PURAVANKARA

Date: 18.08.2023

To

The General Manager Department of Corporate Services BSE Ltd. 1st Floor, New Trading Ring, Rotunda Building, P J. Towers, Dalal Street, Fort, **Mumbai 400 001.** corp.relations@bseindia.com **Stock Code: 532891**	**The Manager** Listing Department National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C-1, G Block, Bandra-Kurla Complex, Bandra (E), **Mumbai 400 051.** cc_nse@nse.co.in **Stock Code: PURVA**

Sub: Transcript of Earnings Call

Dear Sir/ Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the earnings call held on Friday, 11th August 2023, on unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter ended 30th June 2023 is enclosed herein.

This is for your information and records.

Thanking you
Yours sincerely

For Puravankara Limited

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Digitally signed by SUDIP CHATTERJEE
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(Sudip Chatterjee)
Company Secretary & Compliance Officer
Membership No F 11373

"Puravankara Limited Q1-FY24 Earnings Conference Call"

August 11, 2023

MANAGEMENT:	**MR. ABHISHEK KAPOOR -- EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER, PURAVANKARA LIMITED** **MR. VISHNU MOORTHI – SENIOR VICE PRESIDENT, RISK & CONTROL, PURAVANKARA LIMITED** **MR. NEERAJ GAUTAM -- PRESIDENT (FINANCE), PURAVANKARA LIMITED**
MODERATOR:	**MR. SAMAR SARDA – AXIS CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Puravankara Limited Q1 FY '24 Earnings Conference Call hosted by Axis Capital Limited.

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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Samar Sarda from Axis Capital. Thank you, and over to you, sir.

Samar Sarda: Good evening once again to everybody and welcome again to Puravankara Limited Post Results Conference Call.

As always, we have the senior management with us led by Abhishek Kapoor – the ED & Group Chief Executive Officer, Mr. Vishnu Moorthi – Senior Vice President of (Risk and Control), and Mr. Neeraj Gautam –President (Finance).

Before I hand over the call to the management, Abhishek, let me congratulate you and your team for crossing really a good quarter on pre-sales crossed more than Rs.11 billion, OCF has been good and we have a minor reduction in gross debt as well.

So, with that positive note, hand it over to the management for the initial comments.

Neeraj Gautam: Thank you, Samar. Good evening, ladies and gentlemen. Welcome to Puravankara Earning Call for the First Quarter of FY2024. I am Neeraj Gautam, President, Finance of Puravankara Limited. Thank you for joining us today.

We are pleased to present our financial results for the quarter ending June 30th, 2023. Results, along with a comprehensive presentation have already been uploaded to the stock exchanges for a review.

Today, we will provide insights into our outlook and key initiatives.

Before we dive into our company's performance, it is important to mention the broader economic landscape, both on a global and national level. This will set the context in terms of the underlying demand that has consistently propelled our sales performance. Moreover, this understanding will highlight the potential for future growth.

The world economy is getting better, especially in place like India. India's economy is doing even better than expected. The International Monetary Fund has raised its prediction for India's economic growth to 6.1% for 2023, which is higher than the earlier production of 5.9%. This is happening because of the people in India are investing more money within the country and the economy got a boost from strong growth in the last financial year as well. Many good things are helping India's economy growth. Also, technology and digital changes are happening and new buildings and roads are being built. People in India are buying more things and the country is handling global challenges well. Even the property market is doing great, especially for buying and selling houses in big cities like Bangalore. A lot of young people are coming because of the good job opportunities in technology and other industries. This has caused more people to own houses which is increasing house price and the rent cost. Renting a place to live in Bangalore is becoming expensive, similar to how it is in Mumbai. Because of this, many people are thinking it's better to buy a house instead of paying high rent. This is making the property market in Bangalore even stronger and other part of the country as well. Interestingly, Puravankara's operational performance quarter-on-quarter is a testimony to this growing trend.

