Mahindra Lifespaces Developers Limited

Q2 FY22 Earnings Conference Call

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MANAGEMENT OF MAHINDRA LIFESPACES DEVELOPERS LIMITED:

MR. ARVIND SUBRAMANIAN – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER
MR. VIMAL AGARWAL – CHIEF FINANCIAL OFFICER
MR. SUMIT KASAT – SR. GENERAL MANAGER, FINANCE & INVESTOR RELATIONS
MS. RUCHIKA JAIN – MANAGER, INVESTOR RELATIONS & BUSINESS ANALYTICS

Moderator: Ladies and Gentlemen, Good day and welcome to the Q2 FY22 Earnings Conference Call of Mahindra Lifespaces Developers Limited. We have with us on the call Mr. Arvind Subramanian – Managing Director and Chief Executive Officer, Mr. Vimal Agarwal – Chief Financial Officer and Mr. Sumit Kasat – Head Investor Relation.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Arvind Subramanian – Managing Director and Chief Executive Officer. Thank you and over to you, sir.

Arvind Subramanian: Thank you Margaret. Thank you everyone for joining the call. Good morning and welcome to our Q2 FY22 Earnings Call. As you all know many of our key operating entities in the residential business like Mahendra Homes and Mahindra Happinest and all the entities in the industrial park business are not consolidated on a line-by-line basis and I will request you to bear that in mind as you look into financial statements. I wanted to start with little bit of how we are seeing the demand trends in the two segments we operate in the residential and the industrial business and then talk about highlights of the quarter gone by in terms of our performance.

On the residential business we see five factors driving the strong demand that we are all seeing. One there is clearly still some pent up demand from prior quarters when the activity levels were low that is still coming through as we speak, but equally that pent up demand which is kind of a short term trend is also getting boosted up by a changing preference and we have talked about this in prior conversations where our research as well as our conversations with customers who are coming and visiting us is clearly indicating that families through the lockdown period have realized that they are living with some compromises which they now like to alleviate to other retails, bigger apartments whether it is nuclearization whether it is better amenities or better managed development so all of those are giving me a lot more confidence about the mid to long terms demand in the residential segment.

The third aspect is affordability with mortgage rate at an all-time low that is boosted affordability combined that with the fact that household savings have clearly increased over the last year and half which less discretionary spent less spends on things like holiday travel, entertainment etcetera which has boosted household savings and finally a supply side consolidation which is again very clearly visible across all the major markets. These are the factors that are playing into very strong demand we are seeing this across price segments across geographies in our portfolio and also as we look at the peer group and others in the industry this is the trend that is very clearly visible.

Turning a glance to the industrial parks business again there we are seeing and we have been talking about this for the past year at least a very strong shift in geopolitics which is favoring countries like India has a manufacturing destination and the Central government in particular, but also many of the state government have now come to the party with very favorable manufacturing investment incentives. So, the AatmaNirbhar Bharat scheme, the PLI scheme that have been announced have also been backed up by state level incentive programs on sectors like renewable like electronics etcetera which is hovering well for demand in the industrial business, but interestingly and this was a comment that one of the participants at last CII National Council meeting made which I found very telling.

If you look at the Trifecta of demand growth pretty much across categories all consumer categories are importing demand growth, high-capacity utilizations in most manufacturing plants and low credit cost, low cost of debt that combination suggest that over the next few years there just has to be an increase in manufacturing investment it is almost inevitable and that again from a mid to long term perspective is a wonderful tailwind for us to ride on. If I look at the quarter gone by I think these trends have clearly played out in our operating performance on the residential business we have achieved quarterly sales of just over 300 crores to 303 crores and this is in what is typically a seasonally weak quarter Q2 particularly from Mumbai real estate tends to be a seasonally weak quarter because of monsoon and the fact that we have been able to show almost 100% growth and many others have as well tells you that there is a very strong demand trend.

During the quarter we had a good mix of sales in both our mid-market housing in our premium residential developments as well as in our value homes. We had a new launch in Mahindra World City Chennai where we launched a Mahindra Happinest project which is received stupendous response 348 units launched and as of yesterday we have sold more than 300. So, 80% plus of the inventory sold in two months of launch particularly for the Chennai market that is quite historic and would complement our marketing and our sales teams for that achievement.

