# "Mahindra Lifespaces Developers Limited

# Q3 FY '25 Earnings Conference Call"

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**MANAGEMENT:** **MR. AMIT KUMAR SINHA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – MAHINDRA LIFESPACES DEVELOPERS LIMITED**
**MR. AVINASH BAPAT – CHIEF FINANCIAL OFFICER – MAHINDRA LIFESPACES DEVELOPERS LIMITED**
**MR. VIMALENDRA SINGH – CHIEF BUSINESS OFFICER, RESIDENTIAL – MAHINDRA LIFESPACES DEVELOPERS LIMITED**
**MR. SRIRAM KUMAR – VICE PRESIDENT, FP&A COSTING AND INVESTOR RELATIONS – MAHINDRA LIFESPACES DEVELOPERS LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Mahindra Lifespaces Developers Limited Q3 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 the star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amit Kumar Sinha, MD and CEO, Mahindra Lifespaces Developers Limited. Thank you, and over to you.

**Amit Kumar Sinha:** Thank you, Steve, very much appreciate it. Good morning, good day to everyone, and welcome to our quarter 3 FY '25 earnings call. At the outset, I would like to thank everyone for participating in this conference call. I have the benefit of having our CFO, Avinash Bapat also with me; and also have Vimalendra Singh, who is the Chief Business Officer, Residential; and Sriram, who is our VP, Finance, who looks after all the partnerships, FP&A and Investor Relations. So all four of us there on the call, along with my colleague, Simran, who looks after this specific function with Sriram.

So let me just cover a few things very quickly. I know all of us are trying to understand what happened on Saturday on the budget side. We're still evaluating that. But overall, we think that income tax and some of the other benefits will have positive impact on the buying power of individuals, but we'll really understand the finer-print over the next few days. But let me just cover 4 or 5 things. Let me cover a quick summary of what we see in the market. That's one. Number two, business development at Mahindra Lifespaces, sales, how that has been, launches, our IC business, and then I'll hand over to Avinash for some of the financial details.

So start with, I think on the market side, we see continue overall buoyancy in the market continuing. Market at a Pan-India level continues to see healthy absorption growth at around 6% year-over-year. New launches are a little bit higher, more than 6.2% year-on-year. We look at the market in three segments, affordable segment, and we have come up with our own definition. It's not exactly the way government defines INR50 lakhs.

It's less than INR1 crores, we call it affordable. INR1 crores to INR5 crores is our premium, mid-premium segment, which is where we are actively participating. And we call luxury, which is greater than INR5 crores. And in Mumbai context, that could be INR10 crores, INR12 crores. So, the affordable segment, interestingly, over the last 9 months has seen a degrowth. It's 59% of the overall market, but it's degrown from approx. 64%-65% last financial year, similar time frame.

The decline of affordable segment is made up by premium, mid-premium segment, which used to be 33%, now it's 37%. And luxury segment, which used to be around 2%-2.5%, now it's close to 4%. So we see that some of the more premium and luxury, the top end of the segments are growing really well. One of the best indicator of how the industry is, is the inventory overhang. It's at a healthy level, 14 months.

The moment it starts to cross 30 months or 36 months, we see that market is slowing down significantly. So overall, at a Pan-India level, it's a healthy market. In the three markets that we participate, Mumbai, MMR region, the absorption is 8.8% year-on-year to close to 72,000 / 73,000 units. New launches at 5.8%. And pricing has now stabilized at 5%. It was very high for the last few years, but it is stabilizing at 5%.

Bengaluru, the absorption is close to 4% year-on-year at roughly 42,000 units. It has a little bit of higher base effect from the last financial year, similar time frame. But the new launches have become large, larger, these 9 months, close to 10% year-on-year. And pricing continues to be very healthy for Bengaluru, 10%-plus year-on-year growth. Pune is shaping up really well, given focus on GCC, IT, tech sector, even some of the other industrial companies. The absorption is around 40,000 units, 4.2% year-on-year change.

New launches, amazing level of activity there, roughly 50% growth and pricing at a healthy clip, 6% year-on-year growth. And similarly, other cities, NCR, Hyderabad, for example, they were slow in the previous quarter, have picked up in the last quarter. Chennai, a much smaller market, relatively speaking. It continues to have good absorption, good set of new launches and a healthy price increase.

So overall, good market from a volume point of view, from a growth point of view, from an absorption point of view and even from a pricing point of view. Our competitors have done a good amount of business. Some have done better than the others. But the more important thing is that since the market has buoyancy, most of the players are focusing on GDV acquisitions, making sure their balance sheet is strong enough to absorb the cost, the capital required to pursue these GDV additions. And we'll talk about our own also. We've done a very healthy amount of GDV acquisition in the last 9 months this financial year.

