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

May 02, 2023

BSE Limited Corporate Services, Piroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Listing: http://listing.bseindia.com	**National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051 Listing: https://neaps.nseindia.com/NEWLISTINGCORP/

Re:

Security	BSE	NSE	ISIN
Equity Shares	532313	MAHLIFE	INE813A01018

Sub : **Transcript of Earnings Conference Call for the quarter and financial year ended on March 31, 2023 - Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")**

Ref : **Intimation of earnings conference call vide letter dated April 01, 2023**

Dear Sirs,

This is further to our letter dated April 01, 2023, wherein we had given advance intimation of the earnings conference call scheduled to be held on Wednesday, April 26, 2023, with several Analysts/Institutional Investors/Funds on the Annual audited Financial Results for the quarter and financial year ended on March 31, 2023 ("Financial Results").

In compliance with Regulation 30(6) read with Schedule III and other applicable provisions of the Listing Regulations, we hereby inform you that the Company on Wednesday, April 26, 2023, concluded its earnings conference call with several Analysts/Institutional Investors/Funds on the Financial Results and the audio recordings of which were submitted through Stock exchange vide letter dated 26th April, 2023. Mr. Arvind Subramanian, Managing Director & CEO, Mr. Vimal Agarwal, Chief Financial Officer and Mr. Rabindra Basu, Head Investor Relations attended the said call on behalf of the Company. The transcript of the said call hosted by the Company for the quarter and financial year ended on March 31, 2023, has

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been attached herewith and also made available on the Company's website at the following link, within the timeline prescribed under Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

https://mldlprodstorage.blob.core.windows.net/live/2023/05/MahindraLifespace_Earnings-call-transcript_Q4FY23.pdf

This is for your information and appropriate dissemination.

For Mahindra Lifespace Developers Limited

ANKIT MANOJ SHAH
Digitally signed by ANKIT MANOJ SHAH
Date: 2023.05.02 11:56:12 +05'30'

Ankit Shah
Compliance Officer
ACS 26552

MAHINDRA LIFESPACE DEVELOPERS LIMITED

"Mahindra Lifespace Developers Limited

Q4 FY '23 Earnings Conference Call"

April 26, 2023

MANAGEMENT: MR. ARVIND SUBRAMANIAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – MAHINDRA LIFESPACE DEVELOPERS LIMITED
MR. AMIT KUMAR SINHA – NON-EXECUTIVE DIRECTOR AND BOARD MEMBER – MAHINDRA LIFESPACE DEVELOPERS LIMITED
MR. VIMAL AGARWAL – CHIEF FINANCIAL OFFICER – MAHINDRA LIFESPACE DEVELOPERS LIMITED
MR. RABINDRA BASU – HEAD OF INVESTOR RELATIONS – MAHINDRA LIFESPACE DEVELOPERS LIMITED

Moderator: Good day, and welcome to Mahindra Lifespace Developers Limited Q4 and Full Year FY '23 Earnings Conference Call. On the call today, we have from the management, Mr. Arvind Subramanian, Managing Director and CEO; Mr. Amit Kumar Sinha, Non-Executive Director and Board member, Mahindra Lifespace, Mr. Vimal Agarwal, Chief Financial Officer; and Mr. Rabindra Basu, Head of Investor Relations. As a reminder, all participant lines will be in a 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, please signal an operator by pressing star then zero on your touch-tone phone. Please note, this conference is being recorded. I now hand the conference over to Mr. Arvind Subramanian. Thank you, and over to you, sir.

Arvind Subramanian: Good morning, greetings, and welcome all To our Q4 and FY 23 earnings call Before I get into my rapturous ramble I must offer the perfunctory preamble Do bear in mind our business resides in many parts Consolidating them financially calls upon all your smarts. So, adding individual lines you must desist And, extrapolating recent past to distant future certainly resist. This is my twelfth, concluding, opportunity to your notice to bring Highlights of the business, and our team's paeans sing. Indulge me a few moments, I promise to make good time. With the business on song, you see it emboldens me to rhyme. Many of you have been with us long – steadfast and true. Others have reposed faith in us more recently, some re-investing a new. You have all been demanding yet fair; always willing us on Rousing us to draw on all three faculties – heart, brain and brawn. I'd like to tee off the highlights with our IC&IC business this time. Whose voice has risen to a crescendo from a chime Jaipur led the way, Origins Chennai has come to the party too. Winning coveted clients of every industry, country, and hue "Awaken the sleeping giant!", was both your and my ask In response, the team clocked 456 crore leasing – no mean task! Bringing our 2025 target forward two full years Ringing in valuable cash, deserving our plaudits and cheers Residential pre-sales continues to motor along. Customers our new launches expectantly throng Nestalgia, Eden and Citadel new flags on our map. Sustenance sales advanced unabated, as if on tap 1812 crore pre-sales, healthy price increases an added boon Demonstrates our acuity the business' economic engine to tune. With Marketing, Design and Sales all kicking up a new gear 2500 cr now well in sight, even 10 thousand evokes no fear! 650 crore operating cash is where the rubber hits the road. Ownership and tenacity our construction teams showed. Accelerating project schedules, enabling brisk billing 1165 cr collections followed, customers more than willing. Strong internal accruals provided fuel land acquisitions to pursue By 3200 cr, and another 850 this week, our GDV accretion grew. Society redevelopment and plotted new forays we pursued. Our BD and Legal teams a 5500 cr deal pipeline have brewed. The year gone by has been a defining one. As we journey to find our rightful place in the sun. I now pass the baton on to a new leader in line Under whom I expect the business will further shine I cherish with immense pride our teams all around Indomitable self-belief and a spirit of adventure abound. You made me look good, putting shoulder to wheel It's been an exceptional privilege – a fantasy reel!.

