SOBHA

PASSION AT WORK

Date: May 23, 2022

To The Deputy Manager Department of Corporate Services, BSE Limited Floor 25, P.J Towers, Dalal Street, Mumbai – 400 001 **Scrip Code: 532784**	To The Manager National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 **Scrip Code: SOBHA**

Dear Sir / Madam,

Sub: Conference Call Update

Please find enclosed Transcript of the conference call held on May 21, 2022 at 3.00 PM (IST) with the Investors/Analysts in respect of the operational and financial performance of the Company for the quarter and financial year ended March 31, 2022.

We request you to take the aforesaid information on record in terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is available on the website of the Company.

Yours sincerely,

FOR SOBHA LIMITED

SOBHA LIMITED ★ BANGALORE ★

VBhat

VIGHNESHWAR G BHAT
COMPANY SECRETARY AND COMPLIANCE OFFICER

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"Sobha Limited's Q4 FY'22 Earnings Conference Call"

May 21, 2022

MANAGEMENT:	**MR. JAGADISH NANGINENI– MANAGING DIRECTOR, SOBHA LIMITED** **MR. YOGESH BANSAL – CHIEF FINANCIAL OFFICER, SOBHA LIMITED** **MR. SOUMYADEEP SAHA – HEAD, INVESTOR RELATIONS** **MR. RAMESH BABU KOTHA – SENIOR VICE PRESIDENT, FINANCE** **MR. VIGHNESHWAR G. BHAT – COMPANY SECRETARY & COMPLIANCE OFFICER**
MODERATOR;	**MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to Sobha Limited's Q4 FY'22 Results Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in listen-only mode. 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. Adhidev Chattopadhyay from ICICI Securities. Thank you and over to you, sir.

A Chattopadhyay: Good afternoon, everyone. On behalf of ICICI Securities, I'd like to welcome everyone to the Sobha Limited Q4 FY'22 Results Call.

From the management, we have with us, Mr. Jagadish Nangineni-- Managing Director; Mr. Yogesh Bansal -- Chief Financial Officer; Mr. Soumyadeep Saha – who is now the Head of IR; Mr. Ramesh Babu -- Senior VP, Finance and Mr. Vighneshwar Bhat -- the Company Secretary and Compliance Officer.

I now like to hand over the call to the management for their opening remarks. Over to you. Thank you.

Jagadish Nangineni: Thank you, Adhidev. This is Jagadish here. Good evening, everyone who are participating in this call despite it being a Saturday weekend.

We are pleased to interact with you today post declaration of our unaudited financial results for the fourth quarter and financial year 2022 ended 31st March 2022 through this concall hosted by ICICI Securities. Thank you, Adhidev and team for organizing this call.

We have already shared the operational update of the company in the first week of April 2022. The "Investor Presentation" based on the audited financial results adopted by the board can be downloaded from the website of our company.

To start with, I request Mr. Yogesh Bansal, CFO of our company to take you through the financials quickly, before I make additional commentary, and open the floor for questions.

Yogesh Bansal: Thank you, sir. I would like to welcome all of you on Sobha Earning Call. So, we are happy to announce that Sobha has shown improvement in sales and achieved a total sales volume of 4.91 million sq.ft., valued at 38.07 billion, with a total average price realization of Rs.7,883 per sq.ft. in FY'22.

This was primarily driven by a good sale number achieved in Bangalore, Gurgaon and GIFT City. All these three regions recorded their individual highest ever sales. For the quarter, we have sold 1.34 million sq.ft., at value of Rs.11.10 billion and highest ever price realization of Rs.8,255 per sq.ft..

Our consistent focus on cash flow and cost management has helped us to reduce net debt by Rs.5.15 billion during the last financial year. We are happy to inform you that in this quarter we are able to bring down our debt-equity to below one as committed earlier to the investor community in the previous quarterly calls. As on 31st March 2022, our debt-equity is 0.93. This has been foreseeable company given highest ever cash inflow of Rs.12.91 billion. We would like to inform you that average our cost of borrowing has come down to 8.40% as on 31st March 2022.

During the quarter, we have launched SOBHA BROOKLYN TOWERS in Bangalore with super built-up area of 197,096 sq.ft.

