PURAVANKARA

15.02.2023

To

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

Dear Sir / Madam,

Sub: Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended- Conference call update

Further to the conference call held on February 10, 2023 at 5.30 pm. to present and discuss the financial results of the company for the quarter and Nine months ended December 31, 2022, please find attached the transcript of the conference call.

This is for your information and records.

Thanking you

Yours sincerely

For **Puravankara Limited**

ABHISHEK KAPOOR

Digitally signed by ABHISHEK KAPOOR
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Date: 2023.02.15 22:01:16 +05'30'

Abhishek Nirankar Kapoor
Executive Director
DIN: 03456820

PURAVANKARA LIMITED
Registered Office: #130/1, Ulsoor Road, Bengaluru- 560 042 Tel:+91 80 2559 9000 / 4343 9999 Fax: +91 80 2559 9350
Email: investors@puravankara.com URL: www.puravankara.com CIN: L45200KA1986PLC051571
AN ISO 9001 COMPANY

“Puravankara Limited
. Q3 FY '23 Earnings Conference Call”
February 10, 2023

MANAGEMENT: MR. ASHISH PURAVANKARA - MANAGING DIRECTOR
MR. NEERAJ GAUTAM – EXECUTIVE VICE PRESIDENT OF FINANCE – PURAVANKARA LIMITED
MR. VISHNU MOORTHI –PURAVANKARA LIMITED
MR. ABHISHEK KAPOOR – CHIEF EXECUTIVE OFFICER – PURAVANKARA LIMITED

MODERATOR: **MR. SAMAR SARDA – AXIS CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to Puravankara Limited Q3 FY '23 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 star and then zero 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: Yes. Thanks.Nirav Good evening, everybody, and welcome again for the quarterly conference call of Puravankara Limited. From the senior management, we are led by Mr. Abhishek Kapoor, the CEO, Neeraj and Mr. Vishnu Moorthi. Gentlemen, congratulations on yet another good quarter on presales, and I hand it over to you for your initial comments.

Neeraj Gautam: Good evening, and welcome once again to Puravankara Limited earnings call for the third quarter. My name is Neeraj Gautam and I serve as an Executive Vice President of Finance at Puravankara Limited. I would like to thank you for joining us today. As a leading real estate company, we are proud to report our financial results for the last quarter and 9-month period, and we look forward to sharing our outlook and key initiatives with you, the result of quarter ending December 31, 2022, along with a comprehensive presentation have already been uploaded to the stock exchanges for your review.

During this call, I will provide a summary of the key highlights of the quarter and 9-month's period. And my colleagues and I will be available to answer any questions you may have. Additionally, we welcome any feedback or suggestion you may have.

We are glad to report that company has made a strong start to the current fiscal year, and we are maintaining this momentum throughout this quarter. We are thrilled to announce that we have achieved a record highest sales for the third quarter and for the first 9 months of this fiscal year, highlighting our strong brand presence in our markets.

We believe and hope that we are at the peak of mortgage interest rate cycle, amidst uncertainty high interest and inflation in the western part of the world, our economy has shown resilience and the latest fiscal budget and monetary policy provide a stable outlook for our economy and growth. We see sustained strong demand, particularly for Grade A developers, that government's focus on infrastructure investment and housing for all, the budget is commendable.The steep hike in outlay for the PM Awas Yojana by 66% to INR 79,000 crores will give the much-needed fillip to the affordable housing sector, an estimated growth rate of over 6% for the Indian economy for next fiscal year is likely to support the current momentum of sales in the real estate sector.

Moving to the operational performance of the company duringthe quarter FY 2023- during the third quarter of FY 2023, collections from operations were amounted to INR 742 crores, an increase of 87% compared to the same period in the previous fiscal year when collections were INR 397 crores. On a 9-month basis, collections for FY 2023 reached to INR 1,959 crores, a 78% increase compared to the same period in the previous fiscal year when collections were INR 1,100 crores. Concurrently, operating outflows also increased by approximately 78%, reflecting increased spending on project development to ensure timely and efficient completion.

Coming to our debt management. Our prudent launch strategy has resulted in a decreasing debt per square foot on construction area, demonstrating efficient capital utilization. Over the last 4 years, debt per square feet, I would put an emphasis here, debt per square feet has decreased by approximately 49%, despite incurring additional debt of approximately INR 100 crores for land acquisition , our net debt has declined to INR 2,135 crores as on December 31, 2022.

Moving to our quarterly sales performance. We are happy to report that we achieved the highest ever sales for third quarter of FY 2023, with a total of INR 796 crores, a 20% increase compared to IR INR 666 crores in the same quarter of the previous year. We sold 749 units, covering an area of 1.02 million square feet during the quarter, a 3% increase from the 690 units covering 0.99 million square feet sold in the same quarter of the previous year.

Our sales were primarily driven by ongoing projects with over 90% of our sales booking coming from these projects during the quarter. Moving to our financial performance for the quarter. Financial results in the third quarter of the financial year 2023. Our consolidated revenue was INR 410 crores, which represents a 67% increase from INR 246 crores, in the same period the previous year.

