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**Department of Corporate Services
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001**

**The Manager, Listing Department
The National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, C - 1,
Block G, Bandra - Kurla Complex,
Bandra (E), Mumbai – 400051**

BSE Scrip Code-523329

NSE Symbol- ELDEHSG

Subject: Transcript of Earnings Conference Call held on Friday, August 04, 2023

Dear Sir/Madam,

This is with reference to the intimation dated July 31, 2023 made by the Company about the Earnings Conference Call scheduled for Friday, August 04, 2023 at 1.00 p.m. IST. A copy of Transcript of the conference call held with the Investors/Analysts is enclosed herewith.

The aforesaid Transcript is also being made available on the Company's website at www.eldecogroup.com

You are requested to take the above information on record.

Thanking you,
For **Eldeco Housing and Industries Limited**

**Chandni Vij
Company Secretary
Mem. No. : A46897**

Eldeco Housing & Industries Ltd.



“Eldeco Housing & Industries Limited Q1 FY-24
Earnings Conference Call”

August 04, 2023



MANAGEMENT: MR. PANKAJ BAJAJ – CHAIRMAN & MANAGING DIRECTOR

MR. MANISH JAISWAL – GROUP COO

MR. SANJAY AGARWAL – GROUP PRESIDENT (ACCOUNTS & TAXATION)

Moderator: Ladies and gentlemen good day and welcome to Eldeco Housing and Industries Limited Q1 FY24 Earnings Conference Call.

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 the 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. Abhishek Bhatt from E&Y Investor Relations. Thank you and over to you Mr. Bhatt.

Abhishek Bhatt: Thank you, Good afternoon, everyone and thank you for joining us on the call.

Before we proceed to the call, let me remind you that today's discussion may contain forward-looking statements that may involve known and unknown risks, uncertainties and other factors. It must be viewed in conjunction with the business risks that could cause future results, performance or achievement to differ significantly from what is expressed and implied by such forward-looking statements. Please note, the results and presentation are available on the exchanges and on our Company's website. Should you need any assistance to receive them you can write to us and we will be happy to send them over.

Today we have on the call, senior management of Eldeco Housing and Industries Limited which is represented by Mr. Pankaj Bajaj – Chairman and Managing Director, Mr. Manish Jaiswal – Group COO, Mr. Sanjay Agarwal – Group President Accounts and Taxation. We will begin with the highlights of the quarter followed by a Q&A.

Now I would like to transfer the call to Mr. Manish Jaiswal for opening remarks. Over to you sir.

Manish Jaiswal: Thank you Abhishek. Good afternoon, everyone. This is Manish Jaiswal. I would like to welcome everyone to Eldeco Housing and Industries Limited Q1 FY24 results call. Thank you for participating in the call.

Let me begin with a few comments on the real estate market after which I will discuss operational and financial results for the first quarter ended June, 2023. I would like to highlight the two most important themes that have been in play for some time post-COVID; consolidation and premiumization. These themes have changed the landscape of the residential real estate market and we are greatly benefiting from consolidation trend due to brand leadership that we enjoy in Lucknow micro-market. The growing demand for premium real estate also goes well for our margins. However, while demand for premium real estate continues to rise, arranging supply through land assembly and getting timely approvals remains the key challenge which we continuously are trying to address.

During the quarter, no new projects were launched so we had a relatively muted quarter. In Q1 FY24 our bookings climbed 40% year-on-year to 31.4 crores, up from 22.4 crores in Q1 FY23. The total collections in Q1 FY24 stood at 25.5 crores. We delivered little less than 60,000 square feet which translated to 46 homes registered in favor of happy buyers. As shared in our last presentation we are actively developing our new project pipeline. We successfully launched our project “Eldeco Latitude 27” in July, 2023 and received a positive response on the launch. The project has a total saleable area of more than 5 lakh square feet. It is a 3-to-4-year project and we expect it to yield a top line of about 250 crores. Phase 2 of our successful township “Eldeco Imperia” will be our key launch in the months to come. This is a 3-year project. Again, this will result in a top line of more than 250 crores and gross margin of more than 40%, as it is horizontal development primarily plotted project. Additionally, between April, 2023 and June, 2023 we purchased a new land of 4.65 acres and we plan to continue with this primary land aggregation in coming months. In July we also added a new land parcel of over 3 acres at a prime location. This will be a high-rise luxury project called “Eldeco Trinity”. The approvals for this project are already under process. These and a couple of other projects under acquisition will entail an investment of about 200 crores for which we plan to raise around 100 crores of debt this year. As we head towards the festive season, we are gearing up to meet the increased demand for quality real estate with the aforementioned launches. We believe our booking value will be more than double in the current year as a result of all these launches that we have lined up.

