prefs, etc. Discussions are underway, but Mahindra as a group are very, very conservative about doing things. But it's needed for us to show that we have capital at the end, right? I think we will find capital to grow our business. One way is getting external capital, fortifying our process. And then potentially at the right time, we will look at QIPs, prefs at the right time. But that's not something we are starting right now.

**Parikshit Kandpal:** But do you have capital to contribute to this platform? Or will you require to do a fundraise at the entity level and then through that, you seed the capital into this platform?

**Avinash Bapat:** Yes, certainly. So, as we keep evaluating and of course, the kind of deals that will go through to this, we will be choosy, as Amit mentioned.

**Parikshit Kandpal:** So, this could be a multiplier with the partner bringing in the kind of equity and you contributing. So, in fact, it can end up adding more.

**Avinash Bapat:** Yes.

**Amit Sinha:** Exactly. And the other thing, Parikshit, is a very important part that is tricky for us is many times we have the cash, like we have right now Rs. 600 crore cash sitting, which we can't upstream efficiently, right? And either do a capital reduction, which is a painfully long exercise like through NCLT or you do dividend distribution, which is not tax efficient, right?

There is a lot of cash sitting for us in different entities, which helps us in terms of bringing down our net debt-to-equity ratio, but we are just not able to deploy that cash. So, that's another consideration for us to keep in mind. I'd say right now, so much cash is there that we can't use. So, it just gives us flexibility, but also an avenue to source capital in a more efficient way.

**Parikshit Kandpal:** And the last thing on this Vista is now we have Phase-2 launch coming in. So, how are you thinking beyond that? And what is the total pending land payments as of now? That's it from my side.

**Amit Sinha:** How are we thinking about Vista Phase-2?

**Parikshit Kandpal:** No, no, beyond that. So, beyond that, now Vista will be done, and we need to look at the next set of land coming in from the parent company. So, any thought there? And also, what is the total pending land payments to be done for all the land parcels, which we have acquired?

**Amit Sinha:** I think the total Kandivali related payment is done. There's only TDR, like how much is that?

**Avinash Bapat:** About Rs. 100-odd crores.

**Amit Sinha:** Rs. 100-odd crores is the commitment that we have to close all the Kandivali Vista related payments, right? So, that's a short answer.

**Parikshit Kandpal:** Pune, Bangalore, how much is pending, Alembic the land and other Pune?

**Amit Sinha:** Okay. So, Pune, I think Pune will have another probably Rs. 60 to 70 crores, right, in the short term, then there is after 3 years, like with EC, we will have to make some payment approval. And then everything else is back in when we get OC and inclusive housing. So, that's that. Those are some of the big ones, right. Wagholi and this one, right?

**Parikshit Kandpal:** And Alembic?

**Amit Sinha:** Alembic was outright. We paid for that. Alembic is outright, Good Host is outright. The Saibaba is low capital for us, which we will do at the time of DA. So, I think most of the payments are done from the previous land parcel. I think your question was how much is the commitment that we have. So, it's only 2 of them, right?

And then from what will happen in Kandivali, I think, Parikshit, it's M&M decision, right? And they will decide based on their business priorities, but also, they have a factory and other things that is going on. So, we can't really comment on their decision. If that opportunity is made available for us, we will have to find a way to work on that. But that's not a public open discussion at this time.

**Moderator:** The next question is from the line of Bharat Sheth from Quest Investments. Please go ahead.

**Bharat Sheth:** Sir, we have spoken a lot on residential. So, if you can give a little more color for this industrial side? And in your opening remarks, you said that we have some shortage of land as well as buyback of the land. So, when we buyback from where the customer is not developing, so what rate do we buy back? And if you can give a little more color and we had a certain like project in Gujarat and Maharashtra, where we had some kind of a land. So, when we like to launch and looking at the kind of opportunity industrial side happening?

**Amit Sinha:** It's a great question. I am glad you raised that. Let me give a quick summary of the industrial business. And maybe let me answer the first question, how do we acquire the land back and then I will go into IC part, right? So, we have done 2 of these already in a major way in the last 12 months, one in Chennai, the other one in Jaipur. And when the lease was offered to them, there were clearly 2 parts of the lease structure. One is whenever the land sells, there is a transfer fee that's charged by us as a master developer. So, they have to pay that. So, that's a certain proportion, which is meaningful, let me put it this way.

And the second one is the land would be acquired at either the original price or close to the price that we agreed, right? And then we have the option and ability to actually market the land the way we want it, right? And in both the cases, we have been able to create a very healthy spread by buying the land at the right price as well as generating the transfer income from the land that we have. So, these may not have the margins that you will get if you had the land acquired from day 1, but these are, I would say, healthy margins for us. And since the pricing in, let's say, Chennai has gone up significantly because there's practically no land available to us in Mahindra World City Chennai, the spread is very healthy, I would say, right, even though the purchase price is higher than the legacy purchasing price. So, I just want to assure you that these are all

very sound economic decisions for us, and they are helping us improve our PAT to be honest. So, that's why we keep an account as we take any decisions of this kind. So, that's the first part.

Let me cover the IC business quickly, and I will not take too much time, but we have 5 plus 1 IC components in our portfolio. First is Mahindra World City Chennai, which is 90% leased out. We have some land that will give us a healthy revenue for IC business, which was bought back actually. Just the same example and we denotified that SEZ land that we bought back. So, we already have an LOI for that. That's the first one. The second one is OC1 and OC2, Origins Chennai 1 and Chennai 2. OC1 is almost sold out, except for one parcel that is stuck with litigation. And OC2 is something that we are planning to launch in the next 3 to 6 months. Sumitomo has been a partner with us in OC1, and they have shown interest to be a partner with us in Phase-2. That's being negotiated and closed as we speak. That also has healthy potential of the order of 100 to 150 acres of land. And OC 2B is also there, which will take tackle of after launching OC 2A. So, these are the 2 in Chennai.

The third and the largest opportunity we have in Jaipur, Mahindra World City Jaipur, 3,000 acres. We have roughly 800 acres of land, which is unleased, a lot in the SEZ area. So, we're working with the government to see how we can convert that land into DTA land where we have huge demand, and we are sold out from our existing portfolio. We also have roughly 400 acres of land in our social infrastructure net area after lease to one client and the adjustments or efficiency roughly 227 acres. That's where the Pink launch on the residential is being planned. That's significant potential for us, but it has had some historical issues in terms of some taxation. We have just received a notice about that. We're working very closely with the government to close that out. So, that's the third one.

The fourth one is in Ahmedabad, which is roughly 340 acres. We had tried to find an owner who would be interested in the entire 340 acres. But like we got some inquiries, interest and all, but it has not fructified. So, we have started now the business development effort for Origins Ahmedabad as well. It's on our leadership that drives our Jaipur. We feel that as there is significant momentum in the industrial sector, manufacturing sector, sooner or later, this land parcel will also find a good set of clients. And we are ready to have the largest anchor client to start this. Instead of selling it 340 acres to another developer, another industrial client, we want to develop now just like World City Chennai, Jaipur or Origins. So, that process has started for us.

And then finally, on this side, on Maharashtra, we have Origins Pune, which is 60 kilometers from Pune, a very good location next to one of the MIDC industrial location. Very good location, I would say, from an industrial point of view and potentially for mixed-use residential as well. That we got in some prior exits like 63-1A, and everything has been done. Now we are finishing land aggregation access road for us to launch that at the earliest. Those are the 5.

And I said 5 plus 1, of course, the last part is the Actis joint venture that we have. We had committed Rs. 200 crores into that. It's a BTS warehousing (build-to-suit). Actis will have roughly 65% to 70% stake. We will have 30%, 35% stake. We have already moved forward with

now one potential target. Now the second one is in the pipeline in Bhiwandi. And that's going to be an important one for us to build. We are discussing at the Board level, should we increase our capital commitment to that business because the shorter lead time, you can flip the asset and get much higher returns from that.

So, those are the 5 plus 1 businesses that we have in industrial. If you look at overall potential that we have, we believe that this business over the next 10 years has a potential for roughly Rs. 2,000 crores of PAT. So, I just want to repeat Rs. 2,000 crores PAT potential that IC business has in the next 10 years. It has also served us well in the past, but it has the ability to serve us better in the future. And that's something that we are consciously building the team, building the portfolio so that we continue to position ourselves as a strong IC player, which has a pan-India presence with the right set of government and private partners. And that business is becoming more and more important for us, given Mahindra brand can offer multiple other products and services like sustain, logistics, other things. So, that's a very good business that we are investing behind in a smart way.

**Bharat Sheth:** Sir, two questions, when this Jaipur, I mean a converting from the SEZ to DTA, we are working since more than 5 years. So, what is really preventing? That is one. And second, when you are talking of Rs. 2,000 crore kind of a PAT, so is it our share or for joint venture?

**Amit Sinha:** Short answer, on both. It's our side is Rs. 2,000 crores after adjusting for minority interest, right? So, that's Rs. 2,000 crores. But it is lumpy and all, and we have to bring that to bear. So, that's something that you should know. At least I want to give you a top-down view. And then SEZ to DTA, you're right. I think, see, in Chennai, it's been much faster. For some reason, Jaipur has its own set of delays, challenges. But we are working through it. Each state has its own machinery and the system. We have to respect how they work and convince them that it's the right thing for them as well as for rest of the stakeholders. That's our view.

**Bharat Sheth:** So, what is the land parcel we are looking for, I mean, SEZ to DTA?

**Amit Sinha:** What is the, sorry?

**Bharat Sheth:** Size of the land parcel for which we are working SEZ to DTA?

**Amit Sinha:** It's roughly 500 acres is the size of the land that we can, but not all can be converted into DTA because there are some constraints physically with the existing SEZ infrastructure. So, between 400 to 500, yes.

**Moderator:** Sir, can we take one more last question?

**Amit Sinha:** Sure. Sure, go ahead.

**Moderator:** We will take the next question from the line of Ronald Siyoni from Sharekhan Limited. Please go ahead.

**Ronald Siyoni:** Congratulations on good performance. On the equity platform, sir, I wanted to know if you are looking for any kind of size in the equity platform, one? And second one is that in the target area because as you said that affordable has not been picking up as we would have expected and super luxury has been doing very well, if you say it in MMR or NCR. So, would we still stick to mid-segment, or we can expect some super luxury kind of projects also? And what would be the size of the overall equity platform?

**Amit Sinha:** So, yes, thanks, Ronald. Good question. I think the equity platform, we are thinking it to be at least Rs. 1,000 crores to Rs. 1,500 crores by each partner. So, Rs. 2,000 to Rs. 3,000 crores is the size of the overall platform, 50% from us, 50% from the partner. Anything less becomes not very exciting for scale up, right? So, that's what we are thinking about.

And the second question, yes, the segment focus. In the past calls, I have clearly said we will not pursue affordable anymore. So, that segment is out. And while super luxury and all are very exciting, our focus is going to mid-premium and premium. And the way we segment the market is affordable, mid-premium, premium and luxury, right? So, we will play in the middle 2 segments, we will not play in the 2 extreme segments. And I think if we have a track record of doing premium projects and some of the premium projects, if they are inexpensive, they will automatically become luxury. So, if you do, let's say, what we are doing at Luminare. Luminare is like Rs. 7 crores, Rs. 8 crores is a very nice project with balconies and all those things. If you put that in South Bombay, that Rs. 7 crores will become Rs. 27 crores like automatically.

So, we have the ability to make premium products, but we don't want to go into luxury in a big way. We will continue to develop a track record, build capabilities for mid-premium and premium. Once we have that, then we say that, hey, if you want to go to more expensive neighborhoods where the ticket size goes north of Rs. 15 crores, Rs. 20 crores, Rs. 25 crores, then maybe we will look at it. But right now, our sweet spot is we want to make some of the best homes, which are in the budget of, let's say, Rs. 2 crores to Rs. 7 crores, right, which is what is the market opportunity that can be taken up seriously.

**Ronald Siyoni:** And just one suggestion here. Your focus would be mid-premium and premium, but just one project of super luxury gives a lot more brand value to the company itself. So, just a suggestion that even if you focus on one project, a landmark project, it will give a great brand value for the Company?

**Amit Sinha:** No, absolutely. I totally agree. We will sign you up.

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

**Amit Sinha:** Thank you, good discussion. To be honest, I feel that there is a lot more momentum in the market than what the Quarter 2 sales numbers reflect. And that's an area that you will see more action in the quarter 3, quarter 4. But overall, we are making good progress in the right direction.



Lumpy business, you always have ups and downs and delays by a quarter or a few days, but we are building a strong set of capabilities for us to manage the ups and downs of the business in a less noisy way. So, you will see more action, more excitement from us in the coming days. We also changed the investor presentation a little bit for you to get a good view of where our inventory is, what's the opportunity. So, take a look. If you have more questions, let us know. Happy to answer them in an offline meeting.

**Moderator:** Thank you very much, sir. 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.