Our EBITDA for the quarter was INR 128 crores with an EBITDA margin of 31%. This is a significant increase of 51% compared to INR 85 crores in the same quarter last year. Our net profit after tax was INR 21 crores in Q3 FY '23, a significant increase of 12 times compared to INR 2 crores in the same period a year ago. Coming to 9 months performance. In terms of sales, the company recorded its highest ever 9-month sales of INR 2,100 crores, a 33% increase compared to INR 1,576 crores during the same period the previous year. This was achieved by selling 2,078 units with a total area of 2.79 million square feet, which was 20% higher than 1,616 units sold in 2.32 million square feet for the previous year.

Most sales came from ongoing projects. During the 9-month period, the collections from operations was INR 1,959 crores, a 78% increase from INR 1,100 crores in the previous year. Coming to the consolidated revenue for 9 months. During the 9-month period, company's consolidated revenue was INR 961 crores. The EBITDA for the same period was INR 325 crores, resulting to an EBITDA margin of 34%. Additionally, the profit after tax for the 9-month period stood at INR 35 crores. Debt reduction and surplus cash flow reflects company's debt and financial stability.

There has been a steady decrease in debt per square foot of the under construction area, showcasing -- effective use of capital. Over the past 4 years, this debt per square feet has been reduced by approximately 49%. Additionally, even though repo rate has risen by 225 basis points in the same month, the cost of debt has gone slighty, only slightly increased in our case.

As on December 31, 2022, the balance receivables from sold units in all launched projects was INR 2,643 crores covering more than 75% of our remaining costs for under construction projects, which was estimated to be INR 3,517 crores when combined with unsold receivables of INR 5,641 crores from the launch projects, the company is projected to have a surplus of operating cash flow of INR 4,767 crores, which is favourable in comparison to current net debt of INR 2,135 crores.

Furthermore, the company also had unopened inventory in existing projects with an estimated surplus of INR 2,007 crores. On business development side, the company has successfully acquired approximately 100 acres of land in Chennai in the quarter for a planned plotted development project. The project is expected to be launched in the next 6 months, and there are several other opportunities being considered for acquisition in the South and West.

In general, the Indian real estate market is demonstrating robust growth and resurgence with the new facilities arising due to sustained market conditions. The Indian economy is displaying stability, robustness, and we have a positive outlook on it. Our attention on our new projects, we will persist in expanding our operations while preserving a sound financial position. Our focus is on implementing environmentally, socially and ' governance responsible practices and delivering value for our stakeholders through openness, creativity, the strong management and brand recognition.

We are optimistic about our continued improvement in the long run and our capability to offer reliable cost-effective profitable and responsible growth. That concludes my statement. Thank you for all attending the conference call. Now we are open to answering your questions you may have. Thank you.

Moderator: The first question is from the line of Aryan Sharma from Infinity Capital.

Aryan Sharma: So my first question is what is the revenue guidance for next around 5 years down the line?

Abhishek Kapoor: We don't give guidance typically as a process. But as you are seeing the trend, typically, I mean, from last year to this year, if you look at our numbers, this year, we already had INR 2,100 crores of presales, right? Now these pre sales keep accumulating. And as delivery happens, they get converted into our revenue recognition and therefore, in terms of accounting, showing us revenue numbers.

So as I said, currently, in this year itself, we have launched about 4 million square foot already. We are adding another 2 million square foot. The numbers that were shared by Neeraj a little while back. And in fact, if you look at our total revenue guidance in terms of the projects that have already been launched and will get launched. -- is to the extent of total value is total value that we are looking at in terms of adding in terms of 6 million square foot that we have looked at for the launch.

And next question -- that's the surplus itself. Sorry, just the surplus itself, total top line will be about INR 4,500 crores other than what is already under construction and the revenues that have to be collected from the under construction projects. So if you just look at the top line that we will add with 6.28 million is INR 4,500 crores. So you can estimate that these projects will get completed between 3 to 4 years. Then we are adding -- we have given a launch pipeline of another 16 million square foot.

That will again add a revenue potential. So potentially, you can calculate what kind of numbers we will be achieving on an annualized basis.

Aryan Sharma: Yes. So that would give me the answer for the guidance, I guess. So on the guidance, but what would be the targeted debt levels and the debt equity ratio, if you can shed some light on that?

Abhishek Kapoor: So our target is to continue to maintain debt equity level of under 1%. And as we have seen on a per square foot basis, we have brought down our debt numbers from about INR 2,500 a square foot to INR 1,291 a square foot, that's shared on Slide number 30.

Of course, given the fact that while we have reduced the net debt from INR 2,144 crores to, last quarter. INR 2,135 crores last quarter, we have also acquired land. So on an overall basis, if you look at it, the debt has gone down in the last quarter by about INR 10 crores. So it's a constant process in our business. That is something that works for us at a certain optimum level. So we are bringing those efficiencies in our cost of capital and at the same time, ensuring that the growth doesn't get compromised.