Moving on to our financial performance for the quarter:

The consolidated revenue from operations was Rs. 24.8 crores compared to 27.6 crores in Q1 FY23. The consolidated EBITDA was 7.8 crores in Q1 FY24 compared to 11.3 crores in Q1 FY23. EBITDA margin continues to remain high at 31.4%. The Company's consolidated PAT stood at 7.6 crores in Q1 FY24 as compared to 10.1 crores in Q1 FY23. With this I would like to open the floor for questions. Thank you.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. We'll take the first question from the line of Mr. Priyank Gupta from Guardian Advisors Private Limited.

Priyank Gupta: Good Afternoon. My question is regarding the proposed resolution for a term loan which is being sought from Piramal Enterprises, as to which project are we considering taking this loan?

Manish Jaiswal: This loan is for “Eldeco Trinity” which we have recently acquired. It's around 3 acres of land at a prime location in Lucknow and the approvals are well under process for this one.

Priyank Gupta: And the follow up question is whether there is a prepayment option in this loan because historically the Company has been able to execute most of its projects with negative working capital?

Manish Jaiswal: Yes, there is a prepayment option in all the loans, in this loan also we hope to prepay the loan that we had taken before the tenure that has been defined in the document to the approvals of the project.

- Moderator:** The next question is from the line of Anupama Prakash Bhootra from Arihant Capital.
- Anupama Bhootra:** I wanted to understand the realization in Lucknow. So, what I can see is the realizations have gone down from 4800 to 4500, realizations on quarter-on-quarter basis. So, this is my first question. Secondly, we are Lucknow concentrated. So, I just wanted to understand how lucrative the Lucknow market is in terms of demand and pricing as compared to other Tier 2 cities? So, these are my two questions.
- Pankaj Bajaj:** Anupama, I actually was surprised myself when I saw the numbers in terms of because our assessment is that the realizations are actually going up. And that is what we've been doing, and we've been sharing with you. So, this quarter the realization went down because of change in mix slightly. As you know we recognize our revenue based on the transfer deals that we do to our customers. Some transfer deals for our old customers are booked at old prices, the sales were booked this quarter. So that's why the realization is down. But overall pricing is definitely up and it is significantly up. So, the Trinity project that we are sharing with you, I think it will be much higher than the number that we're looking at and the pricing is going up everywhere at a price which it's almost 20% price per annum right now. This particular quarter is an anomaly because of the accounting.
- Anupama Bhootra:** And regarding if we compare Lucknow to other Tier 2 cities, so what is the scenario as far as demand and ranking power is concerned?
- Pankaj Bajaj:** Again, I'll link it with the first question. Look at our margins and look at the margins of Companies which work in the so-called bigger towns deemed to be more lucrative. I don't think any other Company in the country has these kinds of margins. So basically, we look at ourselves as an agency to convert raw land into a finished product and the market rewards us for that. Now that conversion process is being rewarded the highest in Lucknow right now and that is accepted in our margin. So, our EBITDA margin of course has historically been upwards of 40% which was not there in any other city. Maybe in South Bombay or prime Bombay maybe, but definitely not in NCR, definitely not in the other cities that we know. And as far as the overall market size goes, it is definitely not as big as a Hyderabad or a Bangalore but it is getting there. It is Lucknow is part of the new wave of cities which are now emerging, the infrastructure, the social infrastructure the physical infrastructure. It is a big market. I think it is growing that we don't have hard data, but we have informal data which tells us that historically about 2,500-3,000 fresh units per annum we used to sell in Lucknow. As now the demand is double of that and there's just not enough supply. So, if we get even 25% market share of that I think our balance sheet is going to change completely. It is a big market, underserved and profitable.
- Anupama Bhootra:** And we don't have any plans to go out of Lucknow in the near term, right?
- Pankaj Bajaj:** Not right now. In fact, I've been sharing in our last presentations that even we were a little slow. We could not tie afresh for this. But the demand is so high that for the first time we are taking debt to take up a new project. We can put in all the capital which is available in our balance sheet right now and take on more debt and it will not be enough to serve the market in Lucknow.