On that note, let's dive into operational performance for the period:

For our operational standpoint, we have achieved the highest ever sales value of INR1,126 crores in any quarter, the highest ever first quarter of any financial year since inception, up by 119% compared to INR513 crores in Q1 FY2023. Out of total sales, INR715 crores is attributed to Puravankara brand, INR215 crores to Provident brand and INR196 crores to Purva Land brand.

Moving to the launches for the quarter:

We introduced the Purva land in Chennai. There is north of the 181% year-on-year increase in the sales value of Purva Land in this quarter. Our collection stood Rs.696 crores representing 52% year-on-year Increase. Average price realization increased by 11% to INR8,277 per square foot during Q1 FY2024 from Rs.7,436 per square foot in Q1 FY2023.

We have an impressive and robust launch pipeline of approximately 15 million square feet, in sharing a steady flow of new projects in coming period. Non-Bangalore projects now account for 46% of the share of ongoing and 65% of launch pipeline. On division basis, Provident accounts for 52% of our launch pipeline in line with market trends and group's strategy.

Our net debt stood at INR2,119 crores in Q1 FY2024, gross debt has been reduced by INR45 crores from last quarter and net debt by INR89 crores. Further, it is worth noting that our debt per square feet declined from INR1,277 to INR1,008 per square feet in FY24, demonstrating our efficient capital utilization. As of June 30th, 2023, the balance receivable of approximately INR3,052 crores sold units cover around 74% of our remaining costs needed to complete the inventory open for sale. Furthermore, we have cashflow visibility of Rs.6,730 crores in the next three to four years.

Finally, turning to our financial performance for Q1 FY24:

Our revenue from projects grew by 50% year-on-year to Rs.323 crores. The EBITDA for Q1 FY24 was Rs.75 crores, which is 22% EBITDA margin. The PAT for Q1 FY24 was negative Rs.17 crores against Rs.35 crores in Q1 FY23.

I would like to bring to your notice that under AS 115, the revenue recognition is now acknowledged only upon project completion on delivery of the units rather than gradually throughout the project inception. This alteration in revenue recognition timing has led to notable disparity in our periodic financial outcome as it is evident from quarter performance.

To conclude my opening remark:

I would like to reiterate that Puravankara is aligned with the prevailing nationwide extensive trend, especially notable with the real estate sector. We are well positioned to leverage with growth curve through our healthy launch pipeline, which has generated significant customer interest and appreciation while adhering to financial discipline and maintain unwavering commitment to timely and exemplary execution. As always, we remain committed to delivering value to our stakeholders. Thank you for your attention.

Now, I will open the floor for the question and I and my colleague, Mr. Abhishek Kapoor, Mr. Vishnu Moorthy are here to answer all your questions and clarification and take your feedback. Thank you.

Moderator: Ladies and gentlemen, we will now begin the question-answer session. The first question is from the line of Vasant Bhaskar from Investment Securities. Please go ahead.

Vasant Bhaskar: Sir I just wanted to ask have you given a dividend this year?

Neeraj Gautam: Vasant, we have not talked about the dividend as of now. As you must have seen our update on the Board Meeting. There was no discussion on dividend because as and when we show the profit at that point of time we would talk about the dividend. So on date there is no discussion about the dividend.

Vasant Bhaskar: Last year we have declared the Rs. 5 dividend we have done at this time last year in August or September?

Neeraj Gautam: Last year we had given but this year in this board meeting considering the financial results have not recommended anything. However, as the quarter goes by and as and when we do the profit in the respective quarters the decision will be taken accordingly. As I have told you that this is the growth phase and we are in the process of growing and then board has recommended remaining invested in the business rather than taking out the profit in the form of any dividend.

Vasant Bhaskar: Okay so it was just the 1st Quarter. So, can we expect the interim dividend?

Neeraj Gautam: If at all it happens it will be interim dividend but as on date there is no such discussion happened in the Board meeting.

