PURAVANKARA

17.11.2023

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**

Sub: Transcript of Earnings Call

Dear Sir/ Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the earnings call held on Tuesday, 14th November,2023, on unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter ad half year ended 30th September 2023 is enclosed herein.

This is for your information and records.
Yours sincerely

For **Puravankara Limited**

SUDIP CHATTERJEE

Digitally signed by SUDIP CHATTERJEE
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Sudip Chatterjee
Company Secretary
Membership No.: F11373

"Puravankara Limited
Q2 FY2024 Earnings Conference Call"

November 14, 2023

ANALYST: **MR. SAMAR SARDA – AXIS CAPITAL LIMITED**

MANAGEMENT: **MR. ABHISHEK KAPOOR – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER - PURAVANKARA LIMITED**
MR. NIRAJ KUMAR GAUTAM –PRESIDENT FINANCE - PURAVANKARA LIMITED
MR. VISHNUMOORTHI H – SENIOR VICE PRESIDENT RISK & CONTROL - PURAVANKARA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Puravankara Limited Q2 FY2024 Earnings Conference Call hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Samar Sarda from Axis Capital. Thank you and over to you Sir!

Samar Sarda: Thanks Darwin. Good evening, everybody and I hope everybody had a good Diwali. Wishing you a good Vikram Samvat 2080. As always from the Puravankara management we have the senior most guys attending the call led Mr. Abhishek Kapoor the ED and CEO