Out of from the planned, residential launches of 13.53 million sq.ft. across various cities, we are on track. These launches are expected to further boost our sales in the coming quarters.

As on 31, March 2022, we have an unsold inventory of 14.09 million sq.ft. in ongoing and completed project which we consider adequate in the given market scenario. As on 31, March 2022, we have unsold completed project inventory of 0.37 million sq.ft. valued at 4.91 billion which is one of the lowest by industry standards, and it's also showing our capability to sell that inventory before project completion.

If we talk about delivery, we have delivered 120.08 million sq.ft. of developable area, including residential and contractual projects, which is one of the highest in our sector. We have achieved 70% of sales on the area, which is raised for sale in the ongoing project.

Committed receivable from sold units stands at 53.87 billion as on 31, March 2022, provide full coverage for balanced cost to be spent for ongoing projects which is offered for sale.

So, now I will summarize our Q4 2022 performance. If we go to cash flow first of all, we have achieved historically highest total cash inflow of Rs.12.91 billion during Q4 2022. Total cash inflow is up by 32% year-on-year and 22% quarter-on-quarter. We have achieved real estate cash inflow of 10.60 billion during Q4, the highest since inception. Real estate cash flow is up by 48% and 26% as compared to Q4 '21 and Q3 '22 respectively. We have generated operating cash flow, of Rs.4 billion during Q4 '22. The same is up by 71% and 92% as compared to Q4 '21 and Q3 '22 respectively.

Our net debt both got reduced by Rs.3.17 billion in Q4 2022. We are able to reduce net debt by Rs.7.57 billion in last 10-quarters. If we talk about FY'22, our borrowing cost has come down by 64 basis points during FY'2022 and net debt got reduced by Rs.5.15 billion during FY'2022.

We have achieved total cash inflow of 39.82 billion during FY'2022 which is up by 29% as compared to FY'21. Achieved real estate cash inflow of Rs.31.73 billion during FY'2022, which is the highest ever since inception. The same is up by 44% as compared to FY'21. We have generated operating cash flow of Rs.9.20 billion during FY'2022 which is the highest ever since inception, but only up by 44% as compared to FY'2021.

Now, I would like to highlight sales numbers. In Q4, we have achieved total sales volume of Rs.1.34 million sq.ft. of super built up area, valued at Rs.11.10 billion, which is the highest ever since inception. Due to consistent demand across our product segment and price increase, we were able to achieve the price realization of Rs.8,265 per sq.ft. Average price realization has improved by 4.4% QoQ.

Sales volume achieved by Gurgaon region is the highest ever since inception. During the quarter, we have launched BROOKLYN TOWERS. In FY'2022, we have achieved best ever volume and sale value of 4.91 million sq.ft. and Rs.38.70 billion respectively. Sobha share of sales valued highest ever since inception, Bangalore Gurgaon and GIFT City region has achieved highest ever sales volume during the FY'2022. Total sales volume and sales value were up by 22%, 23% respectively as compared to FY'21. Sales volume achieved by Gurgaon region is up by 83% as compared to FY'21. We have delivered 4.07 million sq.ft. of developable area during FY'22 in real estate and 3.71 million in contractual.

For now, I will take you through financial highlights. In Q4 total income for Q4 2022 stands at Rs.7.60 billion. Real estate revenue for Q4 stands at Rs.5.33 billion, up by 19% QoQ and 84% YoY, EBITDA for Q4 stands at Rs.1.19 billion, higher by 16%. PBT for Q4'22 stands at times Rs.0.36 billion, higher by 5%. PAT for the Q4 2022 stands at Rs.0.26 billion higher by 3%.

Total income for FY'2022 stands at Rs.27.89 billion, up by 29% as compared to FY'21. Real estate revenue for FY'2022 stands at Rs.20.10 billion, up by 53% as compared to FY'21. Contractual and manufacturing vertical revenue for FY'2022 stands at Rs.7.20 billion. EBITDA for FY'2022 stands at Rs.5.22 billion, margin at 19%. PBT for FY'2022 stands at Rs.1.58 billion, margin at 6%. PAT for FY'2022 stands at Rs.1.16 billion, 34%. Out of communities, sales done in residential business as on 31st March 2022, balance revenue of Rs.80.81 billion to be recognized as revenue which will come in future years.