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

Ronald Siyoni: So, sir, on the outlook for FY24, how do you see this year in terms of sales booking and what kind of launches we should expect in terms of top line potential we can expect in FY24?

Management: Ronald, so we don't give forward-looking guidance. But having said that, let me share with you some data points. Basically, we are looking at a total of about 15 million square feet of launches, in that 15 million square feet 3.6 is in Puravankara, 7.97 is in Provident and 3.68 is in Purva Land. These projects are pretty much on track in terms of the launch. So as mentioned in the ICP, we launched about a million square feet in the last quarter, and we saw that the numbers were pretty good. On ground, what we are seeing is there is good traction, and we are expecting that we will take more projects to the market starting this quarter, the work is on track as we speak and we are quite optimistic for the continuous increase quarter-on-quarter and year-on-year numbers. And if you see the trend in the ICP what is also mentioned is whatever we do in the first quarter, we normally do higher numbers in the second, third and the fourth quarters. So, I will leave you to estimate what are pre-sales numbers will be and the cash flows will be, but the trend is very, very optimistic and very positive.

Ronald Siyoni: And 15 million square feet we should take it over the next two years or for FY24 or something, what kind of timeline you expect?

Management: So, you should assume that we will open only up to 6-7 million square feet in this year and the balance inventory will be opened in a phase manner in next year and the year after.

Ronald Siyoni: This quarter we have also seen net debt reduction. So, I know the management balancing the view that we should also reduce some portion of the debt going ahead or this was just one-off quarter where you had paid up some debt, so, is this a concern that some part of the cash flow should go towards debt reduction?

Management: Look, as we have disclosed on Slide 26 of the ICP, of the total debt, Rs.2267 crores of debt are now at Rs.2,203 crores, which is reduced by Rs.64 crores in the last quarter is self-liquidating in nature. What it means is basically on its own account as we progress the project, it will naturally reduce. What will happen is our composition will change. We will continue to invest in our commercial projects wherein we draw down debt or construction to build those assets, and at the same time, new acquisition strategy is going to roll out. Our aim and goal will be that we will try and keep our debt at similar levels while the ongoing debt continues to reduce as we engage in the market and we deploy capital for new acquisitions. So, therefore what I'm saying is, while we keep the absolute debt at similar level, that's the intent, we will see technically more acquisitions happen and second and most important thing is and I keep saying this in every call and in every presentation that please look at my debt per square foot number of area under development. And if that debt per square foot area under development continues to reduce, then the leverage is actually not something that should affect the business, because then what we are saying is against an average realization of Rs.8,000 a square feet my cost of debt is say about Rs.300 with my average tenure of that is three years on Rs.1,000 a square feet, right, that is point #1. Point #2 is that you look at our cash surplus and if you look at slide 28, where we have showcased the total cash surplus of Rs.11,200 crores. You are talking about the Rs.2,000 crores debt on a Rs.11,200 crores surplus, which is only from projects which are ongoing and which are going to be launched. I think we are in a very, very comfortable position. And as we launch these projects, you will see the debt per square feet will come down and our ability to scale. So, our focus is really to expand and grow and we will remain committed to growth.

Ronald Siyoni: Just on that follow up, you said about business development. So, the focus is getting faster of course or churning the land from existing land bank or do you want to go for the new acquisitions or if you want to go, then what kind of model outright JV bid?

Management: So, we are looking at both. The first step has been for us to monetize what we have invested in the land bank and therefore you are seeing this 15 million of launch being shared with you all and it's unfolding as we speak in this financial year. As far as new acquisition is concerned, we are absolutely committed to it. We have a fairly balanced mix of business in terms of outright and JDA. We will look at both the models. We are also looking at a lot of redevelopment projects in Mumbai, which is society redevelopment projects and of course JDA and outright acquisitions across all the markets where we are present in. But the model is pretty much in a way where we look at about 30% to 35% of our business coming from the JDA business and maybe up to 70% of our business coming from projects where we would outright purchase and invest in, because the margins are much healthier and much better and you get to see the appreciation of prices and appreciation of margins as you go along. So that's the balance we're looking at.