So while the debt per square foot number will continue to decrease. And as I said, we are launching another 2 million in this quarter. We are launching another total of $16 million before the March of next quarter. I mean you can look at the per square foot debt coming down, and therefore, that adds a lot of value. And going forward, naturally, with its own tendency, the residential debt will continue to come down.

Aryan Sharma:

Okay. My next question is on the Mumbai market. So how was the response? And how do you see the Mumbai market, current and future potential.

Abhishek Kapoor: So Mumbai market, we have a team that we have a dedicated team that we have built for the Mumbai market. And we are looking at new acquisitions. Multiple proposals are under acquisition discussion. And we are looking at redeploying a lot of capital in that market between Mumbai and Pune. So as we go ahead over the next 2 to 3 years' time frame, you will see a clear shift in our acquisitions and therefore, over a period of time in our launches. So our goal is to increase. And over the next 3 to 5 years' time frame go up to 30% to 40% of our presales coming from that market.

Aryan Sharma: Okay. I would say. And last question, if I can add is, can you shed some light on the commercial projects? And what would be the commercial-residential mix in the years to come?

Abhishek Kapoor: So our overall, from a group's point of view, I'll just give you a broad guideline of how we look at our revenues or presales number coming from. About 35% of our business will come from Puravankara, 35% will come from Provident. Of course, the square footage in Provident will be higher because per-square foot realization will be lower compared to Puravankara.

About 20% of our business will continue to come from plotted development and about 10% will come from commercial. Having said that, obviously, commercial, there will be a lease and hold strategy other than one project that we have right now, which we're looking at strata selling. So as we go along, that number will increase.

Moderator: The next question is from the line of Mihir Desai from Desai Investments.

Mihir Desai Sir, my first question would be around EBITDA margins. So if you can give some color on how the EBITDA margins and PAT margins are going to be or what is your expectations for each project or I must say, product mix?

Neeraj Gautam: See, if you look at our current EBITDAis at 34% for the quarter.. And typically, in our Puravankara brand , we earn an EBITDA margin of 30% to 32%. In Provident projects, we earn an EBITDA margin of 22% to 25%. And a plotted project, we earn EBITDA margin of 35% to 40%. -- that's broadly EBITDA margin for our different products. As far as PAT is concerned, PAT is a function of multiple things.

As you know, the real estate accounting revenue recognition and profit reporting is based on accounting standards 115. PAT will be the function of the kind of operating expenses we are incurring in a quarter, sales and marketing expenses, overhead vis-a-vis the kind of units and number of units we are delivering in a particular quarter and recognizing revenue, I hope that clarifies, your query.

Mihir Desai Yes, sir. one another inventory [inaudible 0:17:50].

Moderator: Mihir, sorry to interrupt you but we are losing your audio request it to come in a better reception area, please?

Mihir Desai Yes. So sir, if you can also give an indication on how much is our ready-to-move inventory left from our newly launched projects?

Neeraj Gautam: If you look at our slides in our investor presentation, Slide number 14 and Slide 34 and 35 are ready to move in inventories very less, is 0.29 million square feet left and our inventory from ready and we have an inventory from ongoing projects as say on 31st December 2022 was 6.9 million square feet.

Mihir Desai Okay. Okay. So sir, supply shouldn't be a constraint for us, right?

Neeraj Gautam: Of course, not. And what it meant is inventory left only 0.29 million square feet , over the last 2 and 2.5 years, we have completely sold our ready-to-move-in inventory. And right now, our launch inventory is already 6.9 million square feet, which is a decent inventory. Besides this, as Abhishek mentioned some time back, this financial year itself, we are adding another 2.5 million square feet by launching new projects in the Q4.

Besides that, our launch pipeline is on Slide number 20, which gives information that 16 million square feet we are targeting to launch in the next 12-month period from now. And hence, there will be no dearth of supply at a different product segment from Puravankara, Provident and plotted development.

Mihir Desai Sir, and lastly, on cash flows. Sir, can you give us some projections of cash flows for, say, 2, 3 years down the line?

Neeraj Gautam: If you look at our Slide number 25, which gives a kind of trend that what kind of cash flow we are generating quarter-on-quarter basis on a 9-month basis or year-on-year basis, we have been generating post-operating surplus for the last few years by now. If you look at 9 months period, we -- our cash flow from operations has grown by 78%. And trend is very visible. Every quarter we are surpassing substantially previous quarter's collections.

Now what kind of cash flow we can generate, is the trend you can see by spending on my construction and development cash flow is coming. The fact besides that, if you look at our Slide number 27 in our presentation, that gives a kind of estimate the potential of cash flow, which our business can generate in next financial year in coming 3 to 5 years.

Moderator: The next question is from the line of Ronald from Sharekhan Limited.

Ronald Siyoni: So my first question was on this new business development. So can you elaborate what kind of developable area would be there for this Chennai project? And how much money has been spent on this project and how it was funded?

Abhishek Kapoor: So it is 100 acres. Total deployment in the project is about INR 200 crores. We are looking at generating a little over 3 million square foot of development area. And the total development potential will be about INR 750 crores.