So as of now we would not like to vacate and get distracted by other markets. There's no point. We feel there's no point right now for the next year and a half at least. I can't say beyond that.

Moderator: The next question is from the line of Manan Patel from Airavat Capital.

Manan Patel: The first question is regarding the launches. So last year also was pretty slow and you mentioned there were some policy issues happening in Lucknow. So, wanted to understand what are these issues and are other players also facing slower launches because this has been there for almost 1-1.5 year. Can you throw some light on this?

Pankaj Bajaj: I agree with you. It's been quite disappointing as far as getting approvals and launches. Two of our projects are stuck in a protracted approval process. We are very close which is Imperia Phase 2 and 3. We did launch Latitude 27, but it was not captured in this particular quarter. We launched it in July. Hopefully Trinity, which is a new launch again, our new acquisition for which we are raising the loan should also get launched somewhere around Diwali. And to respond in a very general term, yes, every player in Lucknow is facing this issue of slow approval process and that has delayed the launches. In fact, it is not only a UP phenomenon, it is a Haryana phenomenon, its Punjab, the approval process has become slow again because of multiple windows that we have to go through and it is taking time. But the flip side if we have to find the silver lining that the delay has actually increased the profitability of the project. What has happened is that because of the and it is not the Eldeco specific thing, all launches have got delayed and the demand is very strong. So, the supply is not there. There's a demand supply gap which is getting reflected in rising prices. So, all these delayed launches whenever they're coming this quarter or the next quarter, they are at prices much higher than what we had originally underwritten. And the prices at which these lands were locked have already become historical. So that's a silver lining. I would not like it to be that. That's not a way of earning profit for us. We like to take possession and launch them immediately. But because the approval process has taken time the margin will be higher but yes, it has taken longer.

Manan Patel: Is there a chance that over the next few quarters lot of pending projects get approved and there's a huge glut of supply in the market which might dampen the supply demand equation?

Pankaj Bajaj: No, not really. At a macro level, no. I don't think that's going to happen. If we are going to be in my limited knowledge of the market and knowledge of what other players are doing, I don't think aggregate supply is increasing drastically. The demand is, but the supply is constrained big time.

Manan Patel: The next question is regarding in the opening commentary, we were mentioned that we are planning to invest some 200 crores and for that we are raising 100 crores of debt. So just wanted to understand, one because we already have around 140 crores of cash on books. Plus, we have loans to the other sister concerned Company around of 35-40 crores. So, combining these two, why would there be a need to raise debt? In addition, because we also are negative working capital Company of sort. So why would we need to raise debt when we have so much liquidity on our hands?