Looking ahead H2 we have slew of launches planned in Q3 we should be having our Bangalore project on Kanakapura road coming to market. We are also expecting to get RERA approvals for launching the third tower at Luminare in Gurgaon and we would be bringing a villa project in Alibag to market as well and in Q4 we expect to be bringing our second Kalyan project the land that we had acquired in March of this year that we should be in a position to launch that in Q4. So, we have good launches planned in all our key micro markets in H2.

Land now this is something that been on all of your mind, many of you have been nudging me even between these two investor calls which we have had, we continue to build very strongly towards the target that would set out which was to add about 2,000 crores with GDV year-on-year for the next couple of years which will set us well for the midterm the first set of goals that we have for 2025.

We have concluded one deal in the western suburbs with Mumbai in Dahisar which is about 5 lakh square feet it is a joint development project if again something that many of you have been asking whether we will be pursuing joint development I am very excited about that project. Further down in the pipeline deals that are in advance negotiations two kinds of deals that I would like to highlight we continue to look at some attractive outright transactions in both Mumbai and Pune, but also has some interesting society redevelopment transactions that are in advance stages of negotiations.

One of the operational disciplines that we have been focused on is how do we keep sales ahead of construction activity so we want our presales to be leading construction on a particular project and we want collections to be in lockstep with sales and I am happy to note that we are tracking with that we had a strong quarter from a collection perspective as well not just from a sales perspective and we will continue to maintain that discipline because I think that sets us up well for driving the cash cycle in the business which drives IRR which I mentioned in the past is the key metric that we focus on in the residential business. Completions we have had we got our OC for Tower C at Luminare which was about 4 lakh square feet and we are expecting many phase wise completions over H2 in both Mumbai and Pune. The IC & IC business is also hitting its stride and that giving me a lot of confidence. I have been talking about this in the past several calls that inquiries were building up nicely, but convergence were a challenge because travel was restricted.

We are now seeing those convergence happening as well and we have had a strong quarter with about 75 crores of Lendlease revenue in our IC & IC business. So, if I take that combination of 300 crores of presales and residential and 75 crores of Lendlease revenue on IC & IC business that is the run rate we need to be on to meet our goals for the immediate quarters and going into the next year. So, I am happy that we are starting to hit that kind of required run rate. We do have some catch up to do this Q1 was lower than those numbers, but I am very confident as I look ahead to Q3 and Q4 that we will catch up with that run rate.

Let me turn over to Vimal to summarize our financial highlights for the quarter.

Vimal Agarwal: Thank you Arvind and good morning everyone. I will just mention few aspects related to financial performance for Q2 FY22 versus Q1 FY22 and all these numbers as per IndAS accounting. The consolidated total income stood at 65.7 crores as against 154 crores in Q1 FY22. The consolidated EBITDA including other income and share of profit from JV stood at 31 crores as against negative of 15.8 crores in Q1 FY22. The consolidated PAT after non-controlling interest stood at 6.5 crore as against loss of 13.9 crores in Q1 FY22. Your company has consolidated gross debt of 266 crores while cash in hand and bank balance is 250 crores. The cost of debt stood at 6.7% on consolidated basis while standalone cost of debt for MNDL stood at 5.7%. I will now request we can open the lines for participants for further interaction. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay: First question if you could help us understand this new project in Dahisar what is the nature of this land, is it society redevelopment, is it a stuck project where you have taken up the balance portion from another developer or is it brand new land parcel and by when do you expect this project coming to the market in terms of launch and second question I have is obviously you eluded to the pipeline so if you could throw some more color that within this year how many deals we could expect to announce across markets?

Arvind Subramanian: This is an outright fresh land parcel it is not a distressed asset or a society redevelopment it is about just under 5 acres very well located and as I mentioned we will give us about 5 lakhs square feet of carpet area for sales. Going forward we are well on track to achieve that 2,000 crores of GDV accretion from new land sales within this financial year fingers crossed if everything falls in place we should be slightly higher in that.

Adhidev Chattopadhyay: Dahisar project is there any GDV or any gross sale value sort of number you have in mind you would like to share with us?

Arvind Subramanian: So, it will be about 1,000 crores 5 lakh square feet that market is about 20,000 on corporate so it will be about 1,000 crores.

Adhidev Chattopadhyay: And launch in a year's time or looking something?