Ronald Siyoni: Great. And you also highlighted that it will be launched in the next 6 months. So has the management been looking for business development, which can be launched at a much faster pace, say, within 6 months? Or is this kind of a gap in timelines you have set for yourself that new business development should come to the launch pipeline within 6 months or, say, within 9 months' period?

Abhishek Kapoor: You're absolutely right. So one clear business development parameter, which we look at before deploying any capital is that the project should be launched within 6 to 9 months from the date of deployment. So all our new acquisitions in Provident, Puravankara or Purva Land are focused on ensuring that we have visibility on the sanctions, which is in a shorter period of time so that we can take the project to market.

And in terms of the acquisition strategy, we are looking at both land, joint development, both the opportunities, both in terms of greenfield and brownfield projects, which are coming our way. So on both asset-light and capital deployment side, acquisition side, we are looking at it. So yes, that's the broad structure.

Ronald Siyoni: The related question would be, sir, you have generated strong cash flows and our debt levels are comfortable. So have you put a number to the cash flows that X amount of these cash flows will be used in business development and business percentage should go in construction. So what kind of money you would spend per annum, say, as a percentage of cash flows of which you want to project it?

Abhishek Kapoor: So if you just simply look at the last 9 months number, where we generated an operating inflows of about INR 2,000 crores, tand total land payments made were about INR 200 crores. We see this kind of trend continuing in terms of our acquisition strategy. We'll continue to deploy money into new acquisitions, other than, of course, operations and some capital goes towards direct reduction, et cetera. But we'll continue to deploy this kind of money.

Neeraj Gautam: There is no fixed percentage. However, as Abhishek mentioned, the business development is also important. At the same time, Our cash flow and operating outflow presented on Slide number 25 gives a detail that what kind of focus we have on completing the construction of our ongoing projects and deploying our collections towards constructing and competing our projects. Hope that clarifies your question.

Moderator: The line for the participant drop. We move to the next participant. Next question is from the line of Sreenath Gandhi from Arfa Fincap.

Sreenath Gandhi: Sure. Number want to understand how are the Mumbai project from the diversification perspective how are Mumbai projects performing? And what are the growth plans for Mumbai as a -- western as a micro market in terms of new launch plans?

Abhishek Kapoor: So we have launched 2 projects in Mumbai, 1 under the brand Puravankara in Chembur called Clermont and another one in Shilphata, Dombivali called Palm Vista. For our expansion plans, we are looking at multiple strategies. We are looking at outright as well as JDA structures and society redevelopment.

So we have a robust pipeline of projects in all 3 areas and depending on the kind of margin and the kind of transactions because we are very much focused on ensuring that we have profitable business and keeping in mind our strengths. We are looking at all 3 categories of projects, which is JDA, outright and society redevelopment. Each has its own advantage and we will go with what kind of feasibility we see in the pipeline. And we will see this deployment happening over the next 18 to 24 months.

Moderator: Next question is from the line of Anushka Atri from Value Investments.

Anushka Atri: Congratulations on a very good set of numbers. Sir, I had a couple of questions. So we are seeing interest rates rising, have you noticed a decrease in say traffic to the site, any particular trends that you've noticed? And say, if the rate was to rise further, at what point do you think it will start affecting our demand?

Abhishek Kapoor: So I think two things. If you look at our sales, over 80% of our sales are in the sub INR 2 crores bracket. And you can see that and refer to Slide number 14, and he'll give you a breakup of the geography and the average ticket value of our units. So in terms of increasing interest rates for now, to answer your question, we haven't seen any decrease in demand because of increasing interest rates.

As you can see that in the numbers. Also, we believe that we are now in the tapering off cycle of the increasing interest rates. I mean the last increase is at 25 bps. We are hopeful and positive that there may be no further increases from RBI. Having said that, the impact of this increase, which is happening on the repo rate and the EMIs -- if you look at and you do the numbers, the math stacks up in a way where increments of salaries and income on an annualized basis versus increase in EMI easily gives enough headroom for customers to continue to buy.

And the other factor, which is very interesting, which we have seen is that the consumers are now very, very aware that over a buying cycle, which lasts almost 15 years to 20 years, though average repayment now has come down between 11 to 15 years for loans, bank loans. Consumers have become really, really sharp in knowing how they want to manage their cash flows and how they want to repay their loan because there's a lot of flexibility today available with banks in terms of the product itself. So on an overall basis, our view at this point in time is, even if there is an impact, it will be marginal. And for now, we are not seeing any real change on the ground.

Neeraj Gautam: And besides this, for our Provident customers will be benefited by the break given in income tax limit .government has announced the increase in taxable limit in this budget. That will also leave some more money in the hands of our customers, and that will enable them to set off any increasein EMI because of the increased interest rates.

Anushka Atri: Sure. That's very helpful. So another thing, do you have any new locations for integrated development like in Delhi-NCR or any others?