Now, I will hand over to Jagadish sir for any further comments.

Jagadish Nangineni: Thank you, Yogesh for the detailed commentary on the financial results of both the quarter and the financial year. The financial year FY'22 was a year of executing the learnings from our FY'21 experience with COVID impacted business and operating environment. And even though there were similar impacts in Q1 and partially in Q4, we could recover quickly and perform better, aided by what we believe is a sustainable demand environment. As you would have seen, we have improved performance across all parameters on a continuous basis during this financial year.

We registered some of our best quarter figures in Q4 on the back of improved operations and steady sales with positive customers sentiment that resonated throughout the year. Our consistent performance during the year goes on to showcase customers confidence in our products and services, diversified across cities and businesses.

We will continue to focus on our disciplined growth strategy in all verticals of our business and prioritize operational excellence, cash flow as we embark on the next growth cycle in the sector. We believe our self-reliant business model with an integrated design to delivery ecosystem, prudent capital allocation. strong brand equity built on years of customer trust, will be the foundation for remaining competitive and sustaining the growth momentum.

While we believe the demand environment seems positive, the unprecedented inflationary environment has also caused significant cost increases for everyone and affecting us as well. This might impact margins for us going into future particularly in projects where we have already sold majority of the inventory. We have continued to increase our prices, which we started in the Q3 of last financial year. It looks like we will need to continue to do that in order to cover up some of the cost increases. The next financial year also seems to be filled with both opportunities and challenges which we are geared up to tackle.

With this I'd like to open the floor for questions.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: First question is on obviously the launches. We have been seeing a very robust pipeline that you have been highlighting since last year or so. How is the visibility now in terms of launching projects from the pipeline that you've disclosed here, and at least in short term, how many projects we are getting onstream for next couple of quarters?

Jagadish Nangineni: Thank you, Pritesh. With regard to the new launches, we have a solid pipeline across some of the geographies which are doing really well, one, including Bangalore. In fact, after the quarter, we have already launched two projects in Bangalore, measuring about 1.5 million sq.ft. So we will continue to do new launches in the subsequent quarters. The pipeline for the overall launch that you have seen in the presentation and which we have been discussing earlier in the calls, they seem to be very robust, and we're actively working towards making sure that those inventory comes into the market as quickly as possible. I hope that answers your question.

Pritesh Sheth: So whatever challenges we are facing in terms of getting approval, have that been all sorted out or are we still seeing some problem in getting the approval?

Jagadish Nangineni: Few quarters ago, we had some challenges in Bangalore, those have been resolved. And currently we do not see any city-specific or project-specific approval related issues, Pritesh.

Pritesh Sheth: Secondly, due to rising interest rate scenario, firstly, how is the mix of our customers in terms of applying for mortgage versus not applying for mortgage and how is the initial response post this 40 bps hike in the interest rate from the customers, are they a little bit hesitant in terms of making those property decisions or we haven't yet seen any impact on that front?

Jagadish Nangineni: Good question, Pritesh. As you have seen that RBI has already increased 0.4% and looks like there can be increases in the interest rates going forward and which would definitely impact the home loan interest rates too. As of now, if we look at any of the leading indicators towards the demand fructification for us, we have not seen any big impact on the demand environment despite this increases in the interest rate. However, if there are movements which are more than 1% to 1.5%, we will have to actually watch and see if there would be. Considering the current strong job market and corresponding confidence in the customers, it looks like that might not come in as a factor for anytime in the near future. But we'll have to watch and see if the rates move up more than what one anticipates.

Pritesh Sheth: Any comment on mix, if you have that number readily available, how much of your customer mix is towards mortgage and opposite?

Jagadish Nangineni: So, the overall mix typically we have seen for the ticket sizes of Rs.1.5 crores and below, the mix is far higher in terms of the bank loans with over 80%, and for the ticket sizes over Rs.2 crores plus, the mix is slightly lower. Having said that, the overall numbers always are in the range of about 80%. But the time at which people take the loan, it varies based on the ticket size; for a higher ticket size as people tend to take home loan a little later than the slightly lower ticket size.

Moderator: The next question is from the line of Puneet Gulati from HSBC Securities. Please go ahead.