Pankaj Bajaj: I'll answer that question in 2-3 parts. First is a small procedural part which is that yes there is cash on the books. But if you're aware the RERA condition says that 70% of the collections from customers has to go into a designated Escrow account which gets open only on completion of the project or as per the progress of the project and 50% is available as free cash flow to the Company. A lot of these 140 crores odd of the cash from the balance sheet of the Company is stuck in RERA accounts. So, these can be running accounts. I think 50-60 odd crores is running projects of the Company which you can withdraw money only with the progress of the project. And unfortunately, about 30 odd crores is stuck in projects which have actually clearly applied for completion certificate. Completion certificate is taking time and in a few cases the completion certificate has come but the RERA authority is taking time to close the account and that money is going to get free. So, in spite of having cash on the books, sooner or later this money is going to get freed no doubt about it. But as of now about 70-80 crores or thereabout is stuck in RERA accounts, sooner or later it is going to get ready, but we don't want to give up the opportunities which are coming our way and we actually have to grow our business. So, we have decided to borrow and do our business development. The other reason is that in spite of this, why we are borrowing is because we want to keep our equity money free for fresh project development, fresh to our business development and we want to have a judicious mix of debt and equity on our balance sheet. It cannot be completely equity because I think then we will not grow. This is a capital heavy business. We will not be able to grow as far as the market is giving us the opportunity for and as fast as we want to grow. So, actually we will probably be going for more debt and taking more projects because the margins are looking very good, the demand is looking very good. So, this is the time to go deeper into the market and we will be putting more capital towards it. So, in spite of having cash on a balance sheet this is the reason why we are taking debt.

Manan Patel: Regarding business development in your previous call; you have mentioned that the land prices have increased substantially and in conjunction the real estate prices have also increased. So, do you see our land acquisition or business development picking pace during this year or in coming quarters?

Pankaj Bajaj: I didn't get the question. Come again.

Manan Patel: Do you see the land acquisition or business development part picking pace in coming quarters? Because I understand we have acquired around 4.5 acres land in Q1 also. But do you think this can pick up pace substantially in the coming quarters?

Pankaj Bajaj: Yes, I think Manish did mention that we expect it to pick up pace and I think hopefully we should have something positive to share with you in the next call or in the call after that. It will pick up significantly. That's why the move towards debt. We've done our planning and as Priyank said in the first question, we may not actually need the money for the projects that we are leveraging and with the consent of the lenders, the lenders are NBFC, with the consent of the lenders we may be using that money for fresh land aggregation. And yes, that's going to happen in the next couple of quarters.

- Manan Patel:** One bookkeeping question related to our loan to the EIPL to around 33 crores, could you help me understand what is the lending rate we are giving to that Company? And the perspective of the question is from the numbers that I saw that Company has substantial amount of debt. So, is there a chance that the debt in that Company can rock the ship in this Company, so from that perspective I am asking?
- Pankaj Bajaj:** I think we gave sufficient explanation of that transaction. That transaction happened in a period where we could not deploy our money in business development in Lucknow. So, we had a project going on in Lucknow where we, Eldeco Housing and Industries Limited has taken about 50% beneficial interest in that Company. That has guaranteed a minimum return of 8%. So that is what is getting reflected. And once that project gets completed in Lucknow, 50% of the returns of that project come back to Eldeco Housing. So, that's what it is. There is a guarantee because it is a related party transaction there's a guarantee of 8% per annum return by EIPL. I hope that answers your question.
- Manan Patel:** Yes that's very helpful. And one last question if I may. There's a lot of opportunity as you mentioned Lucknow itself is a big market and Ayodhya being nearby do you see other non-residential opportunities in nearby areas with the development of tourism in something, a place like Ayodhya?
- Pankaj Bajaj:** No not really. We don't want to get distracted right now. I think we are good at what we do which is residentially listed largely. And we have very strong brand equity in Lucknow. As somebody mentioned it's a negative working capital business. Apart from the first investment that we had to do to acquire the land. We don't want to go into capital heavy kind of hotels or other kind of mall kind of businesses in other towns.
- Moderator:** The next question is from the line of Vallabhee Rungta from Robo Capital.
- Vallabhee Rungta:** My question relates to the booking guidance for FY24 and by which quarter we can expect the run rate to start?
- Pankaj Bajaj:** The question is about the booking run rate for FY24?
- Vallabhee Rungta:** Yes correct.
- Pankaj Bajaj:** I think Manish already mentioned, last year our booking was about 100-120 odd crores. This year we expect to more than double it. Though we had a muted first quarter, we have launches coming up.
- Moderator:** The next question is from the line of Harsh Beria, a professional investor.
- Harsh Beria:** Congrats for the launch of our Latitude 27 project. It's really good to see that we have been able to launch it. I have a question about some of our older projects that are closer to completion. I see that about 20% to 25% of the inventory has been maintained on our own books and not been sold. What's the reasoning behind this?