However, overall, we see while the GDV acquisition is very good, parts of the market, especially, let's say, Mumbai has seen muted launches, I would say, relatively speaking, although it's the largest market, but approval delays because of first national elections and state elections and many other things in between have had impact on delay. I'm hoping that things pick up on approvals in this quarter and we'll talk more about our business shortly.

So that's a quick summary from my side on the market side. Picking up from the previous set of business development GDV addition, for us at Mahindra Lifespaces, during the 9-month FY '25, we have completed a GDV addition of roughly INR14,000 crores. And if you include the transaction, we did 10 days back in Bangalore, it's another INR1,000 crores.

The last transaction was in the last quarter, but since we're having the call a few days already into this quarter, that was in Bangalore, 8-acre near the airport. We have added it the key highlights of GDV addition, INR14,000 crores till 9 months and 10 months is INR15,000 crores. We have signed up a major land parcel in joint development, 37 acre in Bhandup. It's roughly 4 million RERA net area, 6.4 million of saleable area.

Target potential is INR12,000 crores, which is going to be a significant one for us in the heart of central suburbs. Earlier in the year, we had talked about Saibaba Nagar, Borivali, 7 societies, INR1,800 crores. And then we have also done a small acquisition of INR250 crores, a GDV next to our previous project, Mahindra Zen.

So, it's a contiguous land with same common boundary. So four projects including the airport Bangalore acquisition, these are the four major acquisitions that we have done so far in this financial year. We continue to see attractive opportunities for land parcels in our core market. As I had explained in the previous discussion, we are very disciplined about the financial returns on these acquisitions given the expectation of landowners, partners, we just want to be thoughtful about what kind of financial return it provides for us in future years.

Sales, we've achieved a presale of INR1,749 crores in the 9-month FY '25 versus INR1,243 crores in the 9 months for last financial year, reflects 41% growth. The quarter 3 has been muted, as I mentioned, not only for us, but for many of the other industry participants. We had INR334 crores in quarter 3 versus INR443 crores in quarter 3 of FY '24.

And I think we'll make it up in the next quarter. The reason is we got one approval on 31st of December for RERA for IvyLush, which is the Wagholi land that we had bought last financial year. And similarly, we are expecting a couple of other approvals. In 9 months, FY '25, our new launch sales contributed INR1,019 crores, 58% of the INR1,749 crores overall sales. And then most of the Q3 revenues was driven by sustained sales across our projects. So that's our sales summary. I will quickly cover launches now.

The 9-month FY '25 sales were primarily driven by launches like Mahindra IvyLush, which is the erstwhile Wagholi Crown codename, Mahindra Zen Green Estates early in the year and Kalyan-2 Phase 2 in July 2024. And we've come out with public announcement on each of them, but Mahindra Zen was quite successful. 96% of inventory is sold already within the 9 months of this financial year when we launched it.

Similarly, IvyLush has 63% of inventory sold. We could have pushed more, but we are holding back given the realization of a specific tower that is a premium tower. We think that it will gain momentum as the project starts to see more construction and comes to show what kind of designs we have brought to that specific market.

The second plotted development that we did this financial year has received good response, and we have sold more than 50% of that already. Following the strong response for Phase 1 of IvyLush, which was earlier in the year, we have preponed the Phase 2 launch. The total GDV of this project across Phase 1 and Phase 2 was INR1,400 crores. More than 50% will come up online in IvyLush Phase 2, and we'll see the impact in this quarter. Overall, early indications are very healthy for us.

Other launches for the year were Tathawade new tower we had launched, GDV of INR150 crores to INR200 crores; Kalyan-2, another INR225 crores to INR250 crores. In quarter 4 FY'25, we have planned for 3 major launches. Vista Phase 2 in Kandivali, we are awaiting the final approvals. Zen 2 in Bangalore, which is contiguous to Zen 1. And then in Citadel, we are launching a new tower, for which we have received all the approvals already.

So now it will be visible to us in the pipeline. Navy in Malad, it's a redevelopment, is expected to be launched in quarter 1. It might slip to first month of quarter 2, depending on the whole process, it's a large society. We just want to make sure we ensure a smooth transition for the existing members as well as a launch, which is a very positive launch that we are planning. So that is Navy.

And then Project Pink, which was to be launched in this financial year is awaiting final approvals. So that's been there in our pipeline for some time. We hope to fulfil all the requirements as per the government needs. So next is IC & IC business update. And Sumitomo is a key part of this update, as you know. We had a very healthy partnership for Origins Phase 1 Chennai. We signed an extension of that contract, that relationship for Origins Chennai Phase 2A.