Ronald Siyoni: Last question on the Starworth, like what kind of contribution was there and what kind of margins were there by Starworth during the quarter? And also, the related one is the order book has reduced. So, can you help why the order book is reduced from Rs.1,600 crores to Rs.1,200 crores?

Management: We are on the job. Last quarter we added about Rs.300 crores of order book.

Management: This order book is a net order book, it's not a gross order book, that means the order book net less what we have billed during a quarter or a period, and hence this order book is net of delivering or billing. That's why it's reduced, point #1. Point #2, Starworth has done about Rs.103 crores and PAT of 1.3 crores.

Management: But having said that, I think what's important is that we are very, very actively pursuing new business. There are lot of tenders in process. We will see the order book go up as we go along in the coming quarters.

Management: The focus is really on business development other than the existing operations. We have had some challenges in terms of the slowdown of turnover because of availability of labor supply, which is normally the case in this particular quarter, April, May, June, and hence normally the billing cycle reduces kind of in April, May, June, because, as you may know, labours go back to their, harvesting and the marriage season in the north. So, having said that, I think they are pretty much back, full steam going ahead and business development activity is now moving at a good pace. We will see in next two quarters more order bookings.

Moderator: The next question is from the line of Niraj Mansingka from White Pine Investment. Please go ahead.

Niraj Mansingka: Can you give me the trend of the walk-ins and enquiries for the customers that have come in the last one or two quarters and how do you see that going forward?

Management: Obviously, the business is going up. So that means there is a lot more site visits and lot more conversion that is happening on the ground. So, we are seeing an increasing trend including in our sustenance projects. That's what is very encouraging because what's happening is that our ongoing projects, it's not just the new launches that are contributing, but the ongoing projects are seeing increasing traction both in terms of site visits and conversions. And as we see that and we add the new launches to it, we are seeing the kind of numbers that we are seeing. I mean this is the first time in our history of Puravankara that in the first quarter we had done higher numbers than the Q4 of the previous year. So that shows that we have broken that glass ceiling that we were kind of under and that's why the numbers look so phenomenally good, also, when you compare on a year-on-year basis is 119% growth. So, the point I'm making is that both the ready to move and new launches are doing quite well and we are seeing increasing traction and I think that's also a result of the feverish activity that is going on, on site in terms of construction and people understanding and confidence in the quality of work that we do and hence the premium also that we are commanding in the market. So overall it's a good situation to be in for the brand.

Niraj Mansingka: I am aware of that, I saw the presentation, but still wanted to know on the enquiries and walk-ins. Can you give some statistical number or some thought process of how you see the walk-ins, has it gone down or has it gone up? Sales has gone up but I'm trying to see on the current slowdown in the tech section so trying to understand from that perspective?

Management: So, if you were to compare apple-to-apple, I would give the number was obviously much higher, it was twice the number both in terms of site visits, twice the number in terms of enquiries and twice the number in terms of conversion, right. So that percentage will pretty much follow. Let me give you a number. If you were to look at our enquiries to allocations, our enquiries on every hundred enquiries, we have allocations of anywhere which is 35% to 40% of 35% to 40% about between 20% to 25% site visits, and out of that 25 site visits, we're looking at a conversion of anywhere between three to four conversions. So that's the kind of numbers that happens. When we do Rs.1,126 crores, which is 120% higher. On the same statistics which we are maintaining right now, you will see twice the amount of enquiries and twice the amount of allocation and therefore twice the amount of cycles and hence double the number of conversions, and therefore is our confidence on the numbers. Only statistical difference I can possibly add to this is that our conversion has gone up by another maybe 15% to 20%. So, when we were earlier getting 25% site visits, we are closing maybe 2.5% sales, today that becomes between 3% and 4% sales. So that's the improvement that we have seen because of the brand and the focus on the construction.

Niraj Mansingka: And second question is on the current projects that you're selling, what might be the EBITDA margin that you might be booking, which you would obviously report much later?

Management: If you look at our plotted development, the EBITDA margins will be upwards of 35% to 40%. If you look at our Puravankara margins, we're looking at anywhere between 30% to 35%. If you are looking at a Provident margin, it will be anywhere between, I would say 26%, 27% going up to 30%.

Niraj Mansingka: But then how do you explain this current quarter with the margins? In the last four quarters, the margins have been not supported compared to what you've been saying, so -?

Management: Margin is the result of two things, right, I think Neeraj explained it in his opening remarks, margins are on account of what you deliver, which gives you the revenue and what you spend which you can't capitalize. So, what that means is, we gave a certain number of units and certain value of units as possession. Some of our possession was in fact the projects were ready but were deferred because of OC or certain local technical issues where I could not do the handover. This will happen now in this quarter and the next quarter, so the revenue booking will go up. Having said that, what has affected my margin really is my launches. So, if you look at the sales number and when you say that we have more than doubled the sales number, you were at Rs.500-odd crores, we are at Rs.1,100-odd crores. What that means is that we have spent Rs.15 crores more on marketing costs which has hit us. That Rs.15 crores alone if you just adjust that number, almost takes care of the extra losses that we're talking about, plus my G&A, which is also higher because G&A spend faces what business we are doing today, which can't be capitalized and can't go into my P&L. So, between both of these things and my ability to get my revenue recognition because of handover, the margin is looking squeezed. But if you look at the project level and if you look at the way we look at our business, our margins are very much in line with the projections what I suggested and you will see this unfold as you start doing the deliveries.

Niraj Mansingka: Putting it in a different way, for the next two quarters, do you see that margin going back to say, 20% plus because of one-off that might have happened, and you might have booked some costs in this quarter?

Management: So, as I said, we don't give guidance. Having said that, we will be doing more launches -.

Niraj Mansingka: In real estate, it's not a guidance, sir. Because whatever booking you're doing, you're doing the cost, so you know everything, so there's no forecasting, we're asking. The reason I'm asking is that EBITDA margins are not as much as when you said about plotted Puravankara and Provident, blended EBITDA margin comes out to 27%, 28% on this average. So obviously that margin should come in next three, four quarters, right, ultimately because –

Management: I think if you look at it over next three to four quarters you will see that margin come back for sure.

Management: All we can say is, our couple of projects are coming for possession in a coming quarter, a large project by name Tivoli Hills in Bengaluru**,** there is a project in Chennai by Hibiscus. All are coming for possession…Hyderabad is coming, Kenworth two towers we are expecting to get possession in a few days, another Provident project Neora, we are expecting OC any time. So once these projects heading to the completion, we will start giving handover and that margin will come in the P&L. That is what at this moment I can give that kind of information.

Niraj Mansingka: What you're saying is a lot of projects are closer to completion, so obviously those will reflect in better margins most likely?

Management: Of course, of course. As per the accounting norms the moment I recognize revenue from every unit, will come to the P&L and thereby the margin and profit for the quarter.

Niraj Mansingka: The debt that you are talking about is Rs.2,581 crores and you said it will remain probably flattish over the next one of one or two years. So why would you not want to repay the debt?

Neeraj Gautam: As you know, the point is that certain amount of leverage is beneficial for the business. As substantial part of our debt today is backed by ongoing projects which will be repaid in a natural course. If you look at the next 12 months, I will be naturally paying above Rs.600 crores approximately as per scheduled repayment, right. And you can look at this quarter also which we have given in the slide in the residential business the debt is reducing. And hence debt management will be in that line. Beside this, more and more new launches we are going to take, that will reduce our debt per square feet as a business volume and that will reflect in better utilization of capital, and that will in turn will add more value to the P&L as the volume of production goes up and debt perspective comes down.