Vimal Agarwal: Thank you Arvind for such a wonderful start for the day and for the call. Good morning everyone, moving on to the key financial numbers for the quarter. The consolidated total income stood at INR270.3 crores as against INR155 crores in Q4F22. The consolidated EBITDA including other income and share of profit from JVs stood at a profit of INR10.4 crores as against a loss of INR15.1 crores in Q4F22. The consolidated PAT after non-controlling interest stood at

INR0.5 crores as against a profit of INR136.8 crores in Q4F22. Company has debt of INR265 crores at consolidated level as per Ind AS, while cash in hand and bank including surplus investment stands at INR273.6 crores. Cost of debt was INR8.2% and our consolidated free cash flow after land related payouts for Q4F23 stood at INR142 crores as against INR79 crores in Q4F22. I now request if you can open the floor for questions please. Thank you.

Moderator: Thank you very much sir. We take our first question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal Hi team. Congratulations on a great year. Quite poetic start to the call. So Arvind, I don't have any questions today. I just want to thank you for all you have done in this company in the last three years, taking it to the new height and outperforming almost 2x in all the accounts. So I'll individually catch up with Amit later on, on his strategy for the next phase of growth. But wish you all the best. I think possibly I will miss you, but I wish you all the best. That's all I want to say. Thank you.

Arvind Subramanian: Thank you Parikshit.

Moderator: Thank you. We take the next question from the line of Himanshu Upadhyay from O3 Capital. Please go ahead.

Himanshu Upadhyay: Yes, hi Arvind. I agree with what Parikshit said. The company has done pretty well over a period of time. And you have given a new ambition to the company. I hope the company delivers on that. But I will have queries, okay, because that is my job.

Vimal Agarwal: I completely agree. Please go ahead.

Himanshu Upadhyay: Yes. So this is on slide 11, okay. We did consolidate, PAT of INR101 crores, okay. But the net worth has grown only by INR17 crores. Both are after non-controlling interest. Has there been any adjustments made in the net worth of the company at the consol level? And what was that for?

Vimal Agarwal: So fundamentally the key event which had happened in quarter 3 was merger of entities in the south to give help to MWCDL as well as ensure seamless upstreaming of cash. That’s one accounting which changed. Earlier we used to show I think about 37 crores or something as a minority, as an interest in one of that entity. And there was a goodwill which was there. The changes which you are seeing is largely coming off of the accounting which we did, which we did in quarter 3.

Himanshu Upadhyay: And the next question was on this IC business,. We had a pretty strong Q4 FY23, . But the gross margin seems to have dipped quite materially. Any specific reason for that, that these gross margins have come off in the IC business because with more volume going up, our expectation was margins would have been higher or better in Q4.

Vimal Agarwal: Yes. So absolutely valid observation. I'll just give some more sort of colour to the overall numbers here. See, we have got three or four key assets. For example, Jaipur, World City and Chennai World City, apart from Chennai Origins and others. If you look at the total inventory which we are right now holding, that will be I think north of say 1,200 acres or so. The parks are sort of distributed across India and so is the gross margin. For example, Jaipur operates usually upwards of 65%-70% versus others which may be a little different.

On a weighted average basis, if you look at four quarter performance or maybe say eight quarter performance, gross margins will be upwards of 55%-60%. Within that, you will always have instances and say Origins, Chennai which has got a lower margin which in quarter4 adds up to most of the inventory. At an overall basis, I request you to actually go back and look at what we said seven, eight quarters back. One of the key objective was to monetize IC and IC, generate cash, use that cash to fuel residential business.

And the key point is, Arvind talked about the cash surplus and that's where we are. Cash is getting generated. We are using it to reduce our borrowings in the IC business. We are putting that money to generate residential business, land acquisition, etc. On a weighted average basis, our gross margins in IC business are extremely strong.

Himanshu Upadhyay: One question I have on this MWC Chennai. So we are trying to buy more land outside the Mahindra World City Chennai. So the new land outside the MWC Chennai, are in MWC Chennai or they are in Mahindra Life Spaces Developer and Limited?

Vimal Agarwal: I think the comment is more to do with, again I'll go back to the Origins had two phases. Origin Phase 1 is a collaboration with Sumitomo Corporation and outside of that land parcel, we have got about 250 acres of land which we are calling out as Phase 2. Still in the development and strategy phase, we are thinking through what is to be done and that's the land which is adjoining the Origins Chennai. I think the question, Himanshu, you are asking about Origins or you are asking about World City?

Himanshu Upadhyay: I was asking about World City.

Arvind Subramanian: So Himanshu, the phase two land for Origins Chennai is in the books of World City.

Himanshu Upadhyay: So and one last thing, Arvind, in terms of how do you look at the costs in the business? And is there, means how focused are we on doing the reducing the cost or managing the cost in the business? Because we have seen significant growth. But margins are still work in progress. And are we really running an efficient ship or you think there is something, some more work on the cost side can be done? Can be at the project level also and it can be at the corporate level also? Can you give some idea on that?

Vimal Agarwal: So a couple of points here and the important ones, which is again, go back to say one or two years where we always talked about our focus on growing residential business. Say three years back we talked about this INR2,500 crores when we were averaging it at about INR 680 crores, INR 690 crores. And the whole objective there was to get the right people at the right place so that we can really build this organization for many, many years to come.

And therefore investment on the people side is being done. Layer 1 and Layer 2 put together. Similarly, there are two more key heads. One is the marketing head. If you look at our historic two or three years, our marketing costs usually have been lower than industry benchmarks. One reason is that because our launches, etcetera, really are very robust and therefore we tend to invest less. However, at the same time, our desire to build a strong brand, which Mahindra is today, we want to continue to invest and therefore do not intend to hold back so far as marketing related expense are concerned, at least over the next one or two years.

The third cost really is the overheads cost, which are usual ones. We again look at it as percentage, not as percentage of revenue, but as percentage of pre-sales. So, if you were to look at F23 numbers, our percentage to pre-sales, resi plus IC put together, will be best in class across all four cost lines, which is employee cost, admin cost, marketing cost and depreciation plus interest. So that's the sort of long and short of it. We'll continue to invest. You will see some fixed costs going up, but in terms of percentage, you will continue to see decline.

Himanshu Upadhyay: Okay, thanks. I'll join back for further queries.