- Pankaj Bajaj:** There could be something in project specific.
- Harsh Beria:** So, I see a lot of projects which are going to be delivered in 2023.
- Pankaj Bajaj:** Can you point out a project? I can answer you on that.
- Harsh Beria:** So, Regalia Arcade, Shaurya Arcade, East End, I think these three are going to be delivered in 2023.
- Pankaj Bajaj:** These are small projects, and these are shopping centers and the upper floors usually take time to sell. So, these are the upper floors on these shopping centers. The other big one is Imperia Phase 1 and there is a part of the land it's a horizontal plotted development. As per local norms, you have to mortgage a certain percentage of the saleable area to the local authority as a guarantee that you are going to complete the internal development. And though our RERA registration is for end of 2024 we hope to apply for completion certificate within this year. And once that completion certificate is received that mortgage area is going to get released. So, it does get released proportionally but the major part of it gets released after you get completion certificate. So, the reason why that inventory is showing as unsold is that's because the government has stopped us from selling it till the time you get completion certificate which is a regular planning norm which is an approval thing. But otherwise, largely if you look at it a lot of it is not unsold.
- Harsh Beria:** What percentage of our inventory do we need to keep on our books in these horizontal development projects?
- Pankaj Bajaj:** It changes from city to city but usually a development authority will ask you to keep 25% of the saleable area as mortgaged for two and show completion of the project. And as the project progresses you apply to them and ask them for proportionate release of some of the mortgage area and which they do. So recently we did have some release in Imperia Phase 1 which we were able to sell out within a day.
- Harsh Beria:** My next question is also on our horizontal development projects. Apart from land costs which we have to incur and the land aggregation costs what are the other major cost items in this? So, if for example, if our land cost is 50% to 60% of our selling price, how much is construction cost in these projects?
- Pankaj Bajaj:** Typically, in an acre you would buy land for Rs. 2-3 crores an acre. Your development cost would be 2 crores an acre. Your approval cost, which includes the payments you have to make to the local development authority and your external development charges or various charges would be about 1 crore an acre and there would be other charges of about 1 crore which are overheads, etc. So, that's the kind of report for horizontal.
- Harsh Beria:** And what's the realizations we get per acre?
- Pankaj Bajaj:** Our gross margin is in front of you. You just gross it as a 40%. That's what we're making.

- Harsh Beria:** And probably that's why so much of our focus has been on this, for example, development.
- Pankaj Bajaj:** Not only the profit. It's a difficult business to be, otherwise everybody would be in that business. Land aggregation is a difficult part. It takes time. Our investors have been patient for the last year and a half because we have taken time in aggregation. But once you are successful with it you can milk it for years because your land cost is then historical and you're sitting on a vast expanse of land. A prime example is what DLF has done in Gurgaon. They aggregated the land in the 80s primarily, 80s or 90s, and now it is a historical piece of land. So, in a small way you tend to do that. And that's what we have been doing in Lucknow. The other reason why we have gone for horizontal developments historically is that it's a very low risk kind of business model. So, the real estate market is a cyclical industry. Right now, we are in an up cycle, but you never know when a down cycle will come. Surely it will come. So, at that time if you have a lot of high-rise inventory which is under construction and you're not able to, the market hits a downturn then you tend to get into a cash crunch and the projects tend to get stalled. But that does not happen in horizontal development where you can match your cash inflows and with outflows more quickly. You can stop that part of the township where sales are not happening. But you can't build the 20th storey of a high rise building without building the 19th even if it is sold or unsold. So, therefore, it's a risk mitigating kind of strategy.
- Harsh Beria:** And my last question so far in this year we have been able to launch Latitude 27 which can give us potential sales of 250 crores. We'll also probably launch phase 2 of Eldeco Imperia which might give us 250 crores more. Are there any other projects lined up for launch in FY24?
- Pankaj Bajaj:** Trinity. We have not disclosed it in this quarter, but it will happen after the, so the Trinity transaction happened in July, so in the next call we will have more details about it. But it's a 3-acre parcel that the prime parcel will be taking, approvals are in the process. Hopefully in another four or five months we should be able to launch it.
- Harsh Beria:** So, we are kind of set for 300-crore potential sales from FY25.
- Pankaj Bajaj:** Trinity itself is about 300 crores. We hope to be able to surprise you with a higher number, but I am not going to say it right now.
- Moderator:** The next question is from the line of Yogansh Jaswani from Mittal Analytics.
- Yogansh Jaswani:** If you look at the last 10-12 years I think Eldeco has majorly launched projects like villas basically horizontal development while of late if you see most of our launches are vertical development. So do you think Lucknow as a market is now getting saturated in terms of land availability or in terms of the costing per housing is going so much that going forward more and more vertical development is something that we need to focus on?
- Pankaj Bajaj:** Manish would you like to have a go on that?
- Manish Jaiswal:** Sorry your question was not clear.

Yogansh Jaswani: So, Manish, what I was trying to ask you that in Eldeco we have been launching projects like villas, horizontal development basically you are doing that more. You're not into many apartments as such. Majority it is villas type or like Eldeco City and in and around Lucknow. A lot of the township projects were coming up. While if we see now like Eldeco Luxa was launched, Eternity and then this again latitude, these are basically high-rise apartments, vertical developments rather than horizontal. So, going forward do we see that given the kind of market Lucknow has become in terms of land prices or land availability do you think more and more launches would be of apartments rather than townships?

Manish Jaiswal: So, Lucknow as a city is attractive demand from all over the UP and there are buyers both for horizontal as well as for vertical. What we realized is that we can continue to develop both kinds of asset classes. Obviously it will depend on which location we are developing that specific project. As far as horizontal development is concerned we will continue to focus on that on the outskirts of Lucknow where it is easier to acquire the larger land parcels, the aggregate larger land parcels at relatively lower cost. But city centric development as you rightly pointed out because the land prices have gone quite high, we expect city centric developments mostly to be high rises.

Yogansh Jaswani: So, between horizontal and vertical projects, sorry if my understanding is wrong but I think horizontal is comparatively less riskier in terms of development because suppose if we have say 10 villas to sell and we get money for two so we can start building and spending construction money on those two villas and by the time somebody comes and sees our site and see that the development is going on so they get little more confidence and they probably book say for the next three, four, five villas so your working capital doesn't get blocked. While in vertical what we have seen and why the real estate players have struggled is because in vertical development if you haven't been able to sell say five floors out of ten then the 7th floor which has got booked doesn't get delivered. And then that entire thing then spirals into a working capital problem and then the reputation gets affected because of the completion thing and all. So how do we think of mitigating such challenges and what is our basic thinking?

Manish Jaiswal: Well, we believe that we can maintain a healthy mix of both horizontal and vertical development projects in our portfolio which can allow us to balance this risk out. And if you see some of these new high-rise projects that we have recently launched or talked about launching for example, Twin Tower or Latitude or even the Trinity which we talked about today which will come up in near future, all these projects, although high rise they are relatively smaller in size. 3 acres, 3.5 acres. Twin Tower is in fact around 1.5-1.7 acres. So, there is not much inventory, at least in the new projects that we have in our portfolio on the high-rise side for me to say that that risk is pronounced as of now because of the size of these projects in the high-rise category. Going forward also the balance can easily be maintained by maintaining a healthy mix of both horizontal and vertical projects.

- Yogansh Jaswani:** And in terms of the forthcoming projects, are we not too inclined towards taking up more commercial projects? I think in our presentation we also have a few snapshots of our corporate offices; I think which are in Lucknow. So, I don't see many more such projects coming up. So, is the whole focus more on the residential side of real estate only?
- Manish Jaiswal:** The primary focus that we have and it's a real estate focus, we want to focus on the residential development.
- Yogansh Jaswani:** And if you could share how has been the response of our Bareilly project now that it has been running for a few quarters. So how is that market taking up to our project? What is the kind of buzz that we see? If you could share some insights about that.
- Manish Jaiswal:** See, as far as absorption is concerned, that project has done extremely well. I think the inventory that we opened up, 75%-80% of that inventory is already sold. We are well on our way to delivering that project and construction is also progressing well. I have some numbers about the Bareilly project in front of me right now. Total saleable area of around 8.73 lakh square feet which we have in the project, out of that, around little less than 6 lakh square feet is already booked. And we have around 2.8 lakh square feet area which is available and out of this area which is available for sale a good part of it is part of that inventory which will get opened up post getting the Occupancy Certificate for the project.
- Yogansh Jaswani:** Incrementally, like you shared that we bought some 3.5 acres land in Q1 and then in July another 1 acre of land. So, say for next one or two years, what is the kind of land parcel or aggregation of land that we are targeting? Is there a number in mind that we need to do 10-15 acres or is it totally based on the opportunity that as and when it comes we will take it?
- Manish Jaiswal:** I would request Pankaj sir to take this up, if that's okay.
- Pankaj Bajaj:** Yes, sure. So, these two parcels we have already taken and we have hinted in our comments that there are a couple of other parcels. In all, we would like another 50 acres to get added at least, if not more. And that's the reason why we are tying up the debt. I think that it was also opportunistic. But where we have the term sheets out, we have active land assembly is happening, that would be more than 50 acres currently in the pipeline, which we are not in a position to officially confirm it. But hopefully in the next call or the call after that, we should have something concrete.
- Yogansh Jaswani:** Pankaj ji, this 50-acre you were saying is something that you want to do in the next one or two years, right?
- Pankaj Bajaj:** Next quarter or the quarter after that, that assembly should get completed and then the approval process is as you know, a time-consuming process it takes six months, nine months. So, by the time it hits the market, it will be four quarters.
- Yogansh Jaswani:** Sorry, I got a bit confused. So, 50 acres of new land parcel is something that you want to take up in the next one or two quarters.

- Pankaj Bajaj:** It is there in the pipeline. It's not what we want. The term sheets are out. But again, we will have more information for you in the next call.
- Moderator:** We'll take the next question from the line of Neelam Singh from Share Giant.
- Neelam Singh:** I wanted to ask that if I see your EBITDA margins, the EBITDA margin has been volatile. Not only quarter-on-quarter, but I also see the year performance that is also volatile. What kind of EBITDA margins on a normalized basis you are seeing and what is the reason for this volatility?
- Pankaj Bajaj:** The reason is primarily the way the revenue gets recognized. It depends on what is getting recognized as revenue in that particular quarter or that particular year. So, if you have a project which is a lower margin product, which is getting recognized, where the completion certificate has been received and the possession has been offered and the customer has come forward and the sale deed has happened, so that's what gets recognized. To give you an example, later this year we'll have the completion certificate. We'll apply for completion certificate before time of Imperia Phase 1. Now that is a high EBITDA margin project. Once that happens, you'll suddenly see it jumping. In that particular quarter you'll find that the EBITDA margin has increased. So, it's not that the Company performance is volatile, it's just what gets recognized as revenue is jumpy, lumpy or volatile. So that's the simple answer there. On an average the EBITDA margin in Lucknow market is 30% to 40% for us, not for all, but 35% to 40% is what we hope to achieve on a smooth end basis.
- Neelam Singh:** 30% to 40%.
- Pankaj Bajaj:** Yeah.
- Neelam Singh:** And another question from my side is what type of projects we are planning to launch in this fiscal and any upcoming launches that you would like to, we'll get more clarity if you would explain?
- Pankaj Bajaj:** I think we already answered that question. We will be launching Imperia Phase 2 and 3, hopefully Trinity. These two we have clear visibility on, the rest are still land which are getting assembled, etc. So, we have visibility on two projects in the next quarter or the quarter after that.
- Moderator:** The next question is from the line of Ruchi Bhadra from InCred Capital.
- Ruchi Bhadra:** I was asking that you guided that, collections will double from these levels. So, I just wanted to know that can you throw some light on the roadmap of the same.
- Pankaj Bajaj:** I didn't comment on collection, I commented on booking numbers. Booking numbers will double from these levels on a conservative basis, hopefully. And I did add that we hope to be able to surprise you on the higher side, but conservatively, the booking number will double this year.
- Ruchi Bhadra:** And anything on collection, sir?

Pankaj Bajaj: Collection always follows with a lag. So, collection is a derivative of booking. So, whatever bookings are being made, the collections start after two quarters. Once you have the booking numbers you can simply extrapolate that to be a collection number with a lag of three, four quarters.

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

Harish Shah: So, what I understand from the presentation and as per the commentary, in FY23, we have already done the revenues of close to 130 crores. And by seeing the pipeline of the projects, we anticipate that in the next coming years, we will be hitting the top line mark of (+) 300 crores. Could you guide how do you see yourself in the coming five years? Like we will be altogether in a different league?

Pankaj Bajaj: I would not like to make such forward-looking statements. Let's talk about what we have in hand. I can only say that Lucknow is a great market to be in. The market size is increasing exponentially. We are very well placed. We are the market leaders. I can see in concrete time what's going to happen if the launches happen in the next 12 months or the next 18 months. I would not like to highlight or guess where, what our top line would be 5 years from now. It could be anything, but I would not like to make a very big statement. I would not like to put a number on it, but I hope it will be much higher than the numbers that we are looking at right now.

Moderator: The next question is from the line of Ayush Jain, an individual investor.

Ayush Jain: As I said, I am a major investor. I was going through the money Control profile. So, I just had a query before I step in, that our revenue really halved, the profit really halved in this quarter. And then I see we have proposed for an increment in our MD's sir remuneration. So, would you be able to provide some light on the quantum while we are taking loans?

Pankaj Bajaj: I got confused in the first question where the revenue was hard not because the Company did not perform well, but because this quarter we did not get any completion certificates or not so many transfer deeds with the customer has happened, that's when we recognize revenue and it's going to jump again in the third quarter when we get into the certification. So that is a jumpy kind of situation. Unfortunately, that's how our revenue is recognized in our industry. It's volatile quarter on quarter. So that's what it is. It's not that the Company had a bad quarter. If at all there was a bad quarter, it was because we did not get the approvals on time and did not launch Imperia phase two on time. But that's something that in a way beyond our control that should be like but there's a silver lining there also we thought that we'll be selling Imperia at a certain price. Now we'll be selling Imperia 2 at whatever that price was plus 20%. So that's the first part.

As far as the second part, the remuneration goes, as you probably know, I am also the MD of the Unlisted Company which we own, which works in NCR and other Northern markets. And there is some statutory requirement that if, remuneration is increased in one Company, if a person is an MD in two companies, if remuneration is increased in one Company, we have to take approval

of both the Companies. So that's the background of that resolution. It's an enabling call. Nothing significant is happening in Eldeco as far as my remuneration is there. So, it's an enabling thing which is happening primarily for on my unlisted side. I hope that answers your question.

- Ayush Jain:** Thank you, sir. Just to clarify, is there any sharing of MD sir, the remuneration or it is.
- Pankaj Bajaj:** The two remunerations are separate.
- Ayush Jain:** And there is no connect there.
- Pankaj Bajaj:** There would be some marginal increase which is inflation linked kind of increase in Eldeco Housing, nothing significant, not of the kind of numbers that you're seeing in the resolution. It is an enabling resolution primarily for what is happening on the unlisted side.
- Moderator:** As there are no further questions, I would now like to hand the conference over to Mr. Pankaj Bajaj for closing comments. Over to you, sir.
- Pankaj Bajaj:** Thank you all for coming today and showing interest in the Company. Hopefully, we will have great news to share with you in the coming quarters.
- Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Eldeco Housing and Industries Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines.