

## CHAIRMAN'S WELCOME



Dear Shareholders,

You are all aware that India has seen major regulatory reforms in the last financial year, which have significantly impacted the real estate industry. The long due implementation of GST replaces multi-level and varied indirect taxes with a uniform and standardised tax regime across the business value chain, enabling appropriate tax credit and thereby creating fiscal efficiency and transparency. The implementation of the state level RERA framework has veritably brought the customer to the forefront by demanding transparency and accountability from developers.

As a responsible corporate citizen, we welcomed both these reforms and I am proud to share that your Company was one of the first real estate developers in India to be fully prepared for the GST regime, as well as share the impact of input tax credit with its customers. It adopted the RERA framework with alacrity for all its applicable projects. This seamless transition to the new normal gives me confidence in your Company's ability and willingness to conduct business in the rightful manner. It reinforces that it is not only agile in envisioning the future business environment, but is also quick to implement the necessary changes in readiness for accelerated growth.

Your company focused on enhancing sustenance sales and operational efficiency across its projects, in the face of no new launches in the Mumbai market because of regulatory hurdles. Therefore, despite a slowdown in revenue on account of a decline in overall project activity, your Company has improved YOY profitability (PBDIT excluding profitability from joint ventures and associate companies) by 13.6 per cent to ₹135 crore; and profit after taxes net of non-controlling interest stood at ₹101 crore. Your Company sold 1,357 units aggregating 1.16 million square feet of saleable area in 2017-18 against 863 units / 0.91 million square feet in 2016-17. It handed over 1,592

residential units to customers during the year. You will be happy to know that your Company has pre-sold over 75 per cent of the work-in-progress inventory and does not have high levels of finished goods inventory. I am particularly proud of the two affordable housing projects in Avadi (near Chennai) and Boisar (near Mumbai) that are under implementation. Over 75 percent of the launched phases of Happinest - Avadi and Boisar have been completed, and your Company has already handed over ~1,155 units to its customers since its entry into affordable housing in 2014-15. Based on the learnings from these two projects, it has recently launched a third affordable housing project at Palghar, near Mumbai, with an estimated saleable area of 1.05 million square feet. The two operational Mahindra World Cities in Chennai and Jaipur leased 62 acres and meaningfully contributed to the profitability of your Company.

Your Company has launched a new brand of industrial clusters called 'ORIGINS by Mahindra World City'. These are relatively smaller clusters - one near Chennai and the other near Ahmedabad. The former has received all its approvals and we expect it to get its first set of customers in 2018-19, and the latter is in the process of getting its approvals.

I am happy to inform you that we are looking forward to launching five new residential projects on receipt of requisite approvals in 2018-19. The total estimated saleable area of these projects amounts to 1.97 million square feet.

Your Company believes that the regulatory thrust on transparency and accountability represents an opportunity for it to grow meaningfully. Going forward, your Company is focusing on scaling up its presence in its priority markets and segments even as it continues to differentiate itself with respect to its products and services.

Let me now focus on other key achievements in 2017-18. Your Company received the 'Vishwakarma Award' for 'Health, Safety and Environment' from the Construction Industry Development Council for two of its projects: Vivante in Mumbai and Happinest, Boisar. The second is the recognition of your Company's efforts towards gender diversity. During the year, Mahindra Lifespaces was selected by Working Mother and AVTAR as one of the '100 Best Companies for Women in India'.

As stated earlier, your Company has been focused on being future-ready to address a dynamic and changing business environment and serve its customers better and responsibly. I believe it is well-positioned to deliver greater scale and growth through a 'driven' core. Let me take this opportunity to thank all the customers, business and financial partners, associates of your Company and you, the shareholder, for your support.

With best regards,

Yours sincerely,

**Arun Nanda**  
Chairman