Abhishek Kapoor: From a geography point of view, we are very focused on South and West. Our goal or general focus is on 5 markets, which is Chennai, Bangalore, Hyderabad, Mumbai and Pune. The rest of the markets, we will continue to deploy more opportunistically. As far as North is concerned, that plan is always on the anvil, but we haven't really moved in that direction at this point in time. Our clear focus is to go deeper in the markets we are present in. And of course, right now, really big focus is on the west. So we want to scale up the West business as we speak.

Anushka Atri: Sure, sir. Got it. Okay. Sir, just one more, if I could please. Sir, what is the outlook for JDA with regard to, say, new project acquisitions over the next 1 or 2 years? And do you think the field is becoming more competitive from our bidding perspective?

Abhishek Kapoor: That's a healthy way of actually doing business development. It should be a healthy mix between outright transactions and joint development and, of course, redevelopment in markets like Mumbai. So we see JDA as a continuing process. There are a lot of people who deal in land, and that gives us opportunity to developers like us.

But as consolidation has happened, there aren't enough developers in the market who everybody will trust. So as you may see, the consolidation has happened in consumer demand, which happened in capital, and it's also happened in land. So the number of people who are approaching the developers because there are a limited number of developers. It is much higher. So we don't see that as a challenge at all for a strong brand like ourselves.

Anushka Atri: Sure, sure. And sir, would you be able to share the total revenue breakup of Purva Streaks and Starworth

Neeraj Gautam: We will share the detail offline.

Abhishek Kapoor: Yes, we can share the detail offline. But yes, I think for us, the big focus is really Starworth and we will continue to see growth happening there. We can share that separately.

Moderator: The next question is from the line of Harish Shah from HS Capital.

Moderator: Harish, I can hear you what your voice is breaking. May I request you to come in a better reception area? Or do you join the queue, please? The next question is from the line of Nikita Mehta from Neulind.

Nikita Mehta: I just had a couple of questions, very broad based. I just wanted to check with sir what are your thoughts on the current market, Mumbai market potential? And how do you see this growing further -- just your thoughts on this?

Abhishek Kapoor: So we believe that Mumbai market is poised for continuous growth. Multiple infrastructure initiatives are currently underway, which we believe will make a huge difference to the movement of people and therefore, economic activity in Mumbai whether it is the coastal road or whether it is the Nhava Sheva Shivadi link or the new airport or the metro stations or the new flyers connecting BKC.

So there is tremendous infrastructure that is going on in Mumbai. And we believe that, that will make it the liveability and the quality of life will significantly improve for people in that market and it will continue to attract talent and people as the city becomes a larger and larger Metropolis. So we believe there is a huge opportunity in Mumbai, and that's why we want to be there, and we think that the market is going to continue to grow.

Nikita Mehta: Okay. Sir, and also, what is our breakup in terms of JV own development to development in terms of total sales? And do we see a change in this mix? Or are we going to continue with the same?

Abhishek Kapoor: I think this information we can share offline. But on a broad stroke, I can share with you that our strategy on all 3 counts will continue. Of course, in Mumbai, we will be a lot more focused on society redevelopment.

Nikita Mehta: Okay. Okay. And sir, what are the deal levels that we are looking at -- like any guidance in those terms?

Abhishek Kapoor: In what sense would you elaborate? Deal size you are saying?

Nikita Mehta: Yes, sir.

Abhishek Kapoor: Okay. So for us, the sweet spot is anywhere between 1 million to 2 million square foot. That's the majority of our transactions. Ideally, the target is that a minimum of INR 750 crores, INR 800 crores of top line should be there to make it viable for us to put our time and investment and effort in the business in a particular project so that it's remunerative enough for the organization to participate in the project.

But if it is a city center project, we can make some exceptions, if it's a marquee project. But generally speaking, that's the kind of evaluation criteria we put. Some of our projects are very large, which will be in excess of 5 million, 6 million square foot, but they are fewer. But focus really of BD is to look at projects between 1 million to 2 million square foot.

Moderator: Next question is from the line of Vaibhav from VK Capital.

Vaibhav: I wanted to understand both the EBITDA margin level, what kind of cost do we see going forward on a sustainable basis? And how much should the interest cost be normally?

Neeraj Gautam: As you know, the interest in the case of our case is a borrowing cost for inventory. So whatever interest we are incurring simply gets capitalized to the inventory. EBITDA margin, as I mentioned to the question of some other participants. AT Puravankara level, our EBITDA margin will be close to 30% to 34% for Provident Housing Limited, our EBITDA margin will be in the range of 22% to 25%.

For Purva Land business, our EBITDA margin will be e in the range of 35% to 40%. That is EBITDA margin broadly for our r different product segments. If you look at our EBITDA margin over a period of time, a quarter-on-quarter or year-on-year basis, that is also ranging in the same range. As I mentioned about the interest, interest is essentially is part of our inventory and gets capitalized as and when we incur.

Abhishek Kapoor: Just to add, in terms of other costs, if you look at overheads do go up, but they go up marginally, but the volumes can go up significantly because the leadership team that is already put in place doesn't require too much addition. What we have already built in the last 2 years of the organization structure and hiring of some senior leadership positions, we have spoken about it in the past, and you can refer to some of our earlier conversations. That team is capable of -- has brought significant bandwidth. And that's the reason we are looking at the kind of scale of launches that we are working towards.

So in terms of bandwidth, at the leadership level, I think we are well equipped, and the organization structure is very well equipped. Systems processes is well equipped. So more or less, we are talking about people who will be hired at a mid-management to lower management level. And therefore, the overhead costs, we don't expect it to significantly increase with the increased volumes. On other costs, most of the other costs are prorata to the projects. So I think that will be in line with the kind of business that we are looking at doing.

Vaibhav: So as a percentage of sales, how much would interest be on a sustainable basis?

Abhishek Kapoor: So if you look at this year's number, we are at about INR 2,100 crores as of now. And our interest cost as of now, year-to-date is about INR 257 crores.

Neeraj Gautam: And I would like to say is that interest as a percentage of sales is not an appropriate metric to look at. Interest, we are incurring to funding the construction costs. And on an overall basis, if you look at the per square feet basis, what kind of interest rate we are incurring, it's ranging from INR 250 per square feet to INR 400 per sq feet interest cost we are incurring for a developing of projects.

Vaibhav: No. But what interest you are paying on ongoing projects will be capitalized, right? So I'm saying as a percentage of the sales which you are booking, what is the trend?

Abhishek Kapoor: If you look at the average realization is about INR 7,500 to INR 8,000, and the interest cost as Midas mentioned, is about INR 400 to INR 450. You're looking at about 5% to 6% of the top line as your interest cost.

Vaibhav: Okay. Got that. Got that. Yes, that's what I was trying to figure out. And secondly, if our EBITDA margins are somewhere between 25% and 30%. So these are margins before overheads this thing?

Neeraj Gautam: EBITDA margin is always after overheads after meeting all our cost.

Vaibhav: So that's what my earlier question was. So if we take EBITDA margins at this level and then interest is another 5%, 6%, depreciation would not be much, right? So then what kind of PBT margins are we targeting?

Abhishek Kapoor: What is correct PBT margin? So I think the right way to answer that question is also on the mix of what is hitting your revenue, revenue recognition. So in a JDA, typically, your margins are slightly lower because you are deploying lower capital. In outright, your margins are much higher because you're acquiring outright. So on an overall basis, if you look at it, I think net of these numbers, is obviously depending again on the mix of the inventory, which is getting recognized on delivery, you will look at the numbers moving anywhere between 12% to 15% as a number.

Neeraj Gautam: You're right, our PBT margin will be about 20%, e range of 18% to 20% will be our PBT at project level. However, when you are looking at my P&L statemente, t the top line is coming from the revenue we recognize from the units which we have handed over. However, expenses, which is being charged to that arriving at the PBT or EBITDA is the all operating expenses, sales and marketing expenses we we incurred during the period. And hence, the EBITDA margin which is coming out of all the PBTs coming out of the profit and loss statement is not a reflective of the PBT, which you are making at the project level.

Vaibhav: Okay. I understood that. That I understood. But then -- so that means at the P&L level, even the EBITDA margin will be lower because we are booking more expenses and overheads right now.

Abhishek Kapoor: Because new launches are there, and exactly understood. A lot of those expenses get booked right now. So of course, and then you add all the other overheads that have to be booked on an annualized basis. We can't capitalize those, right? So therefore, you have that -- the impact on the PBT.

Neeraj Gautam: And then then we can connect off-line. The profit will accrue to the P&L as and when we deliver . -- Our under construction and to be launched inventory will come for revenue recognition once we start handing over. and then profit will keep flowing in the P&L statement.

Vaibhav: Right. Of course, I understand. So by when do we expect that P&L revenue recognition will be somewhat close to presales in the next 2, 3 years, maybe like at least it should be 70-80%?

Neeraj Gautam: No, definitely next 2 years.

Vaibhav: Next 2 years. So then...

Abhishek Kapoor: 3 years...

Neeraj Gautam: 2 to 3 year, no after 2 years.

Abhishek Kapoor: Yes, projects keep coming in that cycle.

Neeraj Gautam: That cycle.

Vaibhav: So by FY '26, I think our P&L will more or less reflect our operating profits in that sense, right?

Neeraj Gautam: Yes. Correct. . This financial year also on a 9-month basis, we have reported a profit -- and , if you look at last 9-month period, also, we reported a profit of INR 168 crores. However, it's not commensurate with the kind of sales we have done, those profits will reflect, as and when you start handing over, as you mentioned, after 2 or 2.5 years, we will start giving position, those profits from these current sales will come to the profit and loss statement.

Vaibhav: So this month what are our sales and profits... this 9 months, what are our sales and profits?

Abhishek Kapoor: [inaudible 0:44:13] also become consistently coming, right? So because you're launching every quarter, you will be delivering every quarter as you go along. So that cycle also gets stabilized over the next 3 years' time.

Vaibhav: Of course, I understand. And sir, this 9 months, what is our P&L sales and profit? And why is it so low?