Management: And I think our focus is, as I mentioned in the beginning of the call, is on acquisition and business development. For that, whatever is the capital requirement that we need, we will continue to draw down on that capital and hence that's the reason why Neeraj is right, he's saying 500 to 600 crores, he will repay in natural crores and it takes 500 to 600 crores to add to my new acquisitions. And again, the whole point is that how much debt is relative to how much business you're doing. And I think that's the context that you need to put our debt in. And accordingly, you measure the debt. And you will see the numbers in in the coming quarter, in the next quarter and obviously then we can have a conversation.

Neeraj Gautam: And besides that, we are also creating two big commercial assets for the company, and to that extent we'll be drawing down debt and increasing the value of asset for the company.

Niraj Mansingka: I have just two suggestions. One, can you in longer term show the debt as a commercial debt and the residential debt so that we can understand what is the debt for development and what is the debt for longer term?

Neeraj Gautam: If you go to our investor presentation slide #26, there we have given a breakup of the debt, how much debt is backed by residential business, how much debt is lying for our lending and how much for the commercial business we have drawn down as on 30th June.

Niraj Mansingka: The last suggestion is you also should include the IFC debt right of 400 crores in the debt outstanding because that is still a debt ultimately.

Neeraj Gautam: That debt is equity in nature. We have taken money from IFC against the project which is payable and enable in structure. Similarly, Puravankara Limited has launched our own AIF by Purva Excellence Fund. That fund has invested in two of our projects in the form of NCD and that again will be payable, will enable the structure, and hence that we are showing separately, that is not debt-equity in nature, that's not essentially being paid as a manner or akin to our debt like monthly servicing of interest or principal.

Moderator: The next question is from the line of Sagar Ramchandani from Emkay Ventures. Please go ahead.

Sagar Ramchandani: I have two questions. So, one is -

Moderator: Sir, I'm so sorry to interrupt, but your audio is not audible.

Sagar Ramchandani: So out of the 15 million square feet launches that are planned in the financial year 2024, how many have been completed in the first quarter and what are the plans for the next quarter in terms of a million square feet?

Management: So, we've launched about a million square foot already; 770,000 square feet of plotted development and 240,000 square feet of the villa development. And in this quarter, we are expecting additional launches.

Sagar Ramchandani: Second question being, what is the strategy on Pune and Mumbai, primarily redevelopment aspects of Mumbai and where are we on that, and what is the revenue contribution say from Clermont and the other Pune projects?

Management: So, as we speak, we are actively pursuing opportunities of society redevelopment in Mumbai and actively pursuing opportunities for new land acquisition both on outright and JDA basis in Mumbai and in Pune. Our intent is eventually that we will see the total revenues over next few years, 50% of our business will come from Mumbai and Pune. That's the target we are working towards. Today, we are very, very heavily invested in the Bangalore market and almost 60% of our business comes from the Bangalore market. And of course, then we get it from Chennai, Kochi, these are the other markets that contribute. But this composition will change over time. Having said that, today, the contribution of Mumbai and Pune is quite low, under 10%. But I think that will change with the new acquisitions and the new launches that we're looking at doing in the next 12 months.

Moderator: The next question is from the line of Rishikesh Oza from RoboCapital. Please go ahead.

Rishikesh Oza: My first question is what was the unit deliveries in Q1?

Management: We delivered 467 units in Q1.

Rishikesh Oza: What is our target for FY24 as well as FY25 in delivery?

Management: In FY24, we are targeting about 3,000 units of delivery. That's the estimate we had given. And for FY25 we can come back to you with an answer.

Rishikesh Oza: Also, sir, just wanted an idea, of those 3,000 deliveries, how are the deliveries lined up like which projects should they contribute mostly and in which quarter can we see the run rate to really start?

Management: So, we will start seeing pickup of delivery starting which is end of September quarter going into December and the March quarter. And the projects that we are talking about, I think Neeraj mentioned on the call a little while earlier, Tivoli Hills is a large, plotted development which is over a million square feet, that is going to come up for delivery starting end of this quarter. Equinox, which is our Provident project. Hibiscus is another plotted development that will come up. Park Square, which is ongoing. There's another project called Promenade in Bangalore, which will come up. There is another project called Zenium which will come up for delivery in the Jan quarter. There is another project in Chennai called Somerset which will come closer to the end of the fourth quarter. These are all projects which are lined up for delivery in this financial year.

Rishikesh Oza: Just wanted an idea, when we say there are some upfront costs that we have to bear due to the new launches, what would they be as a percent of revenues?

Management: When you are asking that question, what do you mean, you mean pre-launch marketing expenses or you mean land approvals and all of those -?

Rishikesh Oza: So basically, the cost that we have to debit from the P&L. You have said to the earlier participant that the EBITDA margins are ideally down because of those upfront costs that you have to take because of new launches?

Management: So, whatever you would see any pre-launch cost, so there are two parts to that cost; there is a pre-launch cost and there is cost of launch. And it depends on the scale and size of launch that you typically do, but for whatever sales contribution you look at, you can easily assume about 1.5% to 2%, so for example, if I was to look at 1,100 crores sales, I would say that I would have spent about 15 to 20 crores in which I cannot capitalize, right, and of course, pre-launch costs, which I can't capitalize, will be to the tune of anywhere between 5 to 10 crores minimum. So that's the range that you're talking of and you should take a number which I can't capitalize of every quarter pre-sales anywhere between 1.5-1.6%.

Rishikesh Oza: So, we can say normally with this level of EBITDA margins this should actually increase going forward that you said to the earlier participant because of the plotted development projects will come for deliveries in the coming quarters which have higher margins, so ideally Q2 onwards, on the reported basis EBITDA margins should increase?

Management: You're right, between Q2 and Q3, it should start reflecting on the EBITDA margins. And it's not just the plotted development, I named quite a few of Puravankara and Provident development which are also coming into possession.

Moderator: The next question is from the line of Anurag Katta from B&K Securities. Please go ahead.

Anurag Katta: I wanted to know what kind of bandwidth do we have in terms of executing projects at one time?

Management: We are present in about eight cities minus Mangalore because we want to get out of that market. That's not a market we want to scale. With a clear focus on five cities, which is Bangalore, Hyderabad, Chennai, Mumbai and Pune. And we have seven lines of businesses. Let's focus on the top four lines of businesses, which is Puravankara, Provident, Purva Land, commercial and the Starworth, which is the contracting business. Now, if you were to look at each of the brand in each of the geography at any point in time, your ability to launch is anywhere between eight projects, which is two projects in a year under each of the category. So, if I simply do a basic math, eight projects into 5 cities, 40 projects there, and if I take four in the rest of the projects which I do only one launch in each category, you talk about 16, we're talking about at least 56 to 60 launches in a year is what we are capable of in terms of the potential of business. The question is how do we get to that potential of business. For that we have set up a P&L structure where each of the businesses and each of the geographies have focused dedicated teams which are working and for the brands which are working only focusing on execution and operations of that business. So, I'm not sure if you've seen some of our past. About a year and a half back, we deployed a different matrix organization structure where we have brought in CXOs heading different regions and different businesses and different P&L, creating independent teams below them to empower them, authorize them, of course, make them accountable to deliver the results with a completely performance-driven culture and the systems and processes that we have implemented, enable these teams to be able to deliver the kind of volumes we are looking at. So, the bandwidth has already been created. And if you go and research the kind of talent that we've been able to attract in the marketplace, I think that's pretty much akin to the quality of the brand that we have and the vision that we have. So, I think we will see this bandwidth displays the results which you are already seeing in the last quarter. I mean this is obviously exponential in nature. You will continue to see something like this unfolding as we go along.