Moderator: Thank you. We'll take the next question from the line of Rohit Potti from Marshmallow Capital. Please go ahead. Mr. Rohit Potti, your line has been unmuted. Please go and ask your question. If you have muted yourself on your device, please unmute yourself and ask your question. As we are not getting any response from Mr. Rohit's line, we move to the next question. This question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: Hi, good morning. Congrats on a great performance in FY23 and all the best, Arvind, for your future endeavours. You have had a very successful tenure with Mahindra Lifespace and thanks for the progress that we see right now in the company. My first question is, again, continuing on the margins, which the previous participants asked. I think right now, a few of the legacy projects are getting completed where probably we didn't have better margins. When should we expect that these margins should improve on the P&L front? I mean, last couple of years, we have had, I think, good launches with focus on profitability. So by when should we start seeing them in P&L?

Amit Sinha: Let me take this question. This is Amit Sinha. As I've been looking at the margin profile of the past projects, I'd like to highlight three points. As you've seen, we've had a huge successful set of launches in the last four quarters for sure, as well as the year before. And those projects have been launched with, I would say, right pricing, right mark-to-market, right set of value proposition for customer. And most of the impact will start to happen in the next four to eight quarters as most of these projects start to complete. And that is where we will start to see that our margin profile will start to improve, especially on the residential side.

The second point is about the current launches that we are thinking in terms of delivering a product which is outstanding, which meets the customer expectations in line with our brand, in line with the unique propositions we have on the sustainability, on the efficiency of design in terms of technology. And we feel that all those things that we are able to bring to customer will have an improvement on the pricing aspect, which is extremely valuable when you are sourcing land from the market, when you are doing the cost of construction in the current environment.

So we need to make sure we get the value reflected in the price, the brand, the design, the sustainability, the technology, all the unique value propositions. So that's the second piece I see.

The impact will start to come over the next eight quarters because those projects have just been launched or being launched. So you see the effect of those in the subsequent quarters. And the third part is how do we manage the velocity of sales versus the revenue recognition. I think as we have seen, the market is quite buoyant, we are able to see, in certain projects, should we hold back for slightly better pricing or should we release that inventory?

That's a very disciplined exercise that we have carried and started to do it really well in the last few months. But that is going to give us a slightly better improvement on pricing again. The way we manage our mix of sales versus inventory. And it will again reflect in our margins. But to answer your question in a very short manner. The impact you will see in the next eight quarters because that's where the revenue recognition will start to happen.

Pritesh Sheth: So probably FY24 should still be subdued in terms of profit margin recognition, but from 25 onwards we can see that improvement. Is it fair to assume?

Amit Sinha: Yes, that's what our current belief is.

Pritesh Sheth: Sure, and what should we, what are the broad gross margins that you are seeing for the sales that you are doing right now? Because that would ideally drive the profit improvement in P&L as well.

Vimal Agarwal: Yes, so two points to this. One is the definition of gross margin itself. Quite frankly, when we talk about gross margin, it's an all-in cost with an extent to we do not sort of keep the definition where the gross margin looks high. Usually you can expect gross margins for us and when I say gross margin, I'm including interest cost and overhead cost as well into the number. It should be closer to 18 to 20%.

Pritesh Sheth: 18 to 20%

Vimal Agarwal: Yes, that's right.

Pritesh Sheth: Yes, okay. And since we are now venturing into redevelopment as well, would the margin profile be similar or since those are projects which are largely in Mumbai, that margin profile should be a bit higher?

Vimal Agarwal: Yes, my sense is the new acquisitions which we are doing, including redevelopment, we should certainly see a favorable or accretive gross margin.

Pritesh Sheth: Got it. Fair enough. And lastly on FY24 in terms of how we look forward to, just if you can broadly guide us through the launches that you expect this year. Probably, Kandivali we have already started seeing some bit of marketing activities from maybe from the channel partner, broker side, but what are the launches expected in this year and what should be the size? Yes.

Amit Sinha: So let me give, so we have a bunch of launches planned in this year. I'll give you a broad, given we are awaiting RERA, we are waiting all the clearances, so I don't want to go into full details, but there are nine launches that we have planned for this year. We're going from Q1, Q2, Q3, Q4. And Kandivali, which is a key part of that launch, Citadel Phase 2 is the key part of that launch. And then there are other seven launches that we have. I must tell you that we are being thoughtful about bringing these launches to the market, given each of them are in different micro-markets and cities.

So we are not only aligned with the approval process, but also how the market sentiments are likely to be at the time of the launch. Two of these nine launches are from the recent acquisition. You heard about the Navy, that is the second redevelopment that we have won. That is also included. Our sense is we'll be able to push it by Q4, but it's an early stage. We'll have to work really hard to do the approvals and all the design completed by then. So total nine launches planned for the year. A couple of them are on a tight deadline, which we are working hard toward.

Pritesh Sheth: Sure. So it includes for now both the redevelopment, but at least you expect any one to happen this year and probably second to spill over next year?

Amit Sinha: Yes, absolutely.

Pritesh Sheth: And does it include the Dahisar as well?

Amit Sinha: Dahisar, you know, we are watching, Dahisar is not included right now because there are certain approvals that are awaited. We want to launch when all the approvals are in place.

Pritesh Sheth: Sure, sure. Perfect. That's it from my side. All the best.

Moderator: Thank you. We'll take the next question from the line of Amit Dalal from Tata Investment Corporation. Please go ahead.

Amit Dalal: Good afternoon, Arvind. Or good morning yet. Sorry. Good morning. Congratulations on having achieved what you started out as your target over the last three years or two and a half years that you've been with us. And good luck in whatever endeavour you have planned ahead. You know, I have only one question, and this is for all real estate firms. All real estate firms are always in an investment phase. And now with this Ind AS accounting, it has made it very difficult for real estate firms to distribute to the shareholders. As much as the cash flow from past projects is what the shareholders should finally get a distribution of some income, the future project investments are capital, both equity and debt, depending on what allocations are made by the company. So would you consider small buybacks?