Neeraj Gautam: P&L in this this 9 month, we have -- our top line is INR 950 crores and PAT is INR 35 crores. This is because we have handed over only 548 units during last quarter and on a 9-month basis. 1,065 units in the last 9 months, we have handed over 1,065 units only. And that is why revenue from these handed over were less, about INR 960 crores on a total income basis. And as against this income all overhead, all the sales and marketing expenses for our all ongoing projects has been charged and thereby, the profit was less.

Vaibhav: So how much would these overheads and launch expenses number be? Any idea approximately like INR 100 crores additional compared to...

Neeraj Gautam: It's there. It's part of our other expenses schedule which you can refer in my detail financial. However, in offline, I can share the detail to you.

Moderator: Next question is from the line of Tanushri Mehta from Indsec Securities.

Tanushri Mehta: Sorry, if this was asked earlier, I just wanted to know how many square feet do we plan to launch in the current calendar year 2023 that is…

Abhishek Kapoor: We are looking at 16 million square foot of total launch. And you can refer to the launch pipeline page number 20 from the...

Neeraj Gautam: Investor presentation.

Neeraj Gautam: Please refer to page number 20 for ICP that this detail of our launch plan for the next 12 months. And you can also refer our Slide number 19 for the projects which we have launched in the last 9 months and which we are launching in the next 2 months for this financial year.

Tanushri Mehta: Got it. Got it. And so just one more question. How has the price rise been across the projects? And any specific locations where you are witnessing the price appreciation?

Abhishek Kapoor: So if you see overall year-on-year average price increase, it's about 15%. If you look at the Slide 12. It's a mixed bag of price appreciation we have had. We've had it across all products, Provident, Puravankara and Purva land. And of course, on the stage of the cycle of the project and the inventory available. So in certain micro markets, we see where we have lesser inventory and high sales, the prices have gone up much higher in certain markets where there is larger inventory and the volumes are also large, but there is -- prices are inelastic there, the prices have not gone up so much. But on an overall basis, you can see that we have increased the prices by about 15% on a year-on-year basis.

Moderator: Next question is from the line of Harsh Parekh from SMC Global.

Harsh Parekh: Yes. My first question is with respect to the land purchase INR 185 crores, I think it is. Can you just -- sorry, INR 138 crores of land payments, which have been made. What is the plan payment for -- and my second question is with respect to the mix of JV, JDA and own development in total sales, will there be any change in mix in YTD.

Abhishek Kapoor: So this investment, as I mentioned earlier on the call, is towards the plotted development, wherein total of about 100 acres has been acquired. And we have -- we are looking at a total potential of about 3 million square foot -- over 3 million square foot in this development. And this is a plotted development and we are looking at a revenue potential of over INR 750 crores as far as this is concerned.

Now from the point of view of going forward, as I mentioned earlier, not every project can be acquired outright. We are well aware of that. So we look at selectively the best opportunities in terms of acquiring projects as in purchase of land. And then we look at the JDAs on a case-to-case basis where we believe that our margins are healthy enough to look at the opportunity. And that is an asset-light model, and it continues to be the larger portion of our volumes in terms of acquisition because that's an asset-light model. But having said that, the margins are bigger in outright. So we will have a healthy mix of both.

Harsh Parekh: Okay. And regarding the AIF status, what is the status as of now?

Abhishek Kapoor: So in the AIF, we have done the first deployment, which is already done. We are looking at a second deployment. And in fact, the project is expected to launch between 6 to 9 months from now. And for the second deployment, we are already in process in the final stages. We are expecting to deploy the second round within by the end of this quarter. And then, of course, there are other projects which are under evaluation.

So we should be fully deployed in the next 6 to 9 months for the AIF. And we should start seeing revenues in the AIF coming back within next 6 to 9 months' time frame. So I think it's on track. Of course, we believe that as the revenues start picking up there and we start returning capital that will be a great platform to go back and raise for the capital front.

Moderator: Next question is from the line of Samar Sarda from Axis Capital.

Samar Sarda: Yes. I thought we'll probably close it with a couple of questions from my end. On this debt per square feet you've highlighted this time in your presentation. I'm assuming it is debt per square feet of area under development, which is 17 million square feet? Hello?

Moderator: The line for management drop, please stay connected sir. Ladies and gentlemen, please take connected while we join the management back to the call. Participants, thank you for your patience. We have the line for the management reconnected.

Samar Sarda: Yes.?

Abhishek Kapoor: Yes, Abhishek here. Sorry, we missed the last piece, the line dropped out.

Samar Sarda: So before I check like this debt per square feet, you've highlighted this time around. I'm assuming the debt per square feet is the denominator is area under construction, which is 17 million square feet, right?

Abhishek Kapoor: Correct.

Samar Sarda: Now it will also have a lot of plotted development, which will increase going ahead. My question really was, is it debt to cash flow or debt to collections a more better phenomenon because if I see like from a sales perspective, of course, the last 2 years have been good. But if there is a year of bad sales or bad collections, we end up borrowing for paying servicing interest. Interest cost has jumped quite a bit in the 9 months of this fiscal year. Why wouldn't we do that and take debt per square feet as a metric because shouldn't that be better as the industry is following.

Abhishek Kapoor: So I'll answer it in 2 parts. One is, of course, this debt per square foot we have calculated on the denominator of about 17 million square foot, which is on Page 35 of the ICP. The second is you are right. That is also a metric which we should benchmark.

And if you look at our cash flows versus our debt numbers, that's significantly improving, as I think Neeraj spoke about it a while back. And on an ongoing basis, our view is if you see another slide that we have got on the debt piece is the profiling of the debt, right?

Now if you look at the profiling of the debt, it talks about how much debt is already being -- is currently being a part of residential? And then which is self-liquidating -- and how much is going towards capex in commercial and how much is going towards land -- so in our view, over a period of time, as we increase the volumes and we hold the debt at the same level.

If you see consistently, we've been holding the debt at the same level or a similar level, especially the residential debt has continued to reduce. So what we are trying to indicate from this particular slide is that on an overall basis, there is a consistent reduction of debt. Even in an absolute number, if you look at it for last 4 years, the debt has been reduced from INR 3000 crores to about INR 2,000 crores. So there is a consistent conscious effort.

At the same time, growth is important, and therefore, increasing volumes is extremely important for us, and therefore, which is resulting into cash flows. But having said that, I think debt per square foot gives you another marker to look at on what is the kind of area which you are constructing, what is the kind of cover and revenue potential you have from the business that you are doing and where in that context that you see. So that's where we see it as one of the matrices which can help. Of course, you're right, the other 2 matrices also can be evaluated, and we should look at it as a healthy mix of both.

Samar Sarda: Okay. Just a follow-up on this, like if I take a more smaller period, say, from FY '21, obviously, from FY '19, we bought down our debt from INR 2,900 crores to like INR 2,500 crores. And again, we are nearly INR 2,600 crores. Going ahead, you will have more area under construction as you expand into these 4 markets, 5 markets. Do you have a number in mind for your absolute gross debt in the near term? Because even if you have debt allocated to land, it is an ongoing projects, which are going to service it.

Abhishek Kapoor: So let me answer that in 2 parts. One is we intend to keep the debt at similar level where we are at. And if you see consistently, we are holding it at a similar level. The other is the debt profile will change in the sense. As I mentioned earlier, if you are taking against for land acquisition, the debt is clearly going to get service within 6 to 9 months' time frame because that's the target.

The second is that the capex that is going towards commercial is creating an asset and obviously, potential lease rentals and therefore, it is a capex in that sense, the debt is going up. So if you look at the debt profile, you have to look at a little more deeply and understand where we are at. As I said earlier also in the conversation that on an overall basis, on the residential, the debt has actually come down.

And where have we deployed, we have deployed in a plotted development where the turnaround of the cash flow will be much faster. So I think on an ongoing basis, what's important for us is hold the absolute debt increase your top line, increase your cash flows, continue to do the launches and then the number starts looking very, very different over a period of time.

Samar Sarda: Okay. And going back to Slide number 26, you have a big increase with respect to the operating outflows. What will be the breakup with respect to construction and corporate overheads, other expenditure for these 9 months because you've expanded the team quite well?

Abhishek Kapoor: Samar, we can discuss that or we can share that off-line with you. But the point is that whatever deployment of capital is happening or operating outflow is happening is obviously generating significant upside on the collections. So clearly, a majority of the money is going towards construction of our unit.

Moderator: Next question is from the line of Vaibhav from VK Capital.

Vaibhav: Sir, one question, like what is the kind of square footage sales, which we are looking at over the next few years? So right now, I think we are at $1 million for this quarter, right?

Abhishek Kapoor: Yes. We are at $1 million for this quarter. So as I said, our typical run rate is dependent on new launches and on the sustenance business. Our increased effort towards adding new launches, which is to the tune of almost 16 million square foot in the coming year. And adding to that, what is going on in the sustenance business, which continues to churn the sales number for us. We'll obviously give you a direction in what we look at as a volume.

We don't give guidance. We don't give forward-looking statements in that sense, but you can calculate from your own methodology on what the trend has been over the last 3 years. And as we go forward, as we launch 16 million square foot of the phases that we launch, we typically sell anywhere between almost 40% to 50% in the first financial year of the phase that we have opened. So if you do the numbers, you would obviously get a sense that we are on a high growth path.

Vaibhav: So out of the 16 million, how many -- what percentage of that will be launched in terms of the phases which are being launched?

Abhishek Kapoor: Again, I think we can share that offline. But almost and almost you can assume anywhere between 6 million to 8 million square foot would be in the launch.

Moderator: As there are no further questions, I will now hand the conference over to the management for closing comments.

Neeraj Gautam: I would like to express my gratitude for your participation in this conference call. If you have any additional questions or would like to continue the discussion, please feel free to reach out to us in the coming weeks, wishing everyone a fantastic weekend, and a Happy Valentine's Day. Thank you very much.

Moderator: Thank you very much. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.