Arvind Subramanian: Launch in a year's time in FY23 we should be able to launch that.

Adhidev Chattopadhyay: And next question is just on the IC business you said this 75 crores of run rate is something you would like to maintain over the coming quarters, do you see any upside risk these numbers or are you being conservative when you are seeing this or is it something we more or less see that we can achieve consistency?

Arvind Subramanian: Well hopefully upside is not a risk it is an opportunity, but yes I want to be a bit cautious because as I said we have seen the pipeline building up the inquiries, building up in the previous quarters, but this is a lumpy business with long sale cycle and therefore becomes a little hard to predict a quarter-on-quarter performance, but I am seeing as I mentioned a strong pipeline of very advanced conservations for Q3 and Q4. So, I am cautiously optimistic that we act better in that run rate.

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

Parikshit Kandpal: So do we assume that this is a big turning point for the company now so that overhang of Mahindra life being very conservative. It is that kind of a company now with this transaction I think this is one of the largest transaction in the history of the company. From here on it looks like to be a turning point so do we elude to that?

Arvind Subramanian: I do not know I mean turning point is a big dramatic, but we have been building up towards this on multiple funds over the last year or so. It is not just about doing the transaction it is also about having that platform to deliver the project well to sell well in a launch. So, all of those capability is back propping, new land acquisition with confidence that you can bring it into market in a timely manner with great launch success and then deliver it within a timeframe that you have promised is equally important and we have been investing over the last couple of years in building those fulfillments and operational capabilities. So, I think with every passing quarter we are getting more confidence with every launch that we are doing we are getting more confidence that we can step up to the bleak if you look at some of our recent launches it is an endorsement that the thought process and strategy that we have on the residential business about a product led strategy seems to be working, customers are responding well to that so that giving us confidence or we are briefing up our construction capability, even briefing up our design capability so all of that kind of sits together.

Parikshit Kandpal: Second question is on you touched upon that you are looking at two type of transactions in an advance negotiation. So, one is the outright other is the [Inaudible 17:35] redevelopment project, so put together the GDVs on these two funnels will be roughly about 5,000 crores?

Arvind Subramanian: These two transactions they are not going to be 5,000 crores as I said we will typically look at individual projects with GDV in the range of between 500 to 1,400, 1,500 crores and the high probability or the advance pipeline today is sitting at about 3,000 crores if you convert over the next 6 to 9 months.

Parikshit Kandpal: And beyond that how is the perspective pipeline looking at so first of all I would like to understand how big is your BD team how origination happens here, so are you present in larger deals which are the peers are announcing, so do you get an opportunity to present yourself there and how is the overall construct pipeline looking beyond this advance frontline which you talked 3000 crores?

Arvind Subramanian: So, increasingly we are getting pulled into the market flow of yields we are competing head-to-head with all the leading developers on a couple of deals so that kind of good that we are seeing the flow and we are being invited into that we are getting noticed from the supply perspective, but there are several kind of off mark transactions as well which come to us in preference to others either because of people we know or they want to work with brands like Mahindra or so both kinds of deals and the sourcing happens through all the classical channels which is the IPC the local land brokers etcetera. As I had mentioned earlier we have chosen to focus on two cities Mumbai and Pune and even within those are now starting to prioritize from micro markets that we would like to definitely establish a presence in or deepen our presence. So, again we have oriented our team towards those micro markets and starting to scout proactively for deals in those markets.

Parikshit Kandpal: And just lastly beyond MMR and Pune anything which you are working around in certain markets now because that market seeing there we have a launch which is coming up so beyond that we have to start planning from your project maybe one year down the line after launch so are you looking at any opportunities or seeing opportunities in the Bengaluru market?

Arvind Subramanian: Not immediately what we would like to do in Bangalore is maintain that beachhead so Kanakapura will take us through for the next couple of years. We want to get deeper into Bombay and Pune over the next two years and as we do that we will certainly start expanding our presence in Bangalore as well. We do not want to vacate that market we do think it will be third market that we would want to grow in, but the goals that I had shared in some of our earlier calls is getting to 2,500 crores of sales and 500 crores of industrial leasing. By 2025 we think we need to make substantial progress towards that in Mumbai and Pune over the next two to three years before we then open up the third market which as I said is almost certainly going to be.

Parikshit Kandpal: Last question if I may squeeze in so beyond this 3,000 of the advance pipeline so what are the other avenues which we crystallize over the next two, three years depending on the City?

Arvind Subramanian: Sorry, what is the other?

Parikshit Kandpal: MOUs which we may have in place which may be fructifying over the next two years depending on the slippage the owner has to meet or the developer will have to meet?

Arvind Subramanian: There is a reasonable pipeline I would not put a number on it, but as I said 3,000 crores the advanced pipeline there will be at least twice that value in various stages with discussion early to kind of mature stages of discussion, but those are probably beyond 6-to-9-month timeframe that we see those closing.

Parikshit Kandpal: So any value on that or you will not be able to give any sense?

Arvind Subramanian: Too early to put a value some of these constructs are also evolving how much of it we will do as outright, how much would be joint development etcetera so too early to ping a value on this.

Moderator: Thank you. The next question is from the line of Manish Agrawal from JM Financial. Please go ahead.

Manish Agrawal: So, my first question is pertaining to the debt with QoQ so the debt in the residential business has gone down by 100 crores while in the industrial business this has gone up slightly by 30 crores, so what exactly is it happening, has the cash come in, Ashiana deals coming?

Vimal Agarwal: Manish I will request you to look at it at a total sector level these are cash [**Inaudible 22:45**] optimize the overall fund utilization from that perspective you may see the position again reversing the next quarter to the extent of the numbers we have just mentioned.

Manish Agrawal: Ashiana cash has come in?

Vimal Agarwal: Majority of it has come in the balance will come in within October let us say over the next one week or so and that will be used to retire some of the debt in that entity.

Manish Agrawal: What is the price of the deal?

Arvind Subramanian: We cannot share commercials of specific deals.

Manish Agrawal: And the second question is regarding the collection so over the past four quarters collections have been declining QoQ, so any particular reason or is it just in line with the construction cycle?

Arvind Subramanian: The construction has been extremely strong if you look at the ageing of the outstanding. Most of the amounts money which are not in the due bucket and that is the only reason you are seeing the cash collected being low in terms of quality of receivables it is probably one of the best as has been mentioned is probably one more indicator about industry revival parse and you will see very, very strong numbers in Quarter 3 so far as collection is concerned.

Management: We got I think one other factors to kind of keep in mind when you look at the collection number the Luminare OC came in early September and that has large collectable there so much of that collection will happen in this quarter.

Manish Agrawal: Lastly on the Ahmadabad activation plant so when exactly are we looking to do and what are the pipeline do we have in the industrial path over there?

Arvind Subramanian: So, Ahmadabad we are now actively in the market whenever you see a new industrial target really important that you get the right target market and the right profile of the anchor line. So, while there are several people who are willing to do small transaction there etcetera. We are being a bit cautious because we want to position the park in a certain way and want the right kind of anchor to be able to position that like in every such development and if I were to take a example from a completely different asset class which is retail now when you start a mall you will want the right anchor tenants there and not just sell small shops to multiple people. So, that is the stage we are at we are hoping within this financial year we will have that fructification, but we do not want to be desperate and do business which does not set the top of well next five years needs to stand on the shoulders what we do this year.

Moderator: Thank you. The next question is from the line of Nikunj Baheti from Quest Investment Advisors. Please go ahead.

Nikunj Baheti: I have couple of questions firstly we are looking at a revenue presales number of 2500 crore from 695 crore as of FY21 so I believe new launches and completions would be the key matrix one has to track. I understand you previously touched upon the same, but can you highlight the initiatives we are going to take and our taking on the same front and can you also quantify the same in terms of annual run rate we are likely to see going forward?

Arvind Subramanian: I would not give year-on-year targets for the shares, but as you rightly pointed out 695 and 2021, 2500 in 2025 so one could interpolate between those numbers and that is roughly the trajectory we need to be on and as you rightly pointed out it will require new land parcels, new launches, new phases of existing projects all to be activated with a regular rhythm to it and I had mentioned that in H2 this year to start with we have at least three or four important launches lined up. We are fully prepared and done our homework and hopefully we will see the same success that we have seen in recent launches.

Nikunj Baheti: My question was more towards the kind of investment we are making to build that potential to scale up to that level I understand we are making new launches and adding to a Land Bank, but what are the initiates which one has to actually undergo to actually have that kind of scale and what are the key challenges to actually meet that scale if you can talk on that?

Arvind Subramanian: One this kind of financial investments and then there are capability of people at development that one needs to do which is not just quantify it in money terms. From the financial side as we had laid out earlier if we have to add about 2,000 crores the GDV worth of project year-on-year it will require us to spend anywhere up to 500 crores per annum on land purchases and this is assuming much of it is outright so if you do GDV that investment will be lower to that extent, but let us say 500 crores per annum of land investments from a financial capability standpoint, on the people capability a lot of work has been happening as I mentioned earlier on the call in terms of buildings our marketing insights we see residential we are very clear that we want to be leading with differentiated product with very strong product led strategy for that we had a very clear path in investment plan and capability building around consumer inside product design and go to market which is led by Viral and Jitesh from marketing and design respectively. Backed up then with what we are doing on the sale side we have build out a very strong distribution platform over the past 18 months the number of active distributors with us which is our channel partner based has grown almost 8 to 10 fold and this is not just about impaneling a channel partner who are then working with them getting them excited about doing business with us, engaging with them we have to digital app with which we keep them informed on collaterals for every new launch they are able to track their brokerage payment through that app, the status of their lease what is getting converted, what is not the best in class from an industry perspective what we developed in terms of engaging with our distribution base, but equally it is not just about distribution, it is about building out loyalty sales, it is about building out digital and presale. So, all of those over the past 18 to 24 months has seen sketch changes in terms of our IT capabilities, people capabilities and process capabilities.

Nikunj Baheti: My second question and last question is on the marketing strategy again so we see that when the project is launched especially in case of affordable project there is initially a very good demand, but towards the end of the project we see some paving of the demand, so how are we going to tackle the same and what are the strategies we are building if you can share on the same?

Arvind Subramanian: It is a good question and honestly I mean it is very hard to have a standard answer to that. Our approach has been we want a very strong high volume launch. We want to be able to sell 60% plus at the launch itself that sets you up very well for the rest of the lifecycle of the project. Now then pretty much you become from a financial perspective cash flow positive, net cash positive by year too. Once you have that cushion it allows you to then play the rest of the lifecycle either with an inventory led story with certain kind of inventory held back and brought later for future acquisitions or with a other tactical campaign that one could do and we have tried different things in different locations depending on what works for that particular location. So, what we did in Happinest Kalyan which was launched in 2019 was very different from what we did for example in Tathawade which was launched in March this year February or March this year. As I said there is no one side it is all answer we will try different things and see how to manage that ail inventory that you rightly pointed out often become a challenge to address. So far touch wood we have had reasonable success in managing that product lifecycle.

Nikunj Baheti: Last question if I may so you mentioned that Dahisar land is likely to add 1,000 crores of GDV if I am not wrong, so can you also mention what is the construction cost which this project is likely to incur?

Arvind Subramanian: We will not be able to share the specifics on this one and the product itself will either get developed at mid premium or maybe slightly above or lower than that and construction cost will be really dependent on what you finally decide at the time of for going to market.

Management: But roughly I think in a market like that one should assume that land and approvals is about 30% to 35% of the GDV, construction cost is another 30% to 35% I would say.

Moderator: Thank you. The next question is from the line of Rohit from Samatva Investments. Please go ahead.

Rohit: My first question pertains to the Thane land I just want to know if you could just provide some number regarding what is the potential GDV from the project and what kind of project we are going to do whether it will be the affordable housing or the mid market segments, any details on that part?

Arvind Subramanian: So, Thane we are still working through different induced scenarios on that. There are different policy environment under which we can develop that particular project. It is a very large land parcels so there are some overall kind of whether it seem integrated township policy or other kind of policies that exist. So, it is a bit early to assess therefore what GDV value is going to be because it will depend on the mix between different assets classes that we eventually end up with that. I think we will be in a better position to firm up our thoughts by end of this financial year the first quarter or next financial year.

Rohit: My second question I know it is a early, but I would just want to understand the redevelopment projects in mumbai because many of our competitors going very aggressively on the redevelopment part how big can this project this segment be for the company in the next three to four years down the line?

Arvind Subramanian: Look I think it can be very big and particularly in Mumbai if one were to think about it there are two sources of land if either industrial land that has to get repurposed for residential or societies that have to get redeveloped and the third is of course [Inaudible 34:58] redevelopment. We are currently not keen to do some redevelopment we do not understand that space well enough, but society redevelopment as well as industrial to residential kind of land conversion we are active in both those spaces I think both of these are going to be very large. We are as I mentioned at the start of the call as part of our advanced land pipeline we do have a couple of society redevelopment transactions likely the first few transactions we do we will do it along with a local developer who understand how to manage society, tenants things like that because those are the things we have not done before and it is a very specific capability. So, we will work in partnership with a local developer with the initial few society redevelopments that we do.

Moderator: Thank you. The next question is from the line of Ronald Siyoni from Sharekhan. Please go ahead.

Ronald Siyoni: My first question would be after seven quarters you have reported operating profits, so was there any one off item showing this operating profit during the quarter?

Arvind Subramanian: No, there was not it descends operations there has not been no one off items at all.

Ronald Siyoni: Earlier that was in the mind that because of higher fixed cost the operating loss would continue for few more quarters before turning operationally profitable so we can expect operational profitability to continue from here on or there can be times when it can result to operating loss booking?

Arvind Subramanian: Lot of that will depend on how the IC & IC business shapes up. The IC & IC business as you know revenue recognition happens immediately and it is a high contribution business so if based on what I spoke about earlier if that demand trend and fructification of demand into actual leases continues to strengthen quarter-to-quarter then we will see good profitability, with the residential business it tends to be a bit lumpy because it is on completion of contract method quarters in which we have OC coming in significantly we will have revenue recognition and profit recognition and other quarters it will be lower. So, it will depend a little bit on the mix between these two businesses and how that performs.

Ronald Siyoni: Second question would be like we are seeing a lot of inflation coming up in steel, cement and this would be continuing for at least another 6 months and if this kind of inflationary environment continuous and suddenly post one year the interest rates start to inch up and do you see that this thing will concern you over the longer term say not today or in a one year time, but maybe two to three year down the line that residential demand might say some dampening purely because of inflationary and inching up of interest rate?

Arvind Subramanian: I think the cost inflation is real and it is definitely pinching. When we put it together we are seeing with all the commodities steel, cement, copper, plastics all being at all time high. We are seeing roughly a 3% margin impact if we put all those impacts together. Now that 3% margin in fact defrayed in multiple ways which is what we are doing. One is we are going back to the drawing board and sharpening our value engineering and design efficiencies I am trying to be let us say a percentage out of that. We are systematically taking price increases and this is something that we were doing even before these cost inflation hit us I have spoken about this in the past where we want to have a discipline where every quarter we take prices up by small amount 1.5%, 2% quarter-on-quarter because I think that build confidence in the buyers also that the value of their property is going and the third is to look at sourcing efficiencies, can we consolidate our buying, can we negotiate smarter etcetera and finally of course which I think is unique for us and players like us is a cost of capital advantage. We have almost a 300 basis points, 200 basis points cost of debt advantage compared to many of the other developers in the market. So we should be able to turn that into an advantage from a cost perspective. So, we put these four together. Yes the cost inflation will of course continue to be a concern nobody wants cost to be out of control, but I do think there are enough tools in our toolkit to be able to address that.

Ronald Siyoni: But I was more talking about the industry demand can it dampen the demand this kind of scenario over the post two years?

Arvind Subramanian: I do not think so I do not think the demand is that price elastic that 1%, 2% many developers have been talking about taking prices up 2% or 3% we have not seen a reduction in demand in our own portfolio we take projects that we have done good launches in we are taken prices up by 6% to 10% after the launch and we have still seen a steady increase in demand. So, I think with a category like real estate customers are making a long term commitment. I do not think 1% or 2% swing in pricing is going to throw them off.

Ronald Siyoni: And my last question would be during last year or so we have seen suddenly launches increasing, so has there been any changes in the time period in getting the approvals whether this situation of getting accruals need to take much, much longer time period earlier and launches were few, but suddenly we slew of launches in the industry so not only to the company level, is it there is a general decline in time period to get up on approvals bringing the project to the market earlier than before it used to be and is it specifically related to regions specific thing like Mumbai or Pune or is it across India?

Arvind Subramanian: This needs to be viewed along with the various development rule changes that have happened. So with DCBR in Mumbai with a unified DCR in Pune and Mumbai suburbs etcetera. There has been a lot more codification of what is possible what is not which is reduced be the ambiguity and discretion which used to cause [Inaudible 42:27] earlier. So, I think that has contributed strongly. Let me say there is no predictability in approvals whether it is faster or slower some in most cases it is starting to move faster, but I am still not confident enough to say across the board it has become faster.

Moderator: Thank you. The next question is from the line of Anish Jobalia from Banyan Capital Advisors. Please go ahead.

Anish Jobalia: So, I have the following questions you mentioned in your opening remarks about some of the project that you will be launching in H2 would it possible for you to cancel that out and in terms of square feet what are you expecting?

Arvind Subramanian: I do not know the numbers off hand, but Sumit or Vimal would you have that.

Management: Anish I think as Arvind said we are talking about Luminare project which is a single tower so that entire tower is expected to be launched this quarter. In Kanakapura we are talking about 7.5 lakh crore of total project area we would open up couple of towers in that complex in that entire project not everything will come up together as the phase 1 gets good response to these next phases will get launched the way we have done in Tathawade or Chennai. In addition to these we are also talking about opening some additional phases in Tathawade, Alcove and other projects that we have launched earlier this year including the Chennai one which we have recently launched given that it has got almost 85% sold out we will bring in the additional inventory there. So, overall we are looking at probably more than a million square feet of inventory being added or opened up for sales in H2.

Arvind Subramanian: I think there is a slide in the investor presentation if you look at page 19 it has area for each of the forthcoming project. Now keep in mind as Sumit said that not all of it will be brought to market together so some of these would be phase wise launches.

Anish Jobalia: Second question is what would be the contribution to our this quarter sales from completed projects?

Arvind Subramanian: I think we have a very limited inventory Anish in terms of completed sales the inventory that we have is largely f Luminare project which got received in the month of September. So, I think if we are seeing a very strong demand in that particular project we are hopeful of probably bulk of inventory in Luminare should get sold during this quarter. So, overall value of the inventory that we have is about 25 crores, 30 crores, Luminare is the bulk of inventory there.

Anish Jobalia: My follow up question is to understand it better would it be possible for you to breakup your 0.39 your sales into numbers between your major projects that got sold in this quarter just to understand what has moved better versus?

Arvind Subramanian: We have mentioned that in our investor presentation one of the slides project by project sales value I mean PTD sales value. So, if you were to look at the last quarter what was the total volume and look at the volume today the differential will give you the value during the quarter.

Anish Jobalia: Could you provide some texture around how you are able to lead such significant sales conversion as NWCT project would be helpful to know this strategy and overall what has changed for us looking forward?

Arvind Subramanian: As I said we have spent a lot of time before as we launch on getting the product right. This was another example where the marketing team did a lot of research to understand what is the right product for that micro market, how to position it, what features it need to have etcetera and then that is backed up by very strong sales performance again activating the distribution in the Chennai market. Chennai is a led distribution heavy market compared to Mumbai but despite that we are able to get almost I think it was 60% plus of our sales through distribution. Chennai is also a market where we enjoy very strong loyalty sales and corporate because of corporate present in Mahindra World City. So, those two verticals also contributed strongly.

Moderator: Thank you. As there are no further questions from the participant I now hand the conference over to Arvind Subramanian for closing comments.

Arvind Subramanian: Thank you Margaret. Look as I said we are building up steadily and strongly and that is the most important from my perspective that there is no flash in the pan kind of performance. If we look at a run rate for the quarter gone by just to reiterate the point I made 300 crores of sales on residential 75 crores leasing on the IC & IC business is the run rate we need to be at for the immediate quarters so that we can build towards those 2,500 crores and 500 crores. I am seeing strong demand both in terms of depth as well as breath in the residential business over the next several quarters. I do not think this is a short-term phenomenon and on the industrial business because of the reasons I mentioned in my opening comments structurally I think there will be a phase of capital formation and manufacturing investment in the country and Mahindra World City and origins our assets are best positioned they are among the leading destination for manufacturing in those particular markets. So, I think the next couple of years hold a lot of promise for us we are candidly a small business we have a lot of do ahead of us, but we are building well towards that. Thank you again everyone for joining the call and look forward to stay in touch and wish everyone very, very Happy Diwali and a festive season I do hope the next year is far, far better than the last year has been for all of us at a personal level, at a professional level and for the country as a whole.

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