Puneet Gulati: My first question is on EBITDA margin. So the margin came in a bit lower at 16%. Is this something that we will have to see going forward as well given the impact of inflation or do you see that price increases will normalize the impact?

Jagadish Nangineni: Thank you, Puneet. You have observed it right the EBITDA margins have come in little lower than earlier quarters. As you know, in real estate, the revenue is recognized on the handover of the units. In this particular quarter, some of the projects where we have recognized revenue, they were of slightly lower margins being joint development projects, but otherwise, the margins on the real estate have been reasonably stable. Coming to the contractual and the manufacturing side, the cost increases have impacted in the quarter itself, because some of the cost increases could not be passed on to the customers, and hence there has been impact on the EBITDA margin there. And also, some of the land income that we have recognized in this quarter, that's not of a very high margin. So hence, overall EBITDA margin has been low. Going forward, it is dependent on the mix of the projects again, that we are going to recognize. For the next financial year, largely, the projects where we are going to handover, most of the costs have been baked in and hence the cost increases, the impact of it might not be as high, but at the same time, it might impact in the projects where we have sold in the last financial year and the costs have to be incurred subsequently in the next couple of years.

Puneet Gulati: So FY'23, you're saying the impact is north of 24 and 25 would see some bit of impact?

Jagadish Nangineni: That's how it is estimated. We will have to see in terms of even in FY'23 also the overall revenue that we can recognize because most of our projects currently because last two years we could not spend enough even though we would like to on the projects. Now the operating environment has become clear. We will spend a lot more. There has been a lag in terms of delivery and that we will catch up this financial year and hence the revenue recognition will improve on quarter-on-quarter going forward.

Puneet Gulati: My next question is on the debt side. It's a quite good decrease in debt. How should we think of further reduction in debt, it's already 0.93, what is your target for end FY'23?

Jagadish Nangineni: Puneet, like we have been discussing in the earlier calls as well, the debt reduction is one of the priorities for the company; however, we think that we have achieved quite a bit of our target in the last financial year. Going forward also, it's going to be a mix of whatever free cash flow that would be available for us, we would tend to prioritize first in debt reduction and two in investing in the new opportunities as well. So, from a capital allocation point of view, first, probably we will look at further debt reduction and from new investments point of view, we have a bunch of opportunities lined up and we have allocated some of the capital for that. So, it's going to be a mix. The second point is here the new cash flow that will come in the next subsequent quarters, like I mentioned the construction activity would significantly increase in this FY'23 and hence a lot of the cash inflow would be allocated to making sure the projects are completed. So, given that overall net cash flow that would be available might not be the same as what you have seen in this quarter.

Puneet Gulati: Any target for '23?

Jagadish Nangineni: We are still working on the numbers. We don't have a target at this stage.

Moderator: The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

Sameer Baisiwala: Sir, what's the new sales target for fiscal '23?

Jagadish Nangineni: Sameer, we think the demand environment is now after a significant increase particularly in the last six quarters, reached a level where I think it's going to be steady. So I would tend to think that the sales would remain largely flat or increase. I don't think it's going to be significantly different from what we have this financial year.

Sameer Baisiwala: The second question is any thoughts on what could be the collections and the construction outgo for fiscal '23? I know you made some qualitative comments. But anything more you want to add over there?

Jagadish Nangineni: On construction outflow, Sameer, it's more of a definitive number, because we have a plan to deliver all the projects that are ongoing. So I think there will be an increase of about 60% or so in the overall construction outflow. And in the inflow collection also, I think there would be an increase, but I think it will be in the range of at least 20%-odd.

Sameer Baisiwala: The other question is on the contractual business. If I look at pre-COVID in fiscal '20, I think we did about Rs.1,500 crores odd and now it's obviously come down to half of that. So how's the pipeline building up and do you think customers are coming back now that the pandemic is more or less behind us?

Jagadish Nangineni: So, as you know, Sameer, in the contractual and manufacturing revenue, manufacturing units, which contribute about roughly Rs.400 crores to Rs.500 crores, that would go back to pre-COVID levels. But from the contracts point of view, we are seeing that some of the projects that we have taken, like I was mentioning earlier, we have taken some kind of margin hit. So, we are carefully considering the business development activity there and we are reevaluating wherever we have been active in bidding. So, that's something that we are a little bit cautious about. So, we will complete the current existing order book that we have. But, going forward, we are reevaluating how we can bid and what are the opportunities that we kick off.

Sameer Baisiwala: What's been the sort of price increase that you have taken broadly on an average for the portfolio, is it like, mid-single digit on six months basis and how do you see it going forward over the next six months period?

Jagadish Nangineni: If you compare from FY'22 to FY'21, there has been an increase of roughly about 6%. In most of the projects, we have taken some price increases, and going forward as well, you can expect in FY'23 also to have a similar number.

Moderator: The next question is from the line of Abhinav Sinha from Jefferies. Please go ahead.

Abhinav Sinha: I just wanted to go back to the sales target. Did you mention we are expecting flat sales YoY this year, considering the low base of COVID wave-2 and a bit of wave-3, is that right?

Jagadish Nangineni: Abhinav, the sales as you would have seen, we had done about 4.9 million sq.ft. in FY'22 and FY'21 was about 4 million sq.ft.. I think this is a sustainable number. What I was mentioning was that this 5 million sq.ft. is a number which is sustainable for us and given our current inventory and the pipeline that we have, this is definitely something which is doable. Anything more would be a bonus for us, but from a target point of view, we would roughly try to achieve in the early double digits.

Abhinav Sinha: So value wise only double digit is feasible considering pricing is also slightly higher, is that right?

Jagadish Nangineni: Volume wise it will be roughly similar, a little bit up but both volume and price increases if you take, it can be in low double digits.

Abhinav Sinha: On the contractual side, the pipeline now seems to be much lower than what it was in the previous quarter. The run rate of FY'22, is that repeatable or is this like a wholesale rethink on whether the group wants to do this anymore and you will maybe redeploy the workforce accordingly, is that what you're thinking?

Jagadish Nangineni: So, there are two parts to it. Firstly, in FY'23 there would be definitely an increase in the overall contractual and manufacturing business since we have order book, which we need to execute. Beyond that, what we are currently doing is what I mentioned earlier, regarding reevaluating some of the opportunities that we have been seeking out. So based on how they fructify, we will either continue on the current path or we reevaluate contractual business.

Abhinav Sinha: So maybe we will have a better idea for sustainability in a few quarters, is that right?

Jagadish Nangineni: Yes, in couple of quarters, we'll have a much better sense of how we would go about in the subsequent financial years.

Abhinav Sinha: On the Gurgaon project, a), can you tell us how much inventory is now there for villas which is less and b) any timelines on when the new project like Karma-I can be launched?

Jagadish Nangineni: On the existing inventory, we have about more than 1.5 million sq.ft. for us in Gurgaon. And corresponding to the new launch to Karma, we are still awaiting some of the clarity from a licensing point of view. Once we obtain it, then we will be able to share the definitive timelines with you, Abhinav.

Abhinav Sinha: But Hyderabad should be likely this year?

Jagadish Nangineni: Yes, Hyderabad, we have been working on doing a launch. We are in the last leg of approval. So hopefully we should be able to do quite soon.

Moderator: The next question is from the line of Mohit Agarwal from IIFL. Please go ahead.

Mohit Agarwal: Sir, my first question is on your business development strategy. So, how should we look at adding new projects into new geographies or are you just going to focus on utilizing your land bank, so any color on that can you provide?

Jagadish Nangineni: In the new business development, it's going to be a mix of how we are planning to go ahead. One, as you know, we have a reasonably good land bank. Our first priority is to invest in the incremental investment that's required for this land bank to monetize it in the form of a project or in terms of a best utilization of the assets at that point of time. So in that regard, some of the projects we have already conceived and they are going to come up as the projects in this end of financial year or early next year. That's a continuous process, wherein we continue to invest on our existing land bank to make sure that they come up as projects. With respect to the new pipeline that we create in terms of deals, we are on it in terms of evaluating multiple opportunities across cities. Our focused cities will continue to be in the current operating locations, which is Bangalore, Pune, NCR and some bit in Chennai as well. So, in addition to this, if there any fantastic opportunities in new locations, we would see it, but our first priority is going to be on operating locations where we already have a team set up and brand recognition and we understand the operating environment pretty well.

Mohit Agarwal: Sir, any outflow that you've planned both for your existing land bank to make it more monetizable for this year, so what kind of outflows are you looking there? And also any target that you have for investing in JV GDA projects that you just mentioned that you'd be looking at some opportunities in the existing locations?

Jagadish Nangineni: I will not be able to share exact numbers for that, but it's an ongoing process, we evaluate opportunities and invest. But definitely this year, we will look at investing in new opportunities in the cities that we operate.

Mohit Agarwal: Is the investment in the own land bank going to be a significant outflow this year?

Jagadish Nangineni: In the existing land bank, there are two sets of it, again, some land banks, which we can monetize much quicker. Those I think the incremental investment has to be done more in terms of permissions and conversions. So that's not going to be significant. And the second one on the land bank, which will take time for us to actually fructify and monetize. There is going to be an investment, but that's going to be incremental, and long term in nature, in the sense, it's not going to come everything at one shot, but it's going to come periodically. So both put together, it's not going to be very large investments, but they will be incremental in nature.

Mohit Agarwal: We are seeing your interest cost in the P&L for FY'22 was about Rs.750 crores. Now, your cash outflow is about Rs.300 crores and there is a notional interest that you show of about Rs.450 crores for '22. Is this recurring in nature, whether the listed peers also do the same kind of accounting, anything on that if you could share?

Yogesh Bansal: Mohit, this is IND AS requirement, so, we have to compulsory show notional interest in both side; income as well as expenditure.

Mohit Agarwal: So, this will be recurring sir?

Yogesh Bansal: This will be recurring.

Jagadish Nangineni: Mohit, what Yogesh is mentioning is that majority of it is notional financial costs, not the actual finance cost. If you have to look at actual finance costs and understand it, our investor team will reach out to you again and probably explain that.

Moderator: The next question is from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: My first question is on your slide #15 presentation on your cash flows. Now, when I look at your balance construction cost of Rs.87 billion against unsold stock value of about Rs.100-odd billion, there doesn't seem to be much room to increase the prices to offset the increase in the costs, 15%, 6% increase in the prices, will not really offset the impact of increasing the cost. So, how should we look at this going ahead? Firstly, do we have the room in our portfolio to increase to undertake such price hikes in the market?

Jagadish Nangineni: Kunal, thank you for the question. You're right, the outstanding what we have receivables on that is mentioned as about Rs.5,387 crores. So, corresponding to that we have a balance construction cost of about Rs.4,800 crores. So, this is all receivables and any increase in that cost outflow, will have an impact on the margins, you're right.

Kunal Lakhan: Actually my question was on the overall portfolio, the total column that you have, which is like total outflow to complete the entire ongoing portfolio is about Rs.87 billion versus Rs.100 billion of unsold stock value that you can get from even the area which you have not launched so far.

Yogesh Bansal: So 100.64 is unsold stock value whereas 53.87 we have to receive from our outstanding receivables. We have to look into minus 87 billion which includes over 100.64 billion is unsold stock, which we have not sold as on date. The construction cost include which we have sold also, not affected.

Kunal Lakhan: There is no scope of any price increases on those units, right. So entire price increase will only happen on your unsold stock practically?

Yogesh Bansal: Correct.

Kunal Lakhan: But you have a total cost of 87 billion estimated on your entire ongoing projects balance costs, right. So I'm saying that your balance cost is 90% of your value of unsold inventory that you can fetch, right. So there isn't much room in terms of like passing on the entire cost inflation. So Practically you'd have to increase the price by 15% on your entire portfolio to stay EBITDA neutral or margin neutral. So, just trying to assess whether we have the ability to increase prices by that scale if the cost increase by that amount?

Jagadish Nangineni: Kunal, if you look at the projected sales value of unsold stock, because 8,720 includes for the completion of the unsold stock as well, where we have about 6,600-odd crores. I think that's where we have a room for improvement. We believe that there is enough room for us to offset that.

Kunal Lakhan: My second question was again on your guidance side. While you said in terms of value low double digit, but in terms of volume, you said like flat or marginal growth. Now, again, considering like last year, there was some deadlock in terms of launching new projects, which is not there as of today, like you said, and we have 13 million sq.ft. of new launches planned. So, just trying to understand how do I reconcile this because the approval pressures are not there, so, new launches should come through, but at the same time, we are guiding for a flat volume for FY'23? Other way to ask is are you seeing some pressure or are you seeing the market softening overall?

Jagadish Nangineni: Kunal, what we are factoring in, which probably we are being a little bit more practical or on the cautious side, is because of the price increases and some of the additional supply coming in the market in the last few quarters and probably going forward given the strong demand environment, there might be a chance that we will do these numbers we can project it. If the price absorption is better than what we are looking at then definitely we can do far better. So I would like to be a little bit cautious in terms of how we project our outlook. The reason why we are saying is probably flat volume or from value point of view it's not too high, is largely because of the price increases that we would like to do in order to protect our margins. Having said that, new launches of course create a certain kind of increased demand. So if there is a pickup there, then that will be additional bonus. What we are seeing is still a strong demand environment, no doubt about it. Considering the last two financial years have been good in terms of the quality of sales, first priority is to make sure that the cash flow that we intend to spend on the construction is protected and our continuous focus on the cash flow remains the same so that we continue to generate net cash flow positive on a continuous basis. Second is also to make sure that the margins are also protected. So, considering the high inflation environment, we would like to protect the margins as well and hence, we are probably being a little bit more cautious on the volume…we will be okay if we do similar or slightly higher volume and value, but make sure that our margins are protected.

Kunal Lakhan: Let me clarify one thing. So I didn't say that we would be cautious in terms of new launches this year, not because of maybe approval, but because of the cost inflation or should we assume that the launch of this year would be higher than last year?

Jagadish Nangineni: The launches are not a factor of any kind of caution. The launches would happen as we planned. But the offtake from the new launches with the kind of slightly higher prices that we have priced that might not lead to the demand velocity, which we can anticipate in the last financial year. So overall, the volume, we don't see that there would be an issue and value also is not an issue, but a significant jump in terms of the new sales in the financial year doesn't look like it's going to be significantly different from last financial year.

Moderator: The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.

Parvez A Qazi: Sir, you did mention about geographical diversification and where you would like to improve your geographical footprint going ahead. But I mean as a medium term strategy, do we expect any kind of significant gain in terms of contribution from Bangalore over the medium term, today, again, maybe about 70%, 75% of the sales from Bangalore, what would be the number three to five years down the line?

Jagadish Nangineni: Thank you, Parvez. Current mix of the sales is entirely dependent on the inventory and the pipeline that we have. So the current inventory that we have and what the visibility that we have, if you look at those, and what we are planning to do in subsequent financial years is very clearly, we would like to diversify a little bit more, although Bangalore would continue to dominate the overall mix, but we would expect and probably target for increased, of course, sales but the contribution of Bangalore coming down by at least 5% to 10%, right now it's about 65%-odd percent, it might come down to 50% to 55% going forward. But it might not happen in the immediate future, but over the next few years definitely we see that happening.

Parvez A Qazi: Which are the areas which will probably contribute higher for us to be able to achieve this target?

Jagadish Nangineni: Multiple cities can contribute to those, like I mentioned our current focus markets currently where we are already operating I think Kerala, Pune, NCR and GIFT City and Chennai, once they start contributing better, then definitely their share would increase and Bangalore would from a mix point of view overall, but we still think that the volume and the value from Bangalore would continue to be the same or go much higher from here.

Moderator: In the interest of time, this is the last question for today. I would now like to hand the conference over to management for closing comments.

Jagadish Nangineni: Thank you, everyone for participating in the call. As you have seen that our focus for the last financial year, and which has reflected in the last quarter as well, is absolute focus on cash flow management, which has definitely helped us improve our own operation efficiency. With this learning, we would go forward in FY'23 as well and we think that our these learnings will help us continue to achieve much better financials and reduce our debt further and give us opportunity to invest in new land opportunities across India. So if you look at a long term plan, so our plan, like I have mentioned earlier, is to have a disciplined growth strategy and that's the path in which we would go on. And we I think we have set up the right set of environment and the thinking and strategy aligned across businesses and teams to make sure that this gets executed. Given that we are very positive in terms of how to take up the execution of this strategy, and we look forward to deliver extremely positive performance going forward. Thank you, again.

Moderator: On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.