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CIN: L45200MH1999PLC118949

May 5, 2025

BSE Limited	National Stock Exchange of India Limited
Corporate Services, Piroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051

Re:

Security	BSE	NSE	ISIN
Equity Shares	532313	MAHLIFE	INE813A01018

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

Ref : Intimation of earnings conference call vide letter dated April 22, 2025, and Outcome and audio / video recording of earnings conference call dated April 28, 2025 and April 29, 2025

Dear Sir / Madam,

In compliance with Regulation 30(6) read with Schedule III and other applicable provisions of the SEBI Listing Regulations, please find enclosed the transcript of the earnings call of the Company on the Audited Standalone and Consolidated Financial Results for the fourth quarter and financial year ended on March 31, 2024 ("Financial Results"), held on Monday, April 28, 2025, with several Analysts/Institutional Investors/Funds. The transcript includes list of management attendees and the dialogues including but not limited to the Questions & Answers.

The text transcript and audio / video recordings of the Q4FY25 earnings call are also uploaded on the website of the Company at the weblink: https://www.mahindralifespaces.com/investor-center/?category=earnings-conference-call.

No Unpublished Price Sensitive Information was shared / discussed by the Company during the earnings call.

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

For Mahindra Lifespace Developers Limited

AVINASH ASHOK BAPAT

Digitally signed by AVINASH ASHOK BAPAT
Date: 2025.05.05 10:25:37 +05'30'

Avinash Bapat
Chief Financial Officer

Mahindra Lifespaces Investor Meet

Q4 FY25 - 28th April 2025

- **Mr. Sriram – Mahindra Lifespaces:**
- Thanks everyone for coming. I officially welcome everyone to our Q4 and FY25 Earnings update meet. This is the first time we are meeting in person post-Covid, so it is good to see everyone live and have a face-to-face meeting. At the outset I would like to thank everyone for participating in the event. As an icebreaker, I will quickly start with a video of a recent marketing effort of ours, then I will hand it over to Amit for the business discussion.
- [*AV 01:10 to 2:52*]
- Welcome, Amit, to present the strategic updates on the business.
- **Mr. Amit Kumar Sinha – MD & CEO, Mahindra Lifespaces:**
- So, I will go through the rest of the presentation. We released the presentation out on Saturday morning. This is something we did differently so that you have a full glimpse of the things we are doing at Mahindra Lifespaces. So, I will quickly cover that and then we will have a Q&A, and I will ask Avinash for you to come and share a little bit more about the financials very quickly, and then we will have the Q&A.
- I think this slide should be familiar to many of you. We had a variant of this slide about our ambition to really be meaningful in the residential space and also capitalize on the IC business. So, in essence, a strong and bold mission to build our business to a relevant 8,000 to 10,000 crores in pre-sales which will require us to build something like 45,000 crores of GDV. And it is built on 6 building blocks.

• First are the choices that we make for our portfolio, some of them are listed in terms of cities, in terms of segments, in terms of exiting affordable segment or sunsetting that part.
• BD has been an area of focus for us. So, that's something we really need to make sure we get the flow of the deals to pick and choose the right ones that make sense for us.
• Focus on the customer experience right from pre-purchase to waiting to possession.
• Project execution getting the first-time right mentality there.
• IC & IC as you know we have huge amount of land parcel that we have. We are not investing to acquire new locations but we have to monetize and bring to market what we already have.
• Then finally something that I am really passionate about is when we run the business it needs to be done in a very thoughtful, robust, financially sound way in terms of IRRs, in terms of how we deliver on the timelines, and how do we measure our capital allocation.

- So, those are the 6 building blocks of our strategy.

– And to do a little bit of clarity in terms of strategic choices. The first and foremost was cities, it is a tough decision for us to focus on just 3 cities, but I think I have spoken to many of you why not NCR even though we have very marquee project that's going on in NCR. It's not that we will not go back to NCR but we feel that the depth in markets is more important than the breadth of portfolio that we have. What that means is we have exited Nagpur, we were in Hyderabad which we have exited as well. And NCR for the time being we will pull back in terms of new projects till we attain a threshold market share in the three key markets, Mumbai, Pune and Bangalore.

– We have our focus on premium. Premium is defined as more than 1 crore to 10 crores in NCR and Mumbai, above the 10 crore market is a threshold for luxury. But in other markets like Pune and Bangalore 1 to 5 crores is mid premium and premium. So, that's what we want to focus on.

– Affordable hasn't done well for us and that's what something we want to sunset over a period of time. We have to fulfil our customer commitments which we will do over time.

– You see the product sizes, I think we are really focusing on sizeable projects. A key example was the Bhandup deal that we did, it was one of the largest and many of us were really worried, can we do this kind of deal and then can we actually execute on the deal. At least we have done the first part. Not only us but our competitors were also surprised that we could do such a deal. It took us 19 months to close that but finally we are able to get something like this in our bag.

– Then we are doing outright land purchases like JDA, society redevelopment. We are not yet venturing into SRA. Maybe in future high risk high reward business but we will see if we can execute well on these deals that we already have then we will look at SRA. And de-prioritize for now as you saw SRA affordable pure commercial retail malls for the time being. Those are the guardrails that we have for us to build the business.

– To build a business you need to have a strong track record. As we look back on what we have achieved, we are very small, FY20 is not far away but we had 670 crores of pre-sales. In this financial year we finished with 2804 and I was having some discussions with a few, we could have done more if we wanted to, but we also want to maintain a pricing discipline to make sure at the end those projects are rewarding from an IRR perspective.

– GDV was just under 1000 crores in FY20. This year alone was 18,100. The previous year which was my first year we did 4400 crores. So, we are significantly scaling in the GDV aspect.

– Free cash flow as you know is after all expenses all construction spend, is a key indicator of health of the company given the accounting issues that we have to abide by. If we have very strong cash flow it helps you build a strong foundation for the firm. It went through almost 5X over the 5 years. And then we have been able to do that by keeping a keen eye on our net debt which is slightly higher but nothing compared to the 5X, 2X, 18X that you see on the other dimensions. So, we have been able to be fiscally prudent in our balance sheet. We finished this financial year at 0.39 in terms of our debt-to-equity ratio.

– GDV, let's talk about GDV. FY17 to FY23 we added 10,000 crores worth of GDV, so 6 years we did that, that much of GDV. And in 2 years we have added 39,000 crores. This includes the 18,000 of this year, it includes the 4,400, it also includes the Thane land parcel, 3 land parcels which we actually already had in our portfolio but they were not ready from an approval point of view. So, we have pushed a lot in the last few years to get the approvals. And in case of Thane which is very large (Rs 7,500 Cr GDV), there are three kinds of approvals needed.

– * First one was 63-1A Exit which is achieved.

– * Second one is getting it in R Zone, that process is on.

– * And third one is RERA related approval which will start after we get the second one.

– So, I think we are making progress. That is a huge amount of our land bank that we right now have which gives us the confidence and comfort to scale our business in a systematic way.

– We shared this data so I will not dwell too much, 70 to 80% of land that is required to reach our 8,000 - 10,000 Cr aspiration is already with us, which is a big change because in the past when I joined the analyst call roughly one and half years back, the questions that I used to get asked is you don't have enough GDV. And we would do, we at times could be desperate to do deals and we may end up doing deals which were not really meeting our thresholds. I think we have really passed that point. We are at a point where if the deal does not meet our higher thresholds, we've increased our thresholds higher, we will not do the deal. We have seen probably 300 deals just in last 12 months, Vimalendra is here, the BD team works really hard and we clearly say no or yes at the first stage, we don't waste each other's time. But the more important thing is many times we are the first port of call for receiving new deals. And many of the IPCs, other brokers, other participants in the market they say you are the first client we are showing this deal. Which is a sea change from where we were probably two years back. This just lays out how that 39,000 actually stacks up. Some is current inventory from the current phases which is like Vista and all is there. Then you have future phases of current projects. The pipeline projects we classified them pre-FY24. FY24 we already launched IvyLush so that has been subtracted. Then FY25++ means we have Lokhandwala deal that we announced in April, that is also captured there. And then the other key projects – 3 projects that I mentioned Thane, Pink and Murud, those are all captured. We have been very conservative with each of the GDVs we are not trying to give you the max possible, we are trying to give you a realistic number for each of those.

– So, 70 to 80% of required land is with us right now for us to achieve our aspirations.

– When you have the GDV your ability to scale up becomes possible. So, the first phase FY22 to FY25 was roughly 4X. It includes the IC business as well. And then from 3299 which was this financial year to 10,000 this similar 3X scale up. As you can see IC business will stay flat because we are not investing to acquire new land parcels, what we have is something that we want to capitalize on, we want to bring them to market. But the biggest growth is in the residential from 2800 to 9500. In the past we talked about 8K to 10K in FY28 we have taken it to 2 years hence. I think Parikshit you had a point that have we delayed. But we said instead of 8000 as the one bookshelf, book end of the shelf, why don't we get to 10,000 and say hey, let's take another two years to actually get there when you become bigger you know 10 to 12% growth rate is not uncommon. So, that we have given a pass to 10,000 crores.

– Our sales mix is also changing. The affordable we have lot of commitments, we have Palghar, Kalyan, some in Chennai that will all get done over the next few years. Some phases will take some time. That's why by FY28-29 all of those commitments would be over. So, our mix in

FY30 will have 0 affordable. And we don't have plans to participate in affordable for the time being.

- Premium projects which were pre-FY23 are very different in terms of the return profile, the IRR profile, are also going to be a smaller part. So, this is going to be a new set of projects that we have acquired. And I am hoping the kind of conservative modelling that we have done for each of the project takes into account all the ups and down that are going to be taking place in the industry in the next 5 years. Because we are already seeing the industry slowing down especially on the luxury side, when that happens your IRRs get diluted because the time gets extended, the velocity changes, the pricing increase doesn't come through. But we have done a rigorous scenario analysis to say that, hey, what we say is something that we should be able to deliver in 60-70% of the scenario.

- The right-hand side shows you a critical change. Hunt-Kill-Eat was our philosophy in the past. You hunt in the same year, you kill in the same year and you eat from that launch. But what happens is when you have a slew of launches that have happened over a period of time they accumulate. For us the sustenance sale will become very important, you would have done 10 launches and each launch even if it gives you 500 crores is 5000 crores on a sustained basis. That is the profile of business that you will see changing by FY30.

- This is a slide that we had a lot of debate how much to share and what not to share. But at least given that this is an important update for all of us to share with you transparently, we thought why don't we show you everything that we have, except for one thing that is not on the top of some of the columns and you can extrapolate taking a simple CAGR. But this is a plan that we have from 2800 how we want to grow to 9500 of residential business. And for each of the new launches we have put the top 5 projects and sustenance of the top 5 projects for that year. So, this is the build up that we have. And interestingly if you see, FY28 has two new projects – New Project 1 and New Project 2. And FY29 has New Project 3 and then FY30 has 4 and 5. These are the gaps that we have right now based on where we stand. Even though GDV is there but not all GDV of Bhandup or Thane can happen in 2 years, 3 years or 4 years. You need the flow of projects to actually give you the sales in that current year.

- We were also questioned that why Thane Phase 1 in FY28. While we are saying that approval 2 is almost there, but fingers crossed we should have it. But the Thane metro station would be ready by that time. So, from a social infrastructure point of view, you get a better pricing realization by waiting 6 to 12 months, we have that in mind. We also are carefully watching the Borivali-Thane tunnel construction, that is also supposed to finish by that time. And if waiting 6 months can give me a 10% price increase is something I will take any day for Thane. So, those are the reasons we have put them in FY28 for the time being.

- If reasons allow us, if there are good news, we can move it upfront but at least from a land bank point of view that land would be ready with us sooner than later. So, this is our build up that we have.

- We will not take our foot away from GDV addition. Like in 18000, 12400 is actually Bhandup so roughly 6000 is coming from other projects. Our belief is that if you want to build a sustainable business 5,000 to 10,000 crores of GDV every year would be required for us to keep the engine running as we march towards our 10,000 crores aspiration. In fact, internally we have been talking about 1 lakh crore, 1,10,000 crores of GDV that we need to be thinking because we have to think beyond FY30, we have to think about 35 and 40. And this is a business once you lock in your land parcel it allows you to actually benefit from it over a long, long period of time. And I have seen that some of our peers have done really well they have done it much earlier in time, we have to do it in this timeframe. So, we are actively looking to prepare our balance sheet, to prepare our aspiration to achieve that.

– Do we make money? And how do we make sure that we are moving in that direction? So, we did this for ourselves to understand what is the IRR of the projects that we have ongoing by vintage.

– You see the first bucket has projects upto FY18 – 6 projects cumulatively 3000 crores +/- little bit. The IRR that we are seeing because of delays, construction, the way they were designed, Covid is at 3%.

– There are 6 projects launched between FY19 and FY21, 2500 crores sales, 10% IRR.

– FY22 we didn't launch much about 1000 crores 10% again.

– 4000 in FY23 that's where we started to pick up momentum – 21%.

– And FY24 5000 crores, is at 26%.

– So, you can see that there is an improvement in the IRR. Obviously, one is mechanical because you have low duration you have not lost time so automatically you will see the IRR enhancement. But also we have changed a few things in terms of how we do the costing, we have a dedicated costing centre of excellence which has come up in the last two years to make sure that we are not ultra-aggressive on the cost, we are conservative on the cost. What that means is we are accounting for more cost in our business case in IRR than we were doing in the past. That gives us cushion to absorb let's say shocks in the commodities, it allows us to absorb any kind of rate change in the labour side by state. All those are some very healthy things to keep in your kitty because that can affect your business case significantly. So, once you are conservative and then you do your IRR target for the deal, then at least you don't have a downside you hopefully have some upside. That's how we have done the IRR analysis. And we have gone back for each of these projects to say what's the true IRR given all the adjustments that we need to do. Similarly, you can see the affordable and premium clearly it is a reason for you to pursue premium projects. Affordable they are tough from a customer experience but also financially it doesn't cover our cost of equity. So, that's something that we need to watch out for and we have taken into account in our strategy going forward.

– We tried to really hide a few things on the page, these are 23 projects, you know, I think you can guess some of them already. But I just want to highlight two things from this page. One is the rigour that we have, we are tracking how was the performance of sales in internal discussion let's say by six months these are March 24, September 24, December 24, March 25. We are tracking that on a quarterly basis. Every time we share with the board also how are the costs changing, how is PBT changing, how is the PBT percentage, and how is the IRR. There are few other dimensions that we have, we have not shared that. But if you see the blue part at the bottom of the screen, our current portfolio IRR is close to 16%. So, including the 3% and including the 26% if you were to take a snapshot of all of our projects that's 16%, which is healthy, which is healthy but it has to get healthier for us to absorb the cyclicality of this industry that's why we are moving in our efforts, in our project execution.

– I think this slide is a little bit work-in-progress. It has the total operating cash flow net of all expenses that we will generate from the project but it has 3 projects which are missing - Thane, Pink (Jaipur) and Murud. And we were just doing back-of-the envelop that 10,550 crore will become 13,000 crore if we were to bring all of them to market in the stipulated time frame. So, the current project 39,000 crore worth of GDV that you see has a potential to give us roughly 13,000 crores of operating cash flow as we stand today. It is an estimate, estimates will change based on the pricing, velocity, not velocity as much but if you look at selling more at a lower price versus delaying it, it has an impact on your sales. As well as the costing, costing has been hidden for most of the projects, but you know there are changes that happen in the industry, approvals, TDRs and many other things.

– IC business not to be forgotten, if you have seen our financials, IC is a big contributor for our profitability. And it will continue to play that role, the land was acquired 20 years back, 15 years back that's giving us the results. We also have marquee partnership, Jaipur is with Rajasthan government, Chennai is with Tamil Nadu government, Origins 1 and 2 is with Sumitomo, Origins Pune is completely with us right now, and Origins Ahmedabad is with IFC. Pune is something that we are putting in a lot of effort to bring contiguity and connectivity to make sure we are able to market it at the earliest. We had 63-1A issue which has already been resolved.

– Interestingly, this business even if we don't acquire new locations, we call this strategy as EN strategy – Existing Land Location and New Land Parcels to address the contiguity – EN. We will put money behind it. We will not do NN – New Location New Land parcels we will not do anything. Despite that the size that we have has the ability to give us 1500 crores worth of PAT our share because we have partners so if you take out their share, we have the ability to get roughly 1500 crores, so that's the kind of potential that this business has, in order to make sure that comes through sooner than later. But the more you wait on land your profitability goes up so you always have to balance lower price now versus wait a year or two and get slightly higher price, that's the balancing act that we have in our IC business.

– Balance sheet you know, having the Mahindra legacy we are always very conservative, right. The 0.34 to 0.39 is something that is one of the lowest in the industry. Many of our peers are very high and as we go through the rights issue the immediate thing is we will cut down this long-term debt as much as possible and keep a lot of money remaining for us to fund our growth aspiration. And if we need to go back to get debt - we will do that. All our GDV acquisitions if you have seen are very capital efficient, GDA, society redevelopment, outright is a fair percentage but that's something we have done consciously.

– And then finally our you know you saw the middle part of the video, I think we are doing a lot to pursue our customers aggressively. This premiumization journey that we are going through is something that resonates very well with our customers. And then our employees are quite excited. We have a new office. We have a culture of work hard play hard. We had a cricket tournament recently the second time. More than 50% of our colleagues actually participated, work hard play hard culture starts from office but ends in the playground. So, that's it from our side, let me hand over to Avinash.

– **Mr. Avinash Bapat – CFO, Mahindra Lifespaces:**

– Okay, so you have all seen the results, they have already come out in the public domain on the stock exchange. We thought we will give you a sneak peak of how we look at our financials because as you all know the accounting guidelines that dictate the way accounts are cast for the real estate industry are very tricky, it doesn't really reflect what's kind of happening on the ground. So, we thought we will just give you a kind of small walk down maybe just a couple of slides as to how we look at it. Then of course, we will leave it open for questions.

- I will actually not dwell too much on this slide, this is exactly as per how it is cast in Ind AS. It shows that the income from operations is about 372 crores versus 200 crores. It is following the completion contract method. It is not really reflecting exactly how things are going on the ground. What we have done and this is the balance sheet it shows a healthy net worth of about very close to 1900 crores.

- But quickly let's spend some time on this slide. So, what we have done here is that we have not changed the main principle of what Ind AS follows which is completed contract method. However, this we in our internal parlance call as full consolidation or management consolidation, okay. So, what that means is that typically you would see an income statement whereby there would be a certain profit attributable with joint ventures and associates and all that. Now, if we look at it holistically these are all entities which we are running the business on the ground, we are controlling them from an operations perspective, so we call them full consol which means that everything is consolidated at the line-by-line level and then we have a small line there at the bottom which talks about minority interest.

- If we look at this, we can say that in FY25 we have sold 3.18 million sq. ft. in residential segment versus 2.47 last year. We sold 85 acres in the IC business against 119 acres last year. But if you can see the revenue line or income from operations line, they have actually given us a higher revenue 495 crores versus 470 crores last year, that's about 5-6% growth. If you look at the total income, we were at about 1000 crores last year going upto 1400 crores, 1446 is the total for FY25.

- What is interesting is what is happening on the EBITDA line as well as what is happening on the PBT line. So, while the income has grown by about 18% we have seen about 26 to 27% jump on the PBT side or on the EBITDA side which actually reflects health.

- One small point, Amit alluded to earlier and that's kind of reflected here. On the earlier slide you saw that the IC business has got potential to generate about 1500 crores of PAT over the next 8 to 10 years. If you see what it is doing today, the last two years 124 crores and 126 crores is the PAT that is generated from the IC business. So, the wealth or the importance of IC business is this it gives steady PAT over a longer term period whereas the residential business has tremendous potential to grow and with the growth and with how we complete our projects will come the income and the profitability that is associated with this. So, that's how we look at our business. There are enough disclaimers there but we thought we can share with you exactly what our internal matrices are.

- Well, last but not the least, these are the highlights of how things have happened in the last year. Pretty much about 20% growth in residential pre-sales, IC revenues have grown by about 5%. We have already talked about GDV that's about 4X as compared to last year. What has driven our cash flows is the very strong very healthy collections, we saw on the earlier slide that our net debt to equity ratio is about 0.39 still very healthy. So, at a point in time if we really need some strategic debt we can always raise that. 0.39 goes well with our overall guidelines, we don't want to really over-lever, we don't want to go beyond 0.6 or something like that so we have kept it under control. And of course, strong operating cash flows, the key highlight is that highest ever 832 crores is what we have overall operating cash flows mainly led by these residential collections which has grown about 30%.

- Cost of debt has been well under control, we tried to do maximum in terms of short term versus long term, any commercial papers issuances we get pretty good rates there. Overall, we have kept it under 9 and that helps our overall cost.

- So pretty much that's it from me. We will leave it open for questions and then take it forward.

- Thank you.

- **Mr. Amit Kumar Sinha – MD & CEO, Mahindra Lifespaces:**

- So, hopefully you have got a glimpse of the business how we are trying to build it and a glimpse of the commercials of the past financial year. So, would love to address any and every question that you have. So, over to you I think, we will have the mics go around if there are any questions and we will try to address them. You can direct it to any of us or we will find the best person from our side.

- **Mr. Parikshit - Participant:**

- Hi, Amit, thanks for the presentation. My first question is on the rights issue. What are the timelines of the rights issue? And how do you intend to deploy this for growth? So, what will be the strategy on deploying this whether you will do outright purchases or like in MMR this year you have rightly done through the GDA route, so what will be the strategy for MMR Pune and Bangalore in terms of allocation of this capital.

- **Mr. Amit Kumar Sinha – MD & CEO, Mahindra Lifespaces:**

- First part you want to answer, yeah.

- **Mr. Avinash Bapat - CFO, Mahindra Lifespaces:**

- So, short answer to your question is actually is when --- as early as possible, okay. To be very honest actually we had some internal deliberations and we thought let us first actually declare our annual results. We didn't really want to go to the market with 9 month numbers and then the investing community can have a good impression or a bad impression about what happens on the results front, we thought let's go formally with everything on the cards and then go through with the rights issue. So, my short answer is very soon, you know, we haven't yet exactly decided the exact dates and all that but you should hear something very soon.

- **Mr. Parikshit – Participant:**

- Deployment of funds.

- **Mr. Avinash Bapat - CFO, Mahindra Lifespaces:**

- I thought you were taking that.

- **Mr. Amit Kumar Sinha – MD & CEO, Mahindra Lifespaces:**

- So, I think roughly we have 900 crores of long term debt. And with this 1500 crores I think it will help us to be prudent about reducing that as much as possible. So, that's our first. We are from a deal point of view we don't have an allocation that we will put this much money towards outright, this much towards Pune, this much towards Bombay and Bangalore. I think we have done a lot in Mumbai to be honest in terms of the deal pipeline, so our focus is lot more bringing that GDV into market through sales approval, so we have got enough right now. Even in Bangalore we have a couple of marquee projects that are coming up so we are not in a rush to put more money in Bangalore because we got next 3-4-5 projects lined up. Pune is something that we think we are almost close to deals last financial year but for one reason or the other, either we didn't feel comfortable or didn't work out with the other parties, so those didn't happen. So, I think Pune will need some focus for this financial year. But at the end we look at this as a pool of money that is available to the best project that we have. And if there is an outstanding project opportunity that comes in Bangalore the funds will go there, right. And good thing is everything rolls upto Vimalendra so he is able to actually prioritize, hey, here are my top 5 projects and they are at different stage of term sheet and due diligence and first come and first served but it has to meet our financial discipline. And we also have support from the group in terms of, hey, if this 500-600 crores which is net of debt payment, if that is exhausted we will be able to go to the market and raise debt again if needed. Because our debt equity at that time would be zero practically zero. So, we have the opportunity but we run a very tight process with the corporate to make sure that we are getting the best deals --- Divya is here, you know, we get the best deal on the debt side so that we are always maximizing the financial returns from any investment that we do.

- **Mr. Parikshit – Participant:**

- My second question is on the GDV addition, you have done phenomenally well last year and the year before that, so now the question is that the sales effort now goes into it and to cure these deals and get it on the ground up and running and do sales on that. So, in terms of channel partners, in terms of execution capabilities on the supply chain side so how has been the ramp up there given that we have a slew of launches coming this year and the year after that. And when we move towards the 10,000 crores target, how are you building the organization, the entire channel partners network, so how has that number been for you this year. What has been the conversions at the site, what kind of velocity you are looking at the new launches given the current condition of the market. So how do you see all these things?

- **Mr. Amit Kumar Sinha – MD & CEO, Mahindra Lifespaces:**

- You want to answer that.

- **Mr. Vimalendra Singh - Chief Business Officer – Residential, Mahindra Lifespaces:**

- Thanks, Parikshit.

- So, let me address this question point wise. First is in terms of the sales capacity, right. I think like the business development deals where you know there are financial guardrails, we have to ensure that we meet those financial guardrails. In terms of capacity building, it is very easy to build capacity. But then if suppose you don't have enough projects on a particular line then what do you do with that excess capacity. It is a very dynamic process where you build capacity at a right time in a way that people are completely engaged in the sales process. So as of today I think we are very well capitalized we can take care of the projects that we spoke about and which was shown and then at the right time obviously we will add capacity depending upon which project is going to come at what time. Not a worry there.

– In terms of channel partners I think we have a dedicated channel partner team. So, let me just explain that business briefly to all of you. Within the channel partners we have got effectively 3 sourcing verticals, right, one is your retail channel partners which are all the people on the ground in a particular micro market. We have institutional channel partners what we call as larger players, they have got this 500 member team, 300 member team so they work at a very different scale.

– What we have also started last year is we have got something called as Rest of India Business because the markets that we focus on like Mumbai, Pune and Bengaluru have people say from NCR, people from Jaipur, people from Madhya Pradesh who are also interested in investing in these cities for various reasons, right. So, the third one is Rest of India model or the channel partner model. Happy to share that in terms of distribution we are one of the biggest in all the cities that we are operating in. We have a very dedicated channel partner team across these 3 sourcing verticals. It is effectively like a wealth management or a private banking model where you have X number of customers allocated to a particular relationship manager and that relationship manager has to nurture that relationship and the objective being hey, if a channel partner has a customer, he should think about Mahindra Lifespaces because his relationship has been effectively managed by this particular person. I guess that's where you need to have that share of mind which is very important. That's how we are approaching in a very meticulous way. We are happy where we are, I will not get into the number but a significant number of channel partners that are already empanelled with us and the engagement is round the clock with them.

– **Mr. Parikshit – Participant:**

– And on the execution side… supply chain construction teams and the capacities there, moving to reputed contractors, focus on quality, how are we tackling this because this has been one of the major issues in the sector.

– **Mr. Amit Kumar Sinha – MD & CEO, Mahindra Lifespaces:**

– Yeah, that's a great question. I think there are two parts - internally how are we scaling up and externally how we are thinking of the right partners. Internal side we have significantly enhanced our procurement and contracts team. We have hired somebody from another very respected peer individual who had done well and he has rebuilt the team. And I think the key part in our procurement contracts is how do you actually have enough control, cost focus but also have agility. Because cost will allow you to bring negotiation etc., to bring your cost down. But if you are not agile you will lose time and it will affect your IRR and now it takes 6 months to award a contract. So, what we are trying to do is build that system as well as mindset in our procurement and contracts team working with Sudarshan who is sitting here, to make sure that his needs at the site are very well addressed. So that kind of internal capability building is happening, procurement is one key area.

– At each site we have a very strong local head … for example in Pune we have very strong guy who came from Capacite he runs all the 4 projects. In Bangalore we have another gentleman who came few years back he is one of our stars in terms of delivering before time. We have in Chennai somebody else, in Mumbai we have somebody else. So, we are building that. And below them we have the next level of people we call them DH Band that's been built over a period of time almost 80 of them who are part of our next level of leadership, they are number two to each of one of them. So, that's something that we have really worked towards.

– We have brought down, this industry has an attrition of 30 to 35%, our attrition is less than 20%. Why? Because we are investing in our people, talent development the right kind of opportunity, rotation, many of these things. We have done industry leading training programs with IIM Ahmedabad which is 30 people went from our mid level team, with SP Jain locally 60 people attended last year. So, there is a lot of investment in people to make sure that the right people who have the right sort of capability stay with us. So, that's on the execution internal side. Externally, it is a balancing act. I think many of the projects we have some cushion and that's why when we have higher velocity it improves the IRR, it is a little bit of cushion to actually go to better contractors. Now we are creating that cushion and working with our projects to say if you can't go all the way to 1, can you do 1.5 like you know somewhere better than tier 2 or tier 3. At least who has got very good strength in people, the sourcing of people on the projects at the site and also compliance for Mahindra is a very big thing, safety and other compliances. So, it takes that adds a little bit of cost 10% some time. And for us to absorb that we have to be very careful and thoughtful. So, we are almost there in terms of creating budget in each of these projects. But that's something which I would say is a balancing act for each and every project.

– **Mr. Parikshit - Participant:**

– And just last question to Avinash. So, Avinash, you showed us that slide on recasting of the financials which you do internally. So was it POCM accounting or is it just a…

– **Mr. Avinash Bapat - CFO, Mahindra Lifespaces:**

– No, it is not POCM. It is still completed contracts, but at a full console level as we call it, which is everything consolidated line-by-line.

– **Mr. Parikshit - Participant:**

– So even associates are consolidated on a full…

– **Mr. Avinash Bapat - CFO, Mahindra Lifespaces:**

– That's right, exactly.

– **Mr. Parikshit - Participant:**

– So, the question is now on the next year, I think we have been in the past saying that we will move to the path of profitability even on CCM basis on the residential business. So, when do you see the light of the day? And, is there any thought of moving towards more POCM based accounting, which other Bombay developers are following now. I mean, they have moved to because it is a more correct representation of your current profitability. So how are the thoughts there?

– **Mr. Avinash Bapat - CFO, Mahindra Lifespaces:**

- Yes, so good question, Parikshit. So, you are right, few of the developers have kind of not changed or have moved to this. There are a few who are contemplating about how do we do it. In our case as well, we are contemplating taking a conscious call through our advisors, our auditors, our bankers etc. as to how do we actually transition to that kind of methodology.
- As we do that, obviously, new guidances, new guidelines are also coming up. Ind AS may be allowed, may be not allowed. So, we will consciously look at it. We are working on it. In the meantime, we are thinking of how do we kind of bring out more to you. If there is a way where we can cast our accounts in a percentage completion method and if that can be displayed to the public, maybe we can try to do that in the interim. So those are the things that we are all working on. Let us see how we progress on that.
- **Mr. Parikshit - Participant:**
- Okay, and any deliveries for this year? Like FY26, how much do you think you can deliver in terms of area or in terms of revenues? Approximately some ballpark, since they are on the Residential business? Any major deliveries coming up?
- **Mr. Avinash Bapat - CFO, Mahindra Lifespaces:**
- Good question. I cannot tell you the exact number but we have quite a few sizable deliveries planned in this year. A couple of projects which we have started about 4-5 years ago are going to see completion this particular year. We talked about two marquee projects. Amit talked about Luminaire in the past. We were talking about Eden. So, some of these will see completion during this year.
- **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**
- I can share some more.
- **Mr. Avinash Bapat - CFO, Mahindra Lifespaces:**
- I am talking about marquee projects.
- **Mr. Avinash Bapat - CFO, Mahindra Lifespaces:**
- So, 5+1+3, that is our OC. Five large projects, one which plotted which we are awaiting approval to even launch which is in Jaipur, but it takes nine months. And then, three on the affordable side. So that is the nine on the OC side. In the past we, the reason Avinash is not sharing the numbers because it is dependent on the approval. We can do our job well, but as you know, this industry has some challenges.
- **Mr. Rahul Jain - Elara Capital:**
- Hi, sir. Rahul Jain from Elara Capital. Sir, couple of questions. So first one is on your Andheri Lokhandwala projects. I mean that micro market we are seeing a lot of aggressive bidding by most of the Grade-A players. I mean, when I say aggressive, both in terms of the rental corpus offered along with the area offered. Plus, in all practical terms nearly half of Lokhandwala today is either under redevelopment or in negotiation. So, you will probably see a lot of supply coming in that particular micro market. So having said that… And on your slide if I see the average realization that you are looking at for that particular micro market, it is actually very similar to your Mahalakshmi project. And plus, if I look at a near-ready possession

inventory, it comes to around at least 10-15% premium. So, I just want to understand, is that project going to be relatively margin and IRR dilutive relative to other projects that you work on? That is my first one.

- **Mr. Vimalendra Singh - Chief Business Officer (Residential), Mahindra Lifespaces:**

- Thank you. A couple of other friends have also asked this question. So, I will tell you fundamentally as Amit said, when we look at any project I mean obviously, the financial guardrails have to be met. So, there is no emotion because you know I like the area or it is a great area and you would love to do that. If the financial guardrails are not met, we will not go ahead. And we have said no to many, many, many projects.

- Now coming specifically to Lokhandwala, you know it is under cluster redevelopment. And some of you may be aware, so it is a very specific 33(9) policy. Under cluster redevelopment, there are certain benefits available to a developer. Now within the financial guardrails, some developers may choose to pass on those benefits to the residents, some may not choose to pass the benefits to the residents.

- I will give you just one example so that there is abundant clarity on this topic. If you are doing a cluster redevelopment which is more than 10,000 square meters, there is a certain FSI which comes by default. It is not dependent on an individual approval but it is a part of the policy itself. Similarly, if it is more than 20,000 square meters you know the FSI that you get actually goes up. So as a developer what we do, I can say it comes to me, I will just keep it or I will say it is anyway a partnership joint development. As long as my financial guardrails are met, I will pass on that extra to the society. They are very happy. Then what happens is, your speed to launch in a redevelopment project where you are actually truly partnering with the residents, is actually significantly faster, and that is what makes a lot of the difference again on the financial side.

- So, I think all the societies that we have signed, have great relationship, all very happy. We are working very aggressively for the DA and eventually the design and the vacation. So I can tell you very confidently that the financial guardrails are there. We have been very transparent, open and we have actually used the policy very, very correctly and prudently, and that is the reason we have the ability. And as you rightly said, various other developers have also pitched around the same numbers, but I guess that is where a brand also plays out. That is where the relationship with the society also plays out. Practically, every weekend you know many a times myself and the teams are there with the society members talking to them and getting this home. So absolutely we are very, very comfortable and we look forward to making a very marquee project there.

- Second, you spoke about the pricing. Again, it is all the function of the financials, right? As Amit said a while back, when we look at a business case, we don't work on the business case thinking that, hey, today these numbers are relevant. And what happens three years down the line, four years down the line? There could be some cost pressure, there could be oversupply, right? There are certain assumptions on the prices which are done. If you actually do that well, you are in a completely safe zone, safe space with respect (a) to delivering the financials, (b) delivering the project. So very confident, very comfortable on both the execution and the financials.

- **Mr. Rahul Jain - Elara Capital:**

- Okay, thank you. And second one on Bhandhup. I mean, it is a very sizable project. So essentially, what is the base case scenario that you are looking at in terms of monetization? Obviously, the depth of the market is still building there. So, both from a base case angle as well as the worst case angle.

- **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**

- Can you clarify what do you mean by base case?

- **Mr. Rahul Jain - Elara Capital:**

- Monetization that you are building over a period of time.

- **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**

- Like in terms of years?

- **Mr. Rahul Jain - Elara Capital:**

- Yeah, the number of years that is going into your IRR.

- **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**

- You know this is 6.4 million square foot of saleable area. Right now, we have done the design. We also got the first stage of approval for I2R. So that is also already done. We are now finishing the design and then doing through the approval process. It will have 3,000 plus apartments. It will have a good size commercial space. If you have been to Gurgaon, Horizon Centre, that kind of a complex we are trying to create. It will be, you know, as our CMO, Chief Marketing Officer, have urban forest, marquee club, amazing set of facilities, retail; all those things are going to be part of this. 37 acres allows you to do so many things.

- We have been conservative in our base case. Let's say, if it is 12,000 crores, let's assume 8 to 9 years to sell out that. But that is not our aspiration. Construction could be a few years longer because the last phase will take some more time. I think we will maximize IRR. Given it is with a partner, we will look at the best interest of both the partners. For our partner, the cash is very important. They will want to maximize the cash. For us, cash plus IRR is important. So, we will do the right thing in terms of adjusting the velocity, price point. But at the end, this allows us to create a very successful marquee project which will have a premiumness attached to it. And I think, the base case is a starting point for financial. But in real world, we will adjust the business conditions.

- **Mr. Rahul Jain - Elara Capital:**

- Thank you.

- **Mr. Pritesh – Axis Capital:**

- Hi, Pritesh from Axis Capital. Just a couple of questions. First, continuing on Bhandup. In general, as per your assessment, what is the market size there? Or by going there, are we going to create a whole new market for that ecosystem, and gain some share out of the neighbouring markets around that?

- **Mr. Vimalendra Singh - Chief Business Officer (Residential), Mahindra Lifespaces:**
- Thank you. This market data is almost 6 to 9 months back when we had done our detailed. Bhandup is a micro market, plus the fringes of Mulund, because it is also a captive market. On an average, yearly numbers, they actually sell 5,000 units a year. So that gives you a sense of how large the market is. That's one. A lot of the development has happened towards the Powai side and towards the Mulund side. So Bhandup to that extent, frankly, has not really seen a spur in development.
- Now this particular location that we have, and I will encourage you if you get time, to go and see, there is Bhandup station right behind. There is a metro station right on the road. And this is one of the best locations, one of the last piece of land which is so large. And what we can deliver there is amazing. What we will be delivering there is quite amazing. So, with respect to market, with respect to the absorption, we are absolutely not worried there.
- It is also a function of what kind of product you are bringing, because it is more like there will be commercial, there will be retail, there are residential. Plus, the best is the connectivity. Whether you want to take metro or you want to take an auto or a cab or a local train, I think you are there.
- One more thing, since it is in the public domain, the east-west connectivity is actually next to our plot. If you have to take from the highway, if you have to go towards LBS road, today BMC has already started constructing. Because we have handed over that land, they have already started constructing the flyover. So, by the time our phase is ready, the flyover will be ready; Phase 1 is ready. So that will further add to that particular location. So, all in all, it is going to be a great story there.
- **Mr. Pritesh – Axis Capital:**
- Sure, sounds interesting. Second, we have already transitioned from a journey of being an affordable player to mid-income, largely now getting into premium locations like Lokhandwala, Mahalaxmi. For us, what in general changes? Like, still focusing on product and that will naturally drive the customers to us, or we have to do something different to call us as a premium brand?
- **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**
- Yeah, it is a great question and I think it is not an easy one, let me just tell you, because many times I have been called the CEO of Mahindra Affordable Housing, by people that do not know, and those who know Mahindra very well. And I keep reminding them, even today I had given an interview, they were saying Mahindra Life Sciences. So, I think we have to do a better job of getting our brand understood.
- And that is why I think we have Abhimanyu sitting at the back chair, he is our Chief Marketing Officer. He spent how many years at the corporate, Abhimanyu? 3 years. He helped Mahindra create the brand that exists specially on the auto side; the perception that we have. And we got him specially to Mahindra Lifespaces to make sure that we create a significant amount of brand appeal, which is in line with the Mahindra brand image.
- As you can see, if you look at Mahindra is known for SUVs; not for small cars, not for luxury cars. And I am sure you know we have tried both, we have even tried two-wheelers, right, and

it has not been very successful. Two-wheeler and small cars are like affordable, right? Small ticket size, different kind of customer segment, luxury is a very different customer segment. So, I think we have to do a lot to first change the brand perception. And I think you saw the video at the start, I think we are trying to be a little bit cool, little bit different to create that brand appeal. So that is the first part that we are doing.

- The second part is our overall customer experience, right? When you come from an affordable segment when you deal with an affordable customer segment versus a premium customer segment, the kind of touch point, the way you interact with them, they all need a lot of training. Even the collateral, even the gift that you give changes significantly, right? The role of technology becomes extremely important. So Vimalendra has been driving that, right? You know, the kind of salespeople, how they dress, how they interact, what kind of script they have when there is outbound call centre. I think, I would not say we have arrived at that, but we have some time, right? We have some time.

- And I have seen tremendous response to Vista. Before we launched Vista, we completely changed our project. There were no 4BHKs in Vista. Unfortunately, Supreme Court had this RG issue, we had six months, so we actually changed the design and got 4BHK, up-speced our clubhouse and everything. And then we taught our team how to sell this to the right customer segment. It's a work in progress, we will get there, right? It's a 25,000-27,000, Lokhandwala and Mahalakshmi is 50,000 product, right? We will actually get there as soon as those products are ready.

- And third part is the quality of delivery, right? The finishing. Like, finishing is extremely important, right? If you look at the kind of specs that we provide in our project… I was at, Project in Pune? When I said, okay, we have the concrete blocks, right? I said, show me how much strength it can. So, it is a M30 block. So, you put pressure on that and it breaks beyond a point. And it should have stopped at 30, but we made it so strong it was 44, right? That means the quality of cement and steel and concrete and everything that went into it is 50% stronger than what is supposed to be there. So, it's very safe, very comfortable. But by the time you do all these things, you may not have enough money left for tiles and replacing those cracks in the marble, right? And that's why you have to balance what is visible to the customer that creates a feeling of an up-spec product. And I think that's why we're doing very well now in terms of budgeting for it and making sure it gets delivered and solved for the customer.

- So those are the three things we are trying to do to shift from an affordable to a more premium experience for our customers.

- **Mr. Pritesh – Axis Capital:**

- And just one last on the IRRs. I think it's good to see those IRRs scaling up now. In general, how much does it translate into EBITDA margins or cash flow margins? Because, as an analyst, how can we track that progress that, hey, we are going right on that path? So, what should we be tracking to understand that we are on that right path of improving IRRs and improving margins?

- **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**

- You know, this is one of the toughest problems that we have, right, because of this accounting. So let me have Avinash take a crack, and if I need to step in, I will do it.

- **Mr. Avinash Bapat - CFO, Mahindra Lifespaces:**
- So, first what we do is, we first arrive at the project IRR, okay, because your debt-to-equity structuring and all that can have different implications. Equity IRR would be different than a project IRR. So, we first have our initial guardrail at project IRR. Typically, over a period of time, of course, there is good bit of correlation between a PBT margin and an IRR percentage. Of course, IRR will take into consideration the timing. So, we have guardrails on IRR as well as PBT margin.
- When we do calculate the PBT margin, we also take into consideration a certain allocation towards our corporate overheads and all that, so that the cost that is getting reflected for that particular project is well calculated, well estimated and all that. Largely, that 18% to 20% band that we talked about, does get maintained over projects. That's on the PBT margins, 18% to 20%.
- **Mr. Sriram - Mahindra Lifespaces:**
- That's correct, PBT. Maybe we'll take one or two questions, Amit, from the online participants.
- **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**
- Sure, sure.
- **Mr. Sriram - Mahindra Lifespaces:**
- So, one question is on the demand environment. How is that shaping up in our key markets like Mumbai, Pune, Bangalore amid the macroeconomic uncertainties?
- And Vimalendra, to you, any thoughts on how we should think about our pricing strategy for the upcoming year?
- **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**
- Why don't you take both?
- **Mr. Vimalendra Singh - Chief Business Officer (Residential), Mahindra Lifespaces:**
- So, if you look at numbers, let's stick to the calendar year number, FY24. Even in calendar year ‘24, the overall market has grown, the residential market which is measured in the top seven cities, has actually grown compared to calendar year ‘23. And I would like to share our own example, what we see on the ground.
- We had this Vista Phase-2 launch and then we had this IvyLush Phase-2 launch in the last quarter. And in the Vista Phase-2 launch, we practically had less than 30 days, actually, after we got RERA. But let me give you one statistic which is not there in the public domain. We had 4,000 people who walked in 30 days at our Vista site. 1,000 potential customers who walked in. Now that should give you an insight into the fact that the demand remains robust. And this is on the back of a healthy price increase that we did compared to what we launched in Phase-1. And we have seen this across all of our projects, let it be plotted in Chennai, let it be our Bangalore project, let it be sustenance sales. So frankly, we are fairly confident and fairly

comfortable. And the market is actually very, very steady, so we have not seen that yo-yo movement. And the markets in which we operate fundamentally have been very stable.

- Now if you look at it, if you just peel the onion a little bit, and if you go to, say, a market like Pune, in the last quarter of the financial year, yes, there was a decrease in the number of units sold. Even in Mumbai, there was a slight softening, but it was predominantly because there were not enough launches, which is good. I always tell that people should have all the approvals in place. Sometimes the regulators take X amount of time to approve. There is a scrutiny which is happening at a RERA level, significantly more. There have been certain EC issues. But by and large, the market has held steady, it is fairly robust, and we continue to be very, very optimistic about the growth journey. That's because all the parameters indicate, and our own experience on the ground indicate that the demand continues to be very strong.

- One more statistic I want to share. If you look at the inventory overhang, which is kind of a gold standard in the market, at a pan-India level, the inventory overhang in these markets is still 13.4 months, which is very, very healthy. If it remains like this, we're all very confident that lot of the developers and the sector can bring in a lot of inventory in the market, it will still get absorbed. So, not worried on the demand side. I think we need to be able to bring it to the market, right? That's one.

- The second part of the question is on the pricing strategy, right? Again, I can share my example and some of the examples that we have seen from the competitors as well. As I said, in March, we launched Vista Phase-2, we launched IvyLush Phase-2, and both had a healthy price increase. Now, at least as Mahindra Lifespaces, we were able to sell the units at a higher price. But internally, what we are seeing and in the market what we are seeing is, like, will the prices, in terms of increase, will it continue like what we had seen in the last four years? Probably not. Right? Probably not. And I think that is where a certain degree of moderation will happen. Last four years were great for the sector across the board. There will be a certain amount of moderation as far as the price rise is concerned. But on the demand side, I think the general consensus is, it's strong, it will continue to be strong.

- So, for us, two parameters that we look at. I think all of you must have guessed very clearly, it is IRR and the PAT, or PBT, we can say in this case. And both are very important for us. And many a times, it's a very dynamic balance, it's a very delicate balance. Because, hey, if you sell everything fast, yes, you can do that, reduce the price and sell it. But is that the right strategy? Probably not. So, you need to always be able to create a right balance between how much you sell upfront and how much you hold back, because obviously, you will have a price realisation over a period of time, and we need to be able to balance both. And we are very conscious of this, at any point of time, how much inventory we open and how much inventory we sell in the market. So, we will continue to be mindful of that.

- **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**

- One more online and then we will come back here.

- **Mr. Sriram – Mahindra Lifespaces:**

- One more question. You know, there are a few questions bunched up, primarily on launches, one on NewHaven; update on how that is progressing. And on Thane and Bhandup. Bhandup, I think we talked about, we can just cover NewHaven...

- **Mr. Vimalendra Singh - Chief Business Officer (Residential), Mahindra Lifespaces:**
- Thane also we have spoken about, but on NewHaven, our project which is in Bangalore, adjacent to our existing project; a small one, if you look at the overall size, but happy to share that we have sold very well. You know, we have the CFO, so he can tell the numbers if he allows me. But we have sold very, very well and at a very healthy price increase compared to the adjacent project. So, again, both these indicators tell me the market is fairly robust. And so, that is all I can say. It has done very, very well.
- **Mr. Sriram - Mahindra Lifespaces:**
- There is also a question on Pink and Navy as well, if you just want to quickly update.
- **Mr. Vimalendra Singh - Chief Business Officer (Residential), Mahindra Lifespaces:**
- So, Navy I can talk about. Navy we hope to launch. Because it is a redevelopment project, our first redevelopment project and redevelopment has a certain amount of timeline attached to it before we can launch. Because obviously, there is a DA, there is a design. You go through the 79A process. The entire PAAA which needs to be done with every single customer, a certain degree of hand-holding, then there is vacationing which needs to be done, then there is a demolition CC and then RERA. Happy to share with all of you that the entire site has been vacated now. I think we are significantly ahead and we hope to be able to launch Navy this quarter itself. So, all on track as far as that is concerned.
- Pink, we are working through the regulatory approvals very, very closely. In fact, Amit himself has met very senior officials in Rajasthan government to expedite the approval process and we remain very optimistic. Hopefully, sooner than later we should be able to share some positive news on that front as well.
- **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**
- Can we come back here for questions?
- **Mr. Parikshit - Participant:**
- … margins on your new business development which you did last year. Prior to that, what has been the embedded margin, EBITDA margin in the new BD? So, how has the trend changed? So, for FY24-2025, what kind of margins we are carrying? Embedded EBITDA margins, I am talking about.
- **Mr. Avinash Bapat - CFO, Mahindra Lifespaces:**
- So, I will answer it this way, Parikshit. So, one, in the past, we had some guardrails. What we did is a kind of… I wouldn't use the word revamp, but we understood the elements which we are either over-budgeting, over-estimating and things like that, and tried to tone that down so that our guardrails process and the process of estimation of those costs remain better off or healthier, so that we have enough cushion or enough buffer. If there are things that go wrong, we added contingencies, we added some of the escalations that can come in cost and things like that.
- Over a period of time, what we are doing now, as compared to what we were doing last year is, we are now thinking of making those guardrails a little bit more stringent. So, for example,

if we were okay with a required rate of return or IRR of about, say, between 18 to 20%, we are now targeting things that are upwards of 20%, between that 20 to 22% range, so that as we enter into this particular phase of the industry, we can target some more return. That's one. And the kind of GDV scale that we've acquired by now, allows us to actually set a slightly higher guardrail than what we have been doing.

– From a BD process, I explained the correlation between the IRR and the PBT. We still continue to monitor the PBT part of it rather than just EBITDA, because we bake in all the relative costs that are for that particular project and then do the project IRR basis. So, if we move up the guardrail a bit on the IRR side, automatically, it has an implication on the PBT side.

– **Mr. Parikshit - Participant:**

– Because the mix of MMR has gone up and especially the premium projects. So, when I look at 23-24% PBT, so will there be almost a slippage of like when I move from EBITDA to PBT, so at least 7-8 percentage point could be the shift. So, is it right to think that EBITDA will be upwards of now 30% on the new business development?

– **Mr. Avinash Bapat - CFO, Mahindra Lifespaces:**

– Just purely based on the mix, I am not understanding the question exactly. Just because the mix may change, I don't think it will have an implication on dilution of EBITDA. So, it is not mix linked, let me put it that way. It is not even the type of the deal linked, meaning it's just because whether higher number of society redevelopment vis-a-vis outright, it's not linked to that as well. Each project is on its own merit evaluated and then brought into the market.

– **Mr. Parikshit - Participant:**

– But will you put any number on EBITDA…embedded EBITDA margins on this 18,000 crores of pre-sales? Or even removing Bhandup, if I have to say 6,000-7,000 crores, is it right to assume that? Like your peers are reporting almost 30 to 35% embedded EBITDA margins when these sales will get recognized as of current cost prices and with some escalation built in. So, do you think that when you reach to that 23% PBT, so will that 30% hold or will EBITDA margin…?

– **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**

– No, not 30%. Let me try to answer. I think we have struggled with making this comparison or analysis and here is the reason why. In the project, you have IRR and PBT. At a company level, you have EBITDA. The reason is because you have three components of a cost, which is payroll cost, which is not inventorized. You have other non-payroll costs like consulting, due diligence, etc. And then you have sales and marketing. These are the three costs which are below the line. Gross margins minus these three give you EBITDA. And then you have interest and depreciation. Then you get to PBT and PAT, etc. But you can't do this because in the project accounting, as you do IRR, you don't have these three components captured. What we do to make it more actual is, in the IRR part saying that, hey, this is the gross margin minus the corporate allocation, which are surrogate for these three components. We are right now between Rs. 80 per square foot per year to Rs. 100 per square foot per year. We load those costs and then we calculate our PBT, because then it gives me a good understanding of whether the profit of the project is going to cover the overhead that we are going to have. But the real accounting for that year, you can't project the F29, F30 when the project completion will happen. And that's the problem with EBITDA, because EBITDA is a very different way of looking at it and the project IRRs are very confusing; they don't reconcile together.

- So, what we do is just to create a management reporting. What we have done is, take a project like Vista. Run it from day when we acquire the land and when we finish the project and get out of the project. Do the cash flows. At the end, if IRR is 20%, the ROE should be close to that, right? And that comes only after 10 years if you don't do any more investment on any other project, which is for the future. So very difficult because it's Ind AS. So, we track IRR very tightly, which has a corporate overhead, which is surrogate for EBITDA. And our PBT is roughly 19 to 20%, right? Even though Mumbai project should have a higher, but the approval costs are very high, the land prices, the expectations are very high. So, everybody prices that, saying that you don't get the kind of 30% that, at least we have not seen 30% kind of project. There are certain projects we have seen very high IRRs, but those are smaller projects, potentially in let's say Bangalore, sometimes in Pune. But Bombay is so competitive. If you can get 20%, I will take it any day.

- And you saw from the previous chart, our affordable was 9%, right? Our premium was 18%, right? So, 18 could go 19-20 for a specific project. So that's how we look at the IRR surrogate for EBITDA.

- **Mr. Parikshit - Participant:**

- So, one chart you have given in the presentation where we can extrapolate it. So that number comes to like FY26 is about 3,700-3800 crores and then 6,000 for FY27. So, is it the number?

- **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**

- I was warned that you will ask this question. What's your short-term guidance, right? You know us, we have never given because I wish I can predict when the approvals will come, right? And as we saw in the past financial year, if we had approvals, I would have been much higher than what we are at right now. Everything is ready. Half the work is also done for Project Pink, for example, and even for NewHaven. It could have come easily last financial year. We are just waiting. E-Khata issue, , this issue, that issue. Two months, nothing happened. Three months, nothing happened. So, we have not. But I think for your modelling and you just take 2804 to 9500, put a straight line and say this is what it is. There will be plus or minus. It will come out to 27.6%.

- **Mr. Parikshit - Participant:**

- Just last question on business development. So, this year was phenomenal, 18,000 crores and we are now almost at the top. And you said in the call initially that 5,000 to 10,000 is what you will target on a sustainable basis. Do you think that with the money coming in from rights, so this number could be more closer to 10,000, and maybe there could be some years we will surpass that? I mean are we geared up for doing that kind of both financially as well as the execution side?

- **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**

- I think in the past we always used to say that we will carry 5,000 crores worth of project in pipeline. We right now carry 25,000 to 30,000 crores worth of project in our pipeline, in different stage 1, stage 2, stage 3. Stage 4 is when a final document has happened. We can easily do more deals if the deals are attractive. Good news is given the little bit of track record we have now, I will say little bit because we have to deliver these projects, I think corporate is very supportive saying that you guys fight externally. If you need funds, come to us. Fund is not going to be concerned as long as we continue to execute. So, from that point of view, if there is a good deal which is 5,000 crores, 10,000 crores, if it needs that special attention, we will get that. And many of those deals don't require too much capital because they are typically JDA or some kind of revenue share or some kind of society redevelopment. So, we are always looking for capital efficient. What goes away is the time part. Outright has the benefit of benefiting from a time. Society development takes 18 months to bring to the market, given the points Vimalendra mentioned. So, we are always tracking that.

– I would love to make sure that we are not chasing deals, we are chasing profitable deals. 5,000 to 10,000 is something that we will do, and there will be a few years, it will be 15,000 to 20,000 if we get a good deal. And we are looking for some good deals, large deals in Pune and near airport in Bangalore.

– There's a question behind, I think.

– **Participant Question:**

– Thank you, sir, for sharing the interesting perspective on IRR of the projects. I just wanted to get the sense, I mean if you can also give us a broader sense. What were the IRR when initially these projects were put at the time or underwritten, and where they have slipped to the 3% to 8%? And at the current juncture we are also indicating 28%. So, what are the safeguards we are managing so that these are going to remain intact over a period of time?

– **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**

– I think let me just try, I think you sound exactly like my corporate, just by the way. And an absolutely right question, because why is this 3% or 9%, right? Because when the business case was there, they were all 18%. And they all came down to whatever reason; some controllable, some uncontrollable. But whatever it is, we need to have the learning to deploy for future projects. Now, there are few things that we have to address this dilution, IRR dilution that typically happens. And if you can create a cushion for yourself, it allows you to absorb as much of dilution, right? The dilution could happen on the velocity side, the dilution could happen on the pricing side and dilution could happen on the cost side, dilution could happen on the timing side, right? And in the past, we have classified all those things, how much happened because of velocity. Velocity has never been an issue for us. Mahindra projects, even in the bad, before COVID when the market was low, we sell 30 to 40% in 90 days, that is a thumb rule. Whatever we launch, 30 to 40% will go away; never been an issue.

– Pricing was an issue for affordable segment, never was an issue for us for the premium segment. So, we have been very careful about how to model pricing, look at micro-market, I think the question about Bhandup was asked. How big is the market? What's the equal inventory right now? Resale versus new and all those things. We are very careful with pricing. Better to be conservative on pricing and velocity, that we have taken into account.

– The third part is the costing part, and that's where we have taken significant steps. And although in the past the dilution was huge, but in the last, Sriram, almost two years, the costs of those 23 projects have gone up less than 2%, less than 3%, before the latest change that we did. We are trying to do some tier 1.5, create a budget for those, so we will take those costs up. So, we have been very, very… And prior to that, so F20-23 budget war room, right? That's F23, right? From that point to now, almost two years have passed, and we have seen very tight control on the costs. Our costs have not gone up. The reason they have not gone up is because we created 4 or 5 things to account for the variability in the market.

– The first is the contingency budget that we never had sufficiently. And even if we had, we would share it with the procurement team and the project team and that will get consumed. So, the budget that's given to our market-facing teams are the project budget and contingencies with Sriram and Avinash. So, that's one.

– The escalations, that steel, concrete, glass, all those things, escalations are now true in line with what we have seen in the past. Labour costs are actually as per the government mandate, right? 6% in Maharashtra and so on and so forth, we factor that in, because invariably the contractor will take that into account when they are pricing it. There is a corporate environment responsibility, right? CER, right? Corporate cess is there. All those five components are now baked into our costing assumption. Not only new project, but past projects also because I can't keep showing that past projects are coming down. So, there is a huge amount of… I hate to use the word, 'padding' we have done over cost to make it conservative.

– Now, the flip side of that, I become less competitive when I am trying to bid for a new project. But that's okay. If I have a good flow of project, I will say, don't worry. Let me take that project that has more upside than downside. And that costing is giving us a lot of comfort because most of the issue in the past were our, let's say, poor estimation on the cost, some new surprises coming up, something happening. And then timing was our other issue because of our inability to manage, let's say, some of the remote locations. The remote location affordable has given us the most pain, because it's very difficult to manage those sites. So actually, we are getting out of that.

– So, the timing part will get addressed. Velocity and pricing were never major issues. Costing we have solved. So, that's how we have made sure that the dilution doesn't repeat again for next year or the following year for the future teams to have problems. Hopefully, it gives you some idea about how we are doing.

– **Participant Question:**

– Thank you for the detailed explanation.

– **Mr. Sriram - Mahindra Lifespaces:**

– I think probably we are 26 minutes past our scheduled time. Maybe we can take one last question, Amit? If anybody has anything.

– **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**

– Online also? Online you have done?

– **Mr. Sriram - Mahindra Lifespaces:**

– Online, most of the points are covered.

– **Participant Question:**

– What’s the GDV of launch next year?

– **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**

– GDV of launch is around 6,000-7,000? Between 6,000 to 7,000.

– **Mr. Sriram - Mahindra Lifespaces:**

– So, look, that obviously will be dependent on approvals and some other things, right? So, as of now, that's what we are working towards.

– **Mr. Amit Kumar Sinha - MD & CEO, Mahindra Lifespaces:**

– Well, thank you. I'll just do a vote of thanks. Thank you from my side for coming over. And we will do this physically going forward. Hopefully, this was useful for you. And some of you asked, will we do the same slides again and again? No, no. We will not trouble you with that much. But at least it's good to meet all of you, take your feedback. And if you have anything else, just let us know, happy to follow. Thank you.

– **Mr. Sriram - Mahindra Lifespaces:**

– Thanks, everyone. Thank you personally for coming here. It was great seeing everyone and hope you had an excellent interaction. Happy to address any questions later between me, Avinash, and the rest of the team. Thank you.

– ***END OF TRANSCRIPT***