Anurag Katta: The reason that I asked this was because as far as last interaction what I remember is that we are poised to keep our land bank between 40 and 45 million square feet plus, if we add up the projects that we are working on in a particular financial year, I just wanted to get a feel of how the cash would flow because we are poised to keep our land bank intact at a certain level, plus if we launch additional projects, particularly in Puravankara, how would the business development look like for a year?

Management: Let me ask you and understand what you are saying. Are you asking how much new land acquisition we will do, is that the question?

Anurag Katta: The question is as our business grows in a bandwidth, how many new projects can we execute, simultaneously while acquiring new land?

Management: So, as I mentioned earlier, these 15 projects are on the way. The respective teams are running these projects and they're getting launched. It is not one person, it's an organization that's been built, there are 1,300 people in the organization and they have different P&L heads who are driving their own businesses. So that is one part of it. At the same time for replacement, we are in an aggressive deal mode where we are evaluating proposals very diligently, profitable margins. Fortunately, consolidation is helping a brand like us to get the right kind of deals in the marketplace and you will see announcements that will happen. So, our endeavor will be to replace whatever it is that we sell within the same year. So that we have replacement of that inventory what we have sold in the year. So that's how we are at this point in time approaching it. And it will be as I mentioned earlier, a mix of JDA and outright.

Moderator: The next question is from the line of Harsh Parikh from RSPN Ventures. Please go ahead.

Harsh Parikh: My question is with regards to current project mix between luxury and affordable. And also, can you guide it with what is the project mix of residential and commercial and can this change in future?

Management: If you look at all the Puravankara projects, you can count them as luxury projects, which are shown, which is to the extent of 3.6 million square feet, Provident, which is kind of mid income projects which is about 7.97 million square feet, and plotted which is in Purva Land which is about 3.68 million square feet.

Management: This is about the launch pipeline, but if you would like to know about our ongoing projects, if you go to our slide #31 in our presentation, we have specifically entered which are the projects under Puravankara Limited, which are the projects under urban housing, and those are our commercial projects. Msft you can look at it.

Management: Are you looking at only new launches or are you looking at the breakup of existing sales as well?

Harsh Parikh: No, both, existing as well.

Management: So, if you look at existing sales, then you go to slide #12, which talks about unit value wise contribution to sales value. So, if you see there, that gives you a breakup of how much units we are selling sub-Rs.1 crore and how much is it above Rs.1 crore. So, sub Rs.1 crore if you look at it, it's about 46% of our business and 54% of our business is coming from above Rs.1 crore category.

Harsh Parikh: My next question is with regards to the redevelopment projects. So, since you are keen on taking redevelopment projects in Mumbai, what are the margins for redevelopment projects right now going on? Are we in talks with anyone or are we still looking to explore these projects?

Management: So, for redevelopment projects, our target margin will be similar in nature, which we discussed, which are the EBITDA margins obviously specifically in Puravankara because most of the redevelopment projects will come under Puravankara. That is to answer on margins. And as far as actively pursuing, we are very, very actively pursuing multiple tenders and multiple society opportunities which are today out there and we are shortlisted in a few and we are negotiating and engaging part of the whole process. So, we will see as we go along… as we close some transactions, I'm sure you will hear about it.

Harsh Parikh: It will happen in FY24 or next year?

Management: No, definitely in this FY24.

Moderator: Ladies and gentlemen, due to time constraint, that was the last question for today. I would now like to hand the conference back to the management for closing comments.

Neeraj Gautam: Thank you very much for joining today's call. I hope me and my colleagues have been able to answer all your questions. And wishing you all of you a Very Happy Independence Day and thank you very much.

Moderator: On behalf of Axis Capital Limited, we conclude today's conference. Thank you all for joining. You may now disconnect your lines.