And they've also signed a MoU for Phase 2B. So, they are going to be a long-term partner with us for all the industrial activity that we see in Chennai on the private industrial park side. So that is INR225 crores, 60% contributed by us, 40% by Sumitomo. So, it's an exciting way to extend our partnership together. Our overall IC & IC business has strong growth levers.

As you know, it is an area which allows us to attract all the industrial companies from around the world who find our industrial parks, world cities quite favourable. The China Plus One, domestic consumption, PLI, all these stories are attractive to many of them, and we help them with a plug-and-play infrastructure. During the 9 months of this financial year, leasing of 47.3 acres was done, around INR209 crores with Mahindra World City, Jaipur taking the lead, almost 70% coming from that. Mahindra World City, Chennai was 5.6 acres with roughly INR26 crores.

And then Origins Chennai with a revenue of INR14.7 crores. Quarter 3, leasing was around 12.4 acres, translating to a revenue of INR46 crores. We also had a very healthy pipeline. Some of these closed in the first week of January. Otherwise, the number would have been slightly higher for quarter 3 and first 9 months.

But eventually, they'll all be coming up in our financial year FY '25. Very healthy pipeline, a lot of interest in India from many industrial clients. So we look forward to working closely with them to give them a ready-to-move-in, plug-and-play infrastructure. From a funding point of view, the aspiration that we set out to resolve or to pursue requires a good capital commitment, and we are working towards this.

We're looking at capital. we had three very positive developments on the capital side. One, as I mentioned, was Sumitomo. The second one was a capital reduction. I'll ask Avinash to cover that with Actis. And the third one was the additional dividend given the performance of Mahindra World City, Jaipur interim dividend that came in.

So that helps us from upstreaming cash from our subsidiaries to the parent book that is very helpful for us as we plan our growth aspirations. So overall, I think business is good. We have a lot of work to do. Major development is on the GDV side, as I had explained that in the previous call that, that's an area that I really want to pursue so that we are setting ourselves for a very sustainable portfolio of GDP for multi-years rather than chasing every deal or small deals every year. So that's overall on the business side.

I request Avinash to take over on the financial side.

**Avinash Bapat:** Thank you, Amit. As you all know, we follow the Ind AS methodology for accounting, plus over and above, a couple of our key operating entities in the residential business like Mahindra Homes and Mahindra Happinest. And even in the IC business, both Mahindra World City, Chennai as well as Jaipur, we do not consolidate them on a line-by-line basis. So, we account for the profit share from these entities.

Let me talk about the 9 months first, and then we'll come to Q3. Our total consolidated income stood at INR408.4 crores in the 9 months FY '25. This is against INR224.5 crores the corresponding 9 months of the previous year, shows the healthy growth that Amit talked about earlier. The consolidated PAT after the non-controlling interest, that stood at a loss actually of INR23.8 crores in 9 months as against a profit of INR26.8 crores in 9 months of FY '24. We've been expecting a few OCs. Those have got pushed out. In fact, a couple of transactions have also gotten pushed out in Q4. So, we hope to improve this performance in the coming quarter.

Let me talk about cash. The net operating cash flow, excluding the outflows towards land, this was at INR600 crores in 9 months of FY '25. This is again a healthy growth as compared to INR459 crores in the 9 months of FY '24. So, this is reflecting the strong collections in residential as well as the IC business. I should mention this, and Amit alluded to that earlier, is that apart from these operating cash flows, we had a good run in the financing cash flows as well.

All the three things that Amit talked about earlier, which is the Sumitomo related infusion, the capital reduction as well as the dividend, fetched at least around INR300 crores during the 9 months. So that's a healthy thing to add to our inflows.

Talking about Q3, the consolidated total income stood at INR185.8 crores, thanks to the OC that we received for Vicino. This is against INR88.8 crores in FY '24 Q3. The consolidated PAT is for the quarter only now after the non-controlling interest, that stood at a loss of INR22.5 crores in Q3. This is against a profit of INR50 crores previous year Q3.

On the debt side, we have gross debt of about INR1,500 crores and cash balance of about INR600 crores. That brings our net debt to INR920 crores on a fully consolidated basis. We've been able to manage or keep our borrowing costs at a healthy level. It has been sub 9%, 8.9% to be precise, is the cost of debt on a consolidated basis as of December '24.

The net debt to equity, and we have been talking about this earlier. This was close to about 0.26 in the previous quarter. There's a slight jump here to 0.5, still at a healthy level, again, on a fully consolidated basis. This kind of reflects something which, again, Amit mentioned earlier, multiple GDV additions that have happened during the quarter as well as 9 months.

We have been basically maintaining our balance sheet in such a way that, when we need, we can have the flexibility to raise debt as well. So that comes to about 0.5 on a fully consolidated basis. Just to reiterate, just as mentioned by Amit, we are exploring a couple of other funding options, and we'll let you know once we have some decision on that.

Thank you. If you have any questions, we can go ahead with it.

**Moderator:** The first question is from the line of Aditya Sen from RoboCapital.

**Aditya Sen:** Sir, given that we have the launches of Q4, but what are the potential launches for full year FY '26?

**Amit Kumar Sinha:** Aditya, thank you. Great question. Actually, we are gearing up for our F '26 as well. So, I touched upon Navy, for example, which was supposed to be this financial year, this is our first redevelopment, which is close to launch. So, it is like three different RERA that we have to get within the same project. So that is one of the key ones for us.

Alembic, we are awaiting some form of approval. There was a new note that had come up about the road width and all. So, we're trying to sort that out. But this is a great location in Whitefield next to the Hope Farm Metro station, INR1,800 crores GDV. Navy is INR1,000 crores, close to INR1,000 crores, Alembic is close to INR1,800 crores.

We are awaiting some policy approval for Citadel Phase 3 in Pune on Pimpri-Chinchwad Road. That's the third one. And then the Saibaba, which is the society redevelopment that was signed in July. I think given the learning we have from Navy and WestEra, we are trying to catch up on the pipeline so that we don't make the same mistakes we are able to manage the time delays typically associated with society redevelopment.

And then obviously, Bhandup is something we are very excited about, and we are tracking that on a weekly basis how best to launch. Our target is to quarter 4 of next financial year. And there are a couple of others which are small ones that will also help us in our FY '26 targets.

**Aditya Sen:** All right. And one more question. Given that we operate in around mid-segment projects, so what is the EBITDA that we internally target for our projects?

**Amit Kumar Sinha:** What is the EBITDA you said, right?

**Aditya Sen:** Yes, that we internally target for our projects?

**Amit Kumar Sinha:** Yes. So let me answer the question in two parts. First is, I wouldn't say we are targeting mid-segment alone. I think we are targeting mid-premium and premium. As I explained earlier, like sub INR1 crores, we would call it affordable; INR1 crores to INR5 crores, we'll call it, let's say, mid-premium and premium. Bangalore and Pune would be, let's say, mid-premium by price point, but they are like luxury or premium in terms of specs and what we provide to the customers.

So that's the sweet spot for us, so mid-premium and premium. And beyond INR5 crores, we call it, let's say, luxury. So that's the definition we have. And that's something we will continue to pursue as part of our, let's say, business strategy. Does that answer your question?

**Aditya Sen:** So actually, I wanted to understand what is the EBITDA that we target in our respective segments.

**Amit Kumar Sinha:** So, we don't look at EBITDA per se. We look at IRR. sorry, I missed that question. We look at the IRRs of the business. So, the way we look at is there is a project IRR. Our goal is to be the project IRR with the right cost assumption, right pricing assumption and velocity assumption. We target 20% plus IRRs.

The business always has surprises given it's a long term 4, 5, 6, 7 years. When we target something like that, we have a couple of percentage points to dilute if we have to. So 18% is something that we want to deliver to our shareholders, but we target now 20% is the right cost assumption on the IRR side.

**Aditya Sen:** All right. And just a bookkeeping question. How much revenue are we going to recognize in the next 2 years, FY '25 FY '26 and FY '27?

**Avinash Bapat:** So at this point in time, it would be a bit difficult to answer this question. We would rather do when we go into the next financial year, we'll probably give some guidance about what we are looking at from a presales perspective, but not the exact accounting.

**Amit Kumar Sinha:** I'm thinking presales or you're talking, Aditya, revenue recognition, which is linked to OC? Which one are you asking?

**Aditya Sen:** I'm asking about revenue recognition.

**Amit Kumar Sinha:** Yes. So, revenue recognition linked to OC, right? So I think let me just try, Avinash. I think what we target, we are so much constrained by the approval process that typically we control the construction, getting the apartments and the whole landscape and everything ready. But many times, just the delay associated with final OC, sometimes part OC and sometimes full OC is a big question mark. So, we can explain what we have in the pipeline, but I hate to say something and then backtrack because we don't have the approval. So that's something I don't want to do. The way we look at the business is how much is the presale that we are targeting. And I've given a long-term guidance on that, right?

**Aditya Sen:** Okay, all right. So, these were my questions as of now, I'll fall back in the queue.

**Amit Kumar Sinha:** Yes, and if you have any further questions, we'll follow up offline.

**Aditya Sen:** Yes, sure.

**Moderator:** The next question is from the line of Pritesh Sheth from Axis Capital.

**Pritesh Sheth:** Just a couple of questions. Firstly, on launches for Q4, you mentioned the names. If you can just highlight on what is the GDV potential of these launches?

**Amit Kumar Sinha:** Yes. So, for Q4, Vista Phase 2 would be roughly INR1,200 crores to INR1,400 crores, Vista Phase 2. We are not going to launch the retail part. It's the residential part only. So residential remaining part. So almost all of that –we'll we may keep some inventory, which is, let's say, we don't want to worry about velocity.

Price realization is critical for us on that. So that's Vista Phase 2. You heard my point about we got IvyLush, that RERA came on 31st of December. All of that will have an impact in this quarter 4. So that's roughly INR700 crores to INR750 crores that has been launched in Pune. We are in the last phase of approval process for Malgudi-2, Bengaluru. It will be close to INR250 crores of inventory.

All of that will come. It's just 1 tower, I think, 70, 75 units. The only reason we did that is because it's next to Zen, Zen-1 or Malgudi-1, we use the name interchangeably. And then there is one specific tower of Citadel Tower I, which we've gotten the approval already. So that's again in Pune, so somewhere around INR150 crores to INR175 crores. So that's our current. There is one more, where we've been waiting for some time.

I'll say it, but I'm not counting. I'll keep my fingers crossed, is the Project Pink, which is another INR200 crores in Jaipur plotted. Everything is ready. We've just been waiting a long time for some of the approvals from the local authorities.

**Pritesh Sheth:** Got it. That's pretty helpful. And just on Thane, I mean, FY '26, you mentioned whole lot of projects. I think a couple of projects were missing there. One is Thane and one is Santacruz. So, status on both, and particularly on Thane.

**Amit Kumar Sinha:** Yes, yes. So, Thane, we had three steps of the process of approval. Step one was getting that out of 63-1A, happened a few months back. We've discussed that on the previous call. Step two is making it into R zone, so as part of the DP plan. So that process is going on given the new DP plan.New draft DP plan has come out, and we had some observations, some objections, suggestions, etcetera. So that process is going on.

Once that gets concluded, hopefully, we'll have clarity how big of land parcel we can develop over what period of time. And it's very close in terms of clarity on whether and how that will happen. So I would have loved to give you on the previous question that we had to include Thane, but I just want to wait before saying anything and then staying firm on that.

And the third phase of approval, Thane and then going through the regular IOD, CC and RERA process and EC, all those things. So that third phase hasn't started. First phase is complete. Second is in progress. We'll know in the next 2, 3 months. So that's Thane. WestEra is relatively slow for us. We had hoped that this will get launched this financial year. We found that there are some issues when two societies want to come together.

The amalgamation process has very different expectations by different societies. We are trying to resolve that in a smart, efficient manner, but it's taking time given the two different parties are on 2 different sites. Hopefully, we'll have clarity. We'll keep you updated on that.

**Pritesh Sheth:** Sure. And just taking this forward, I mean, here, we have two societies. I think Saibaba Nagar, we have 7-odd societies. I think what are the learnings that you're taking from Santacruz to Borivali to ensure that ~~the~~ timelines are much shortened on that?

**Amit Kumar Sinha:** This is very different. It's a cluster redevelopment Borivali versus WestEra was not. So, there are three learnings. And one learning is choose the right policy for multiple society redevelopment. So cluster redevelopment is very suitable. It's moving faster than we typically would have planned. The second is the documentation process, the DA process, how to actually manoeuvre, which has a design component, the PMC lawyers and lawyers from the other side across all parties how do you work with them in a very, very constructive, creative, but transparent manner. That DA process is including the design part, you have to get alignment. Think of it, you have, let's say, 700, 800 people who act like landowners, right?

So that's something we have to manage very tightly. And the third part is understanding where are the pitfalls of what to do and what not to do. So from Navy, we realized that, hey, like while it was 1 project, it turned out to be 3 plots were seen as 3 different way. We had to do 3 CCs, 3 IODs, 3 CCs, 3 RERAs. And it just made the time line 3x longer. And that's something that we have learned a lot, I think, and we're getting better at it.

But these are some things I didn't know when we got into it. We assumed a few things and then we were corrected and humbled along the process. Now we know some of those things, and we have a whole crew of team that knows what to do and what not to do.

**Pritesh Sheth:** Got it. Got it. That's very helpful. And does these delay by any means change your IRR targets? And obviously, I think WestEra, we did a couple of years back, realizations there to now has obviously changed. So, we might get help from them. But in a stable market with not much price increase, how does these delays impact your IRRs? Or are all these already incorporated when we anyways underwrite? Yes.

**Amit Kumar Sinha:** Yes. See, I think the IRR delays matter if you have put capital upfront, right? In terms of society, the reason society redevelopments are popular because you don't have to put capital till you vacate the resident. So it's you delay it. But if you have two resources, one is the capital resource, the other is a time resource, right? In society redevelopment, your time resource is very heavy. Capital resource is less heavy, right?

Both has the impact on IRRs, right? But right now, what we are trying to do is, as I said, the learning that we have from other society redevelopment that we are doing in Borivali. I think we know how to balance both, right, where to deploy capital and where to deploy time as a resource.

A quarter or two delay, so we have some contingency that we always plan in our timeline, knowing these are society redevelopment. But since we haven't put too much capital upfront, very little capital, it doesn't hurt us big time. But for every other project, time is a huge resource. We have to always factor in that it's all about momentum. If we have gotten something, a DA or an LOI, we need to really launch the land to launch or commitment to launch has to be as fast as possible given the nature of the industry.

So we've gotten that done on the JDA side, on the land outright side, but society redevelopment has its own challenges that we are working through it. But to answer your specific question, we track the IRR very specifically. We have some contingency. But in case of society redevelopment, since you don't put a lot of capital, it doesn't hurt you that much.

**Moderator:** The next question is from the line of Shreyans Mehta from Equirus.

**Shreyans Mehta:** My first question is on Bhandup again. So can you quantify our share in the GDV and on the margins which you'll be making on that project, number one? Number two, given the size of the project, how do you intend to fund the construction cost? That's the first question.

**Amit Kumar Sinha:** Yes. Thank you, Shreyans. It's a very exciting project for us. So very large project. This is like 5 years of GDV that we did in one project together, right? So it's very exciting. We followed a similar financial discipline, same IRR base. Given this is a longer duration, so it can go from anywhere from 7 to 10 years, given 4 million RNA we are targeting around 18% IRR from the project. But with some cushions for upside and some cushions for protecting us from downside, both the things.

Yes, so I think I was answering question that Shreyans, you had raised about Bhandup. So you had asked a couple of questions. The first one was what kind of margins, etcetera. So we target, again, similar financial IRR target. Given it's a long gestation, long duration, we are targeting 18% and with some cushions and upside that's there that we'll hopefully realize. And then we have protection against some of the downside scenarios as well, given during this time, you're likely to hit a long cycle either way, right?

So that's the first question. The second is the revenue share arrangement we have is 29.5% for bulk of the transaction. So that's for every INR100 that we collect, the landowner gets INR29.5. So that's part of the joint development. And there are some tweaks here and there depending on how the transaction shapes up. So that's the second part.

The third is your question about how do we fund, –the development cost so right now, I think we are in a healthy position. We have our internal accruals. We have some more room for expansion on debt-to-equity side, but we want to be very conservative. We don't want to cross 0.6 is what our aspiration is. We're also looking to, not specific to Bhandup, look at taping public market or private markets, both are open for us. So, we have enough avenues. And as I've said in the past, we have strong support from Mahindra Group given growth gem aspiration from this business. So, we're likely to have good backing. So, it will be a combination of all of these, like our own balance sheet, our own accrual, public market, private market, all of those things are open for us. We're looking for the best and the most flexible option.

**Shreyans Mehta:** Sure, sure, sure. So, second question is Thane. So Thane, the INR 7,000 – 8,000 crores GDV, is just be residential, right? Or this still includes some commercial?

**Amit Kumar Sinha:** Yes. So, we want to have flexibility, we want to create flexibility for us. So, I think we want it to be R zone, and that's why we are working on the approval process. But if you have to do some commercials, in the past, when we look at IITT policy, we were going to be mandated to do 50% commercial. And then OCs have to be linked. It's a very different kind of requirements and constraints. So, we want to have the optionality rather than constraints. So, we are looking for the right approval as part of the DP plan process, yes.

**Shreyans Mehta:** Got it. Got it. And last question on the BD pipeline. So largely, we are at closer to INR 35,500 crores. So, in terms of the balance INR10,000 crores, how should one look at it? And secondly, in terms of since majority is through, would we now focus on execution and do we see new projects coming on stream gradually? Or how should one look at BD?

**Amit Kumar Sinha:** Yes, yes. No, I think, Shreyans, you've really asked a great question. I think I'll go back, I think, 18 months back when I took over formally and one of the things that we had talked a lot was do we have enough GDV or not. And we have really worked on a good-sized project of clear guardrails on what we want to do.

We have taken some tough calls in terms of we'll not do affordable. We will take a backseat on NCR and Nagpur and Hyderabad, where we are there, we'll focus on a few geographies. We'll focus on specific customer segment and so on and so forth. And we'll be very prudent about our GDV additions.

Now if I look back where we are, we have if I include Bhandup, if I include Thane, if I include Alembic and Navrat-and in many others that you know very well, we have roughly INR30,000 crores of GDV that's with us already. And our aspiration was INR45,000 crores. So that's two third already. And we have a very active pipeline.

My sense is –that in the short term, our focus will shift away -not away, but kind of our priority would be execution, as you said. So how do we accelerate our journey from land to launch, right? That's something that we have to really solve. And obviously, part is internal like design and all the value proposition that we want to provide to our customers.

But part is external, and that's something we can't control from a timeline perspective, but we always do the right thing in terms of design, in terms of everything there. So that's something we are focusing on. But then comes the execution. It's a long construction cycle, 3, 4, 5 years, depending on the size. And we need to really, really execute and provide a great product, great solution to our customers. So, our priority, which was, hey, do we have enough raw material?

That seems to be getting resolved. Now we'll go back into stable mode on that. But now we have to focus a lot more on land to launch and execution, which is land to OC that's launch to OC, that's something we'll focus on. So, you said it really well. That's going to be a bigger priority for us.

**Shreyans Mehta:** Sure. And of the balance, what's the bid pipeline looking right now, Mumbai, Pune and...?

**Avinash Bapat:** Healthy, healthy. I can tell you you'll hear some good updates from us periodically on that.

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

**Parikshit Kandpal:** Congratulations on a good quarter on business development. My first question is, what was the total land payment in 9 months? And how much is the pending payments on the existing land bank?

**Amit Kumar Sinha:** Yes. Avinash?

**Avinash Bapat:** So Parikshit, the total of amount related to land in terms of outflows was close to about INR600 crores, between INR600 crores to INR650 crores to be precise. This doesn't include some of the approval-related costs and all which kind of goes and sits in the project cost, although it is still prelaunch. So that could be another INR100 crores to INR150 crores that would have gone in.

**Parikshit Kandpal:** What's the pending amount now on the existing projects on these land banks?

**Avinash Bapat:** On the existing one, now it's not too much. It's close to about INR250 crores that is pending, but it's still over a period of time, it's not immediate.

**Parikshit Kandpal:** Okay. So now there are two things, which basically I want to dive a little bit deeper here. So one was that the debt is now elevated to INR 920 crores & 0.5x, now you're looking at 0.6x. So, at some point in time, we would be constrained on raising funding to do business development. Now do you think that the capital raise becomes more imminent as we go into next year in terms of new business development?

**Amit Kumar Sinha:** Yes, yes. I think so. I think, Parikshit, you're right. Beyond a point, 0.5 is actually comfortable. 0.6, given the DNA of Mahindra Group, we'll have to look at it on a short-term basis only, not for long term. We want to be below 0.5 for sure. And so, you have three avenues, maybe four avenues.

One is your own operating cash flow. Second is your balance sheet, which is your debt-to-equity ratio. Third is your private funds, private markets. And the fourth is public markets, right? The first and second is healthy for us. We'll have a great operating cash flow this year. But the first and second is not going to be sufficient to allow us to meet our aspirations.

It will be perfectly fine if we wanted to grow at maybe 10%, 12%, 15%, but not going to be sufficient for, let's say, 20%, 25%, right, even more. So that's why we need to tap into private capital as well as public capital. And each of them has their pros and cons. We are working very closely with our group finance organization, our leadership team there to make sure that we choose the right option.

And to tell you, if we wanted, we could close something yesterday. But given the flexibility we want, given the pros and cons tied with each option, we are evaluating and taking our time to make sure it's the right choice for Mahindra Lifespaces for the long term.

**Parikshit Kandpal:** Yes. So I think this point was debated last call also. So, you did highlight that you're looking at INR3,000 crores of fundraise. So, the only contention here was that to have it more flexible capital than constrained capital, creating more bureaucratic lines if we are doing it through a private equity. I think you did highlight last time that maybe future BD will be entirely through private equity. So just the feedback I would like to hear is that whatever you tie up at the end of it, should be more flexible in nature rather than bureaucratic.

**Amit Kumar Sinha:** Yes, absolutely~~,~~ I 100% agree. And that's why even the private equity has different types. There are some more operationally, let's say, bureaucratic, I'll use the word and some are less depending on the type of the investor. And that's why I think we have to set up the business for success. We are going to give an 18%, 20% return to a partner, it should align well with our ways of working, our thinking, our approach to this business. So 100% agree.

And that's what I said, if I could . if I wanted to close something on just, oh, we need capital and let's close the earliest option, we'd have closed it many days back, many weeks back. But as you said, we will be very careful about the constrained capital part, and we're taking our time to make sure that it does not unnecessarily burden our ways of working, our growth aspiration, our style of work, our operational independence.

**Parikshit Kandpal:** And any time lines of likely closure and some decision, what timelines you think and whether the quantum remains at INR3,000 crores odd or do you think can be lowered or increased?

**Avinash Bapat:** Parikshit, the quantum kind of varies a little bit. As you know, the joint development agreements or society redevelopments may not necessarily need that kind of cash outlays. So, the INR3,000 crores is more of a guideline. It does keep changing. So that's one. In terms of timeline, yes, you're right. Again, we'll carefully evaluate that we don't need to go too much in terms of net debt-to-equity ratio and manage the timing in such a way that whenever we need to match those outflows, we have sufficient funding that is available with us. So, we will see something in the coming couple of weeks, something like that.

**Parikshit Kandpal:** Okay. So, within this financial year, something will get crystallized?

**Avinash Bapat:** Yes, something like that.

**Parikshit Kandpal:** Okay. Just last thing, Amit, you did say that there are some more announcements which may happen on business development side. So, are we expecting this to get before March, these announcements may come in before March?

**Amit Kumar Sinha:** Yes, yes. Parikshit, we'll keep you excited with our pipeline, so.

**Parikshit Kandpal:** And now directionally, the sizes have gone up, like I mean we have been hearing more INR1,000 crores, more INR1,800 crores so kind of deals. So, ballpark in that range, we have like some more closures happening.

**Amit Kumar Sinha:** We will supersize our risk, as I promised, Parikshit, on our one-on-one also, supersize the deal. So absolutely, like same effort required. So why not do the right-sized deal.

**Moderator:** The next question is from the line of Aayush Saboo from Choice Equity Broking.

**Aayush Saboo:** With respect to the fund raise, I mean, what level do we see our debt closing at in the next 1 to 2 years? Like do we stick to a net to debt equity of like 0.7 to 1 range? Or do we see that below now?

**Amit Kumar Sinha:** Sorry, you are not audible we were not really able to hear you well. Can you please repeat your question, maybe a bit slower?

**Aayush Saboo:** Sure. What I'm asking is where do you see your debt levels closing at by the end of this year or by FY '26?

**Avinash Bapat:** So how we are looking at this is, currently, we are at 0.5. We would prefer to not go beyond 0.6. There are a few competitor players who have gone up to 0.7, some people even beyond 1. But being conservative, we would want to keep it at about 0.6. We do have healthy operational cash flows. So, we don't expect the 0.6 to be breached, say, in the next, say, 2 quarters, if that is helpful to you from a question perspective.

**Amit Kumar Sinha:** Right, I'd just like to sort of clarify that we may have our targets as to Parikshit's question and another question before that, our goal is to supplement operating cash flow, debt to equity with some other sources of funds. So, there could be ups and downs, which might be specific for a specific quarter, but our long-term goal is to keep our debt-to-equity ratio below 0.5. So that should give you a rough guidance in terms of how we are thinking about it.

**Moderator:** The next question is from the line of Aditya Sen from RoboCapital.

**Aditya Sen:** Sir, can you please share the list of projects in which we are expecting OC in FY '26? I understand there can be delays, of course, but we just want to understand it from a ballpark perspective.

**Amit Kumar Sinha:** Yes. So, do you have the project split? Yes. So, we have Luminare, which is the project that we have in Gurgaon. There is one last tower that's moving along well. Then we have Alcove. Actually, it has 5 towers. So C, D and E we have to do it next year as per our commitment. Then A and B should also get done if we are able to resolve some of the approval-related issues.

Mahindra Eden in Bangalore which was our flagship project, which was the sustainability leader, is also expected to complete next year. Nestalgia, three out of four towers are expected to get completed next year. Happinest, Mahindra World City, Chennai, we call it P21 in our codename, that's also expected. And then there could be another project or so if we're able to launch Pink plots this financial year, it will also be expected to complete next financial year. So, these are the 5, 6 projects that we have plan for.

**Moderator:** As there are no further questions from the participants, I now hand the conference over to the management for their closing comments.

**Amit Kumar Sinha:** Thank you, Steve. Thank you to all the participants. Thank you to all the folks who asked questions. I think I just want to highlight three things in summary. We see continued momentum in the business at the industry level, while the price and volumes that we saw in the last year price growth and the volume growth that we saw in the last three years is getting more measured, more corrected to a more realistic levels. We see the demand for end-user demand continue to be there for some time.

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