Amit Sinha: So let me put my dual hat right now from M&M as well as the MLDL. I think the buyback, we are not contemplating at this time. Because M&M has 51% plus stake into MLDL. We don't have any increase in stake because of the buyback. It's a participatory buyback of promoter and non-promoter. It's a tender buyback. Yes, so no plans as of now, but if our scale-up plan needs any kind of support, we will consider that. But as of now, no plans.

Amit Dalal: Please take it to the board to consider 1 or 2% of the issued capital so that we get some dividend yield at least.

Amit Sinha: Yes, absolutely. Well taken. Thank you.

Moderator: Thank you. We'll take the next question from the line of Prolin Nandu from Goldfish Capital. Please go ahead.

Prolin Nandu: Yes, hi. Thanks a lot, Arvind. An amazing stint at Mahindra Life Space. So a couple of questions for you. You know, in two and a half years, you have been able to achieve a lot. And still, but there was an overall scheme of things. There is still a very long way to go for the company. And it had all the right ingredients to become one of the largest real estate companies in India. So what was it that... And we have seen this group, M&M group, doing lots of things differently than what was done in the past in terms of getting into EV. So what was it that within the group, they were not able to meet your aspirations, right?

And you had to look outside, right? Because I'm sure that journey from... I mean, you know, over the last two and a half years has been very rewarding, but it would have been equally rewarding to probably take this company to a INR10,000 crores kind of residential sales. So what was it that was missing? I mean, what was the difference of opinion that you had with the management? Could you give some colour for your exit, the reason for your exit?

Arvind Subramanian: Since I started with poetry, let me stay with that theme. Lewis Carroll's famous poem, Walrus and the Carpenter. Time has come, the walrus said, to talk of many things. Shoes and ships and sealing wax and cabbages and kings. It's not the time to talk about my departure or reason for departure. I think we should look forward and see kind of where we are. I believe the best days of the company are still ahead of us. I have always said, consistently maintained that our aspiration is much larger. Even the goals that we articulated of INR 2,500 crores, etcetera, INR 500 crores on industrial were always intended to be just the first step in a journey. And I feel confident we are on that journey. There's a lot that this company can achieve. The potential is enormous.

Amit Sinha: If I can add Prolin, Amit here, I think while Arvind might be leaving the organization, he's leaving a part of his legacy with us. He's done a lot. And it's our duty and responsibility to build on the work, to build on the platform he's created. And most critically, what I feel very proud is that the team at MLDL has a huge amount of confidence that they can take on 5K or 10K, as you eloquently put in your poem, Arvind. That confidence is extremely valuable in any organization. I think targets become less important if the team has confidence. And we'll continue to have those three things that I mentioned in our last call.

One is scale up, build on the confidence that we have gotten under Arvind's leadership, not only in the first level of leadership but across the organization. The second is customer centricity. I think this is a market where our brand, our differentiation will give us much, much, much better financial outcome. And third is always focus on the financial prudence. What are the right things from financial point of view? Don't just scale for the sake of scale. Think about the financial outcomes for our investors, our employees, our organization. So all that is built on what Arvind you have set in motion and hopefully we'll share periodic news about our progress along that path.

Arvind Subramanian: Thank you, Amit. Very kind.

Prolin Nandu: Yes, thanks a lot, Arvind and Amit for this answer. I have one more question for Arvind before I have a question for Amit. So Arvind, we all can see the scale and overall things that you have done, no doubt, and then as an organization where we have reached. But if you were to probably point out two, three misses, right, in your tenure, what would that be?

Arvind Subramanian: Look, I think on every dimension, while we've grown the business significantly, I would say there's still more that could have been done. Land acquisition has been a good story, but there is still that desire or that little bit further stretch we could have taken. Similarly with sales, I think it's a journey and you never get all of it right. Overall, I'm extremely satisfied, extremely proud. I look back with an immense amount of satisfaction at what the team has achieved. And it's, you know, like Amit pointed out, the standout for me has just been the self-belief and kind of conviction that the team has that there can be a much different future than the past.

Prolin Nandu: Sure, sure. So now I have a couple of questions for Amit. Amit, the first question would be that, you know, I mean, you have experience of working with this group, right, since 2020, if I'm not wrong. And I mean, to have that relevant experience of real estate, how do you bridge that gap? Right? I mean, what are the two, three things that you would like to keep in mind for the next couple of years to bridge that domain expertise? And in the same breath, let me ask the second question as well, If you look at look at the very long history of this group, , there has always been this transition of management, right, in some sense, new CEO, and finally, we have found a stable leadership, right, in some sense. So how do you ally those spheres as well that we are not getting back to the same track of what we were before Arvind?

Amit Sinha: Yes, no fair question. I think I'm glad you raised it. I think, you know, this, this came up in the first call, I had my personal experience, but I'll keep it short this time. I think, at the end, it's, it's a team sport, this, this business, it's not about any one individual. And if you look at the leadership team that we have at Mahindra MLDL, and the leadership team that supports them is outstanding. And I think that the gaps that we need to personally fill is made up by the team that is already there in existence with their supporting team, sub team.

So that's the first part. Personally, I think there are two areas which are very useful to append to the skills that are needed to be successful. One is the group, understanding of how the group work, how the capital allocation works, how synergies can be fully extracted. How do you balance the, the sales momentum versus profitability. Many of these things are something that I've learned over the last two years, I used to run the strategy and capital allocation. So, a good understanding of how to work very closely and leverage the brand strength across multiple areas.

And part two B is about my personal experience prior to Mahindra, I was in consulting similar to Arvind, and I had the pleasure of working with many industrial companies. I'll put them into real estate developers, EPC companies, the largest construction companies, out of top 10, I worked with top five. So, the construction part is very well understood, especially the contracting part is very well understood to me. And then many infrastructure companies in the space. So, all those learnings are going to be very useful as we look at the next phase of Mahindra Lifespaces.

And your second part about the transition very well understood. And I think this is a long-range industry, a product takes five years to come out. You need to make sure there's the continuity.

And every effort is being made to make sure the continuity at the leadership level at the senior most as well as the next level, the next level direct report to MD and CEO. So, all those transitions are going to be, if at all, they happen, they're going to be well supported by other leaders. And more important over the last three years under Arvind's leadership, a lot of processes and systems that have been put in place.

So that allows us to make sure that the capabilities, differentiation is all institutional, it's not individual centric. So, if one person has to move on for personal or professional reasons, the others are able to build up based on their expertise, but also the institutional capability that exists. So those are the two quick answers to your two questions. Let me know if you need any double click on any one of them.

Prolin Nandu: No, no, that's great. And it's good to know, and we will probably interact in the future call. But thanks a lot for this. And all the best Arvind for your future endeavours.

Arvind Subramanian: Thank you very much. Thank you.

Moderator: We take the next question from the line of Raj from Arjav Partners. Please go ahead.

Raaj: So, you said you have inventory of around 1,200 acres, right? So how much would be the sale value of it?

Vimal Agarwal: Sale value of, that will be about INR 5,000 crores.

Raaj: INR 5,000 crores, can we expect. And then how much time can we expect this to come into the books?

Vimal Agarwal: The inventory is actually upwards of about 1,400 acres and therefore, I said about INR5,000 crores can be the expected value. Second one is a good question. We'll come back to you.

Raaj: Sorry.

Vimal Agarwal: Second one, I'll say is a good question. I don't have a ready answer to that, I'd rather stay with the guidance which we have given.

Raaj: All right, all right. And looking at the margin improvement, which you have said, though we expect the improvement will be from FY '25, right?

Vimal Agarwal: Just to add to that to see what's happening is, and all have really seen the journey on that front is the whole commodity price challenges with of industries or about, say, a year or two years back. That part is behind us. And so far as our current projects are running, including the recently launched ones are doing well. Having said that, there are projects which were launched in 2016, '17 etc, which are coming to closure as we speak. And there, we will see some challenges. But from a trajectory point of view, year-on-year, you will continue to see improvement in margins for sure, F'25 certainly, yes.

Raaj: And looking at properties, which you have launched, right? So how much was, how much is the value of those things in FY'24, I think you have launched around nine properties, right?

Vimal Agarwal: Yes, FY'23, we launched nine either new projects or new phases of the existing project. Our launch inventory was 3.3 million square feet and our sales were about 2.3 million square feet, including some good sustenance sales.

Raaj: And sir, you have given estimates for FY'25, but how can we look at FY'24, just a rough outlook on the operations side?

Vimal Agarwal: So, as you can, from the theme itself, you can make out the trajectory is looking very strong and good. Amit talked about new launches, which are coming up, including our foray into the redevelopment market. We continue to be extremely confident so far as the overall residential prospects are concerned, including F'24 and beyond.

Raaj: So, at operating level, can we expect some bit of profit in FY'24?

Vimal Agarwal: For F'24, I'll not be able to give you a guidance. One key indicator I want to call out is the whole cash flow. It has really come out very well in the last two years, that's one lead indicator, which means the things the way it's developing and panning out is very positive over the medium term. But no reaction to F'24 specifically.

Moderator: Thank you. We take the next question from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay: Firstly, congratulations, Arvind on whatever you have achieved. It has been very gratifying to see the company grow leaps and bounds during your tenure. And wish you all the best in whatever on your personal and professional front in the future. One of my questions is mainly on the business development pipeline. Obviously, as we are just going out, but what is the overall pipeline looking like for the year? And in the launch? And just another follow-up question on line launches. Any indicative sale value or GDV of how much these nine launches would carry, these are my two questions, thank you.

Amit Sinha: Adhidev, this is Amit. Let me try to answer that, if it's okay, and Arvind can jump in if needed. I think we had a pipeline of around INR5,500 crores GDV. We've converted almost in the last month, you've seen the navy Malad announcement to that INR850 crores. But in the meanwhile, we have replenished the pipeline, so we still have 5,500 plus-minus a little bit of the pipeline on the BD side, business development side. And our effort is to continue to convert but the right size and right kind of project, but also continue to have a stage gate process to bring more relevant projects in our pipeline. So, the short answer is INR5,500 crores, which was there continues to be healthy, some has, one major has converted, but we have replenished the pipeline once again with similar size project.

Adhidev Chattopadhyay: And just on the, any indicative GDV value on the launch pipeline for this year? Overall. The nine launches.

Vimal Agarwal: Rough number it should be closer to about 3,500 to 4,500 rough numbers. Adhidev.

Adhidev Chattopadhyay: I am not asking sales guidance, just the overall, what is the total. So, around INR3,500 cores to INR4,000 crores right? This is the correct number, right? Indicative. Okay. Okay, that's it from my side yes. And again, Arvind I wish you all the best and also the team for the future. Thank you.

Arvind Subramanian: Thank you, Adhidev. I appreciate your support.

Moderator: Thank you. We take next question from the line of Rajesh from SBI Mutual Fund. Please go ahead.

Rajesh: I have two questions. First is on profit margin. Earlier you responded to a question saying that the gross margins that are reported that actually includes overhead. So, could you elaborate more on what those overheads are? And what would be the gross margin, excluding those overheads?

Vimal Agarwal: I'll give you the overall response here. For example, any new business case if we evaluate, there's a particular amount or say, rupees per square feet number, which we assume. The idea there is to ensure that once we reach a decent size and scale, we're able to absorb all our overheads into that. When I say overhead, I'm largely referring to the corporate costs. And within that, my sense is that the corporate overhead at an overall level will be closer to 3% or so versus the number which I mentioned, high-level response. Do you need any details. Let me know.

Rajesh: But can you tell us at let at the projects you have and what the gross margins are for the existing projects? Is it possible to give us a number.

Vimal Agarwal: At project level. In terms of overall, if you look at our segment level slide, quarter four, the gross margin which we reported was about 13%. And that certainly is the lower end of our trajectory. You can expect that to improve as we progress over F'24 end and F'25.

Rajesh: Second question is on debt. It's actually in two parts. So, first question is on the IC & IC business despite good numbers in terms of collections and leasing. Why do you think debt has increased despite these numbers?

Vimal Agarwal: So, a couple of points. Idea of debt increase is to leverage the internal accruals towards land acquisition because that helps us optimize the cost of borrowing. And if you look at the IND AS reported number, while our debt is about INR240 crores, our cash is about INR273 crores roughly. And hopefully, that is a good indication of the things to come. At an overall level, our debt continues to hover around INR800 crores, including IC. It has improved a little because it has gone down because of certain large transactions which have happened. Having said that, our balance sheet allows us to take significant amount of debt without sort of stretching the balance sheet. And to that extent, we are like, we are right now net debt positive from IND AS point of view. So, a huge headroom we have available to borrow. Debt positive sorry.

Rajesh: So, One clarification. The land acquisitions for the IC business or the residential business?

Vimal Agarwal: Residential business.

Rajesh: And the second the second part to that question is that since many of our SPVs don't really get consolidated. What's the third-party external debt outstanding in all the SPVs?

Vimal Agarwal: Yes. So, see, third party, we don't have debt as in a firm commitment, whatever platforms we have signed up for the investments we have got, and I'm saying say from any of our partners, including IFC World Bank, Sumitomo Corporation, HDFC or Actis. All of these investments are sort of risk reward basis and there is no firm debt commitment which we have on any of these.

Rajesh: There would at least be a principal amount outstanding, right?

Vimal Agarwal: It will be difficult to give you a number because it's an accounting thing. The numbers are very varied. For example, Actis Mahindra homes, if you were to look at the balance sheet, there is actually zero debt because it's all equity.

Rajesh: I'm not sure if I've got my answer, but it's okay, I'll reach out separately.

Moderator: We'll take the next question from the line of Shreyans Mehta from Equirus Securities. Please go ahead.

Shreyans Mehta: So just one clarification. When you talk about nine launches. That does not include Thane, right?

Vimal Agarwal: No, not as of now.

Shreyans Mehta: So, can you just highlight where, at which stage are we in Thane and probably when can we see that coming into the picture?

Amit Sinha: So, I'll give a quick answer, and my colleagues can jump in. We are waiting on some policies that will help improve the value of the asset that we have. And it's prudent for us to wait and ensure that those policies are communicated so that we can plan our launch, which will help us maximize the value of the asset. So, we're waiting for that policy to come through. It's been told to us it will come any time now, but being thoughtful about not jumping the gun. My sense is that this will go into the next financial year. But if there any positive development, we'll keep you updated.

Shreyans Mehta: Secondly, in terms of our key launches like Kandivali and Citadel, can we expect them to be launched by first half of this year?

Amit Sinha: Yes, absolutely, absolutely. So Short answer is yes.

Shreyans Mehta: Sir, and a couple of more questions. One in terms of BD pipeline. It continues to be sticky at INR5,500 crores. So, when do you foresee this scaling up to, say, around INR7,000, INR8,000 odd crores because the conversions are not happening as fast as possible. So, in terms of that scaling up, is there a possibility?

Amit Sinha: No, I think we don't see, my sense Shreyans is that it's very easy for us to increase the BD pipeline. But I think we are very prudent about what qualifies for the right project for us in the focused micro market focus cities that we have. So, it's not a question of bulking up the number. It's a question of having the right number for us to work on. We have limited bandwidth to focus on and we really want to do a good job of converting those. So, as a result, we focus on the right projects that will come in the right locations and then we start to, we like to convert them.

So that's upon the strategy we have followed. And it has given us good results. Our teams are very focused on converting them. Our teams are very focused on getting the approvals. Our teams are very focused on launching the right project in the right time frame. And I think that's a repeatable formula we want to have. Have the right BD pipeline and convert them as soon as we can rather than chase a large number.

Shreyans Mehta: And in terms of completion, what ideally will be a target for FY'24?

Vimal Agarwal: Completions. So, there are a few projects which are in sort of advanced stages, you will have, for example, Happinest Kalyan two phases will come up. Similarly, Nagpur, Bloomdale project will be exiting. And apart from it, a couple of other projects which are coming up, but not a significant amount or the quantum we are expecting for completion, which will come up in corporates in F'24 at least in H1.

Shreyans Mehta: So, in terms of numbers?

Vimal Agarwal: I'll share that with you off-line. It's there in the presentation, wherever the percentage completions are 90% or 80%, that's what will come up for completion.

Shreyans Mehta: And my last question is to Mr. Sinha. What comfort can you give to the street that the current management will continue for at least two years because this has been a problem since last, I would say, two to three years, that every two years, the management changes. So, what comfort can you give to the street that this won't continue or this is not going to be the case going forward?

Amit Sinha: I can only say that I'll really work hard and make sure that you guys are happy and the team is happy and the customers are happy. So, that a happy ecosystem allows us to create value for all the stakeholders involved. So, I have no, I just joined Mahindra two years back. I have no desire to shift right now at this point of time. And my current appointment is for five years. So, I hope to continue to do good work following Arvind's footsteps. And make sure that for this kind of a business, which is a long lead time business.

We continue to provide transition and continuity. But I also mentioned that you can't control all the variables. There will be some departures, which are on a personal, professional, but the institutional capability, institutional support, M&M brand, M&M group support should ensure that there is no loss in transition. So, I will say that to simply answer your question.

Moderator: Thank you. We take the next question from the line of Vp Rajesh from Banyan Capital. Please go ahead.

Vp Rajesh: Hi, thanks for the opportunity. And Arvind first of all lovely poem and congratulations on for value that you have created for shareholders over the last two years. And I think as Mr. Sinha said, more importantly, the team you have put together, does inspire confidence that this business can go up to INR5,000 crores or maybe INR10,000 crores of revenues in the coming years. So, my first question was regarding the GDV of the nine launches that you are doing this year. I wasn't sure if I got the number correctly, is it INR3,500 crores or INR4,000 crores, if you can just clarify that?

Vimal Agarwal: Yes, it will be closer to INR4,000 crores.

Vp Rajesh: INR4,000 crores. And typically, we are selling 30% to 40% at the launch, right? So, is that a right assumption to make? Or should we refine that further.

Amit Sinha: Yes. So, for we have assumed around 35% for seven launches and 30% for two launches because some of the launches are in the quarter four. And as I said, because we are working very tight deadlines, so there might be a little bit of slippage, but we are trying to risk manage that. But 35% is for seven launches and 30% for two launches.

Vp Rajesh: I understood. And my other question is regarding the long-term projection that we had discussed on the previous call, Dr. Shah, as you had mentioned this now that you guys will come back on that to the investors. So, any time line on that?

Amit Sinha: My sense is in the process of absorbing and getting up to speed and all the business has been quite deep engagement so far, met almost 100% of employees, all the sites, except one. My sense is in the next three months or so, I'll have clarity on how we think about any change in direction if we need to. Any change in strategy that we need to. But currently, our strategy is very clear. Our focus is very clear. We'll continue to progress along those dimensions.

Vp Rajesh: And lastly, as you have looked at the business more in detail, any gaps in the management roles that you would like to fill or augment?

Amit Sinha: Nothing as of now. I think we have a pretty solid team here. I think they are coming along well. It's not the intellectual capacity, but also the emotional connect that the team has is very strong. They work really well together, and I'm pretty excited to be working with them. No change anticipated of any kind in the short term.

Moderator: We take the next question from the line of Rohith Potti from Marshmallow Capital. Please go ahead.

Rohith Potti: First, thank you, Arvind, for doing such a wonderful job. I've been an investor for three years, and your appointment was the primary reason I got invested in the company as well. And I look forward to continue being a shareholder for the longer term. So Mr. Sinha, it's very reassuring to see your position in the Mahindra Group and to see you take over Mahindra Lifespaces. But just one question because, it can be seen from the resume that you are currently on the Group Executive Board and you drive the strategy role at the broader Mahindra Group.

In that context, Mahindra Lifespaces is a very small entity in the broader group context. So just curious how do you divide bandwidth when you become the MD and CEO here. As discussed in the call before, it is, this is reasonably, each project is four, five years, it takes to complete, etcetera. So, how do you divide bandwidth to this entity? And how do you ensure that the entity gets the time and direction for the longer term. So, just a concern or question I had.

Amit Sinha: Yes. So, thank you, Rohith. I think let me just answer in two parts. Part one is how important MLDL is for Mahindra as a group. And then I'll answer the personal bandwidth question that you posed. And I think you may have seen, Anish's some of the analyst calls or some of the announcements about how we have four core businesses and seven to nine growth gems. And the growth gems, MLDL is one of the key growth gems. And the mandate for me as my current or previous role as Head of Strategy, Capital Allocation was or continues to be is how do you scale this asset faster than what we have done in the past.

But do it in the right way. Don't lose sight of customer centricity, don't lose sight of financial prudence. I have been working closely with Arvind on multiple areas but from a corporate point of view. So just want to, first part of the answer is for Mahindra Group, this is a growth gem. And we will do anything and everything to scale this business in the right way. So, that's the first part of the answer. Second part is my bandwidth, I'm in the process of transition, but fortunately, I've been able to do most of my responsibilities as on seven boards.

I've gotten out of most to the boards as a corporate nominee. In fact, I'm able to spend 90% of my time on Mahindra Lifespaces. And after May 23rd, it will be 100% of my time. Whatever 10% of my time goes into my current role strategy will be backfilled by another individual who will be joining. So, I will not be doing, I'll not be double hatting after a few weeks. I'll be 100% focused on MLDL.

Rohith Potti: So, just a follow-up here, Mr. Sinha, that, at least from my vantage point, it seems like being on the Group Executive Board with both strategy, a group strategy role of heading the strategy role for the Mahindra Group. It's a much larger role than the CEO of Mahindra Lifespaces given, I mean it's very heartening to hear the focus on growth in Mahindra Lifespace and scale in Mahindra Lifespaces. But it does bring in the thought at least, I'm a long-term shareholder and it just brings in a thought in our minds that, that is the role you might go back to, let's say, two, three years down the line.

And again, we have this change in the top in an industry which requires a relatively long-term leadership. I mean all the competition are run by the founder promoters or the family themselves. And hence, there's a lot of continuity in those competition at least. So, is this something, is this the right way to think at all?

Amit Sinha: So, it's a good thought, but let me say that right now, that's not the state of mind I am in. Right now, the mandate is very clear. The focus is clear that let's create more value built on what we have accomplished in the last few years. So, next three years, five years, my current appointment is for five years. So, and I think my focus would be how do you, how can I live up to Arvind's legacy and scale this to a different level altogether built on what we have accomplished.

Going back to another business, etcetera, really is not part of my thinking right now. And as you said, the previous role, very broad. This role is very deep. It's about I was in consulting for 18 years and then strategies, so have done enough of strategy work. The idea was how do I contribute to value creation for one of the growth gems in the Mahindra portfolio, and this is something I'm really excited about.

Rohith Potti: Yes, that is reassuring to hear Mr. Sinha. I mean, I remember one interview in which Mr. Mahindra himself said that the three businesses he's excited about for the next 10 years for Mahindra Group was logistics, real estate and the holiday business. So, I really look forward to, your journey with this company. And I mean you have my vote of confidence at least and will be looking forward to the journey for the next three to five years. Thank you so much.

Amit Sinha: Absolutely. Look forward to interacting more, thank you.

Moderator: Thank you. We take next question from the line of Manan Patel from Airawath Capital. Please go ahead.

Manan Patel: And first of all, thanks, Mr. Arvind for bringing much needed energy to the organization and I have been part of this journey as long as you have been so it has been very rewarding. So, thanks for that and hope Mr. Sinha will also continue that energy for the company. So, first question is regarding the IC business. So, you mentioned in your poem that Jaipur has been doing well. But if I look at the quarterly numbers, Q1 stated very well that it has been downhill. So, how do we look at Jaipur, and in that context, I was under the impression that Actis deals will also have like part of Jaipur land will be carved out for Actis as well. So, you have not mentioned Actis at all in this call. So, is that deal on backburner and your comments on the Jaipur part of it?

Amit Sinha: It is a very good question I think Manan. This is Amit. I'll take liberty of answering this. I think I'll answer it in two parts. Part one is we see significant momentum in inbound businesses given China plus one, the overall buoyancy in the industrial sector. So, we see a lot of activity, not only in Jaipur but all the other world cities and industrial clusters that we have. But it's a lumpy business, Manan as you know. So, we started off, Q1 was pretty good, but the conversions do take time. And that's where I think you've seen a little bit of Q4, which doesn't have a lumpy closure as of now. But many discussions are underway, and we hope that next financial year F'24, you'll see some more action on overall world cities but also on the Jaipur front.

Manan Patel: Okay. And any comments on the Actis deal?

Amit Sinha: Yes. So that's in progress, and it will have maybe next two quarters or H2. We will have some more progress on that front and keep everyone updated. But it's not Jaipur specific. I think it's broader. The Actis. We have partnered with them. We are looking for the right, the land parcel that could be part of BTS as our contribution. The discussions and negotiations are underway. There are certain pre-requirements and approvals that we need, that will allow us to make this platform, our contribution from world city point of view are successful. So, the work is underway.

Arvind Subramanian: So, Manan just to add to that first task there to set up the team. So, the leadership team there is now largely in place. All the key positions have been filled the CEO, the Head of Acquisitions, the CFO, etcetera and that team has now fully kind of got the hands into the business. And as Vimal and Amit pointed out, over the next two quarters, you'll start seeing operational announcements as well.

Manan Patel: Sir, second, again, one more question on the IC business. So, is that understanding right that Mitsubishi Electric deal is part is recognized in Q4?

Vimal Agarwal: Yes.

Manan Patel: So, sir, I just wanted to understand because if it was recognized in Q4, it would have been closed completely before 31st March, but the announcement was made through the exchanges on April 17. So why was there a big delay in that?

Vimal Agarwal: So, the announcement was actually done on 5th of April post registration formalities, which were to be completed in this particular transition.

Manan Patel: But is part of the recognized revenue in Q4?

Vimal Agarwal: That's right. Absolutely, right. It's part of the revenue recognition in quarter four, the money was received, documents were signed. It was only the registration and few more formalities which were left. And therefore, being conservative in terms of all these things, we thought it appropriate to do the announcement once all those activities get completed.

Manan Patel: Sir, second question on the residential side. So, as we have noted over a period of time, our contribution or pipeline in value homes is coming down and premium housing is going up. And I'm assuming the society redevelopment projects are also under way freedom housing. So, is that a conscious strategy of bringing down value homes and focusing on mid-premium.

Amit Sinha: Yes. So, we are constantly evaluating this. The focus is on scale, the focused markets and what customers would welcome. And so, we will come back with more details of which, whether we're going to double down or not on affordable housing. But it depends on location of land, the customer, the catchment area and multiple things. So, we are constantly evaluating those.

Manan Patel: And sir, last question, if I can. So, I just wanted to understand when you say society redevelopment project was of INR850 crores. So, is that the entire revenue that we can recognize. And if you people help me understand the revenue recognition and the cost in that business that will be helpful.

Vimal Agarwal: So, we expect it to be largely within the same range as any of the residential business right from the top line to the accounting to the bottom line.

Manan Patel: Sir, how the land cost, I understand will be in? Is that factored in the INR850 crores?

Vimal Agarwal: Yes. So, look at it like a typical joint development agreement. And in which case, say, the land comes more as an equity or a contribution from the other party, you can then probably look at all other aspects with a similar lens.

Moderator: Ladies and gentlemen, we have reached the end of the question-and-answer session. I'd now like to turn the call over to Mr. Amit Kumar Sinha for closing comments. Over to you, sir.

Amit Sinha: Great. I'll keep it short. We are over a little bit of time. So, thank you for all your questions and comments. I think it's very helpful for me personally to understand your views, your vantage point, your priorities. And we at MLDL will continue to address them in our business, but also hope keep the channel of communication open to make sure that we are able to course correct and refine our strategies and priorities continuously. So first of all, thank you to all of you.

Second is, I thank you to Arvind for, as I mentioned earlier. He's leaving MLDL, but he's leaving a part of him behind and we'll build on what he has set up in motion, and we'll continue to address them. So that's my second quick comment. And third, I just want to summarize the three points that I have in mind as I think about our business. The first is about scale up is a big priority for all of us. As you've heard a lot from me as well as the colleagues here, the launches, the BDs, the process that we have put in place, the discipline, the pricing, the inventory, all those things are part of our scale-up strategy and we'll continue to put all our muscle and hustle behind that.

The second is the customer centricity. This is a market where we feel that our brand can give us a lot more than what we may have seen already. So, how do we think about bringing the right product, leveraging our brand, leveraging our growth strength, addressing sustainability and technology parameters that create all we have seen with some of our products already. So how do we double down, triple down on customer centricity.

And the third one is on the financial prudence. I think we are in the business for creating value for our shareholders. And I think all our efforts should culminate into the financial outcome that we get from these efforts. So those are three on the residential side. Some of them apply to industrial side also. But given the buoyancy that we see on the MNCs interest in industrial cluster, we'll feel that there'll be a lot of action you'll see on the industrial side as well. And the team is geared up to convert that.

And I've seen that first-hand with some of the closures we saw in March first-hand and quite impressed with the funnel that we have as well as the conversion and the effort that we have put in place. So those are the few messages from my side. Thanks to all of you for your feedback. Thanks to Arvind for setting things in motion. three priorities: first, on the residential side and one clear priority on the industrial side. So, and I will continue to open the dialogue with you and look forward to your support and feedback.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Mahindra Lifespace Developers Limited, that concludes this conference. Thank you for joining with us, and you may now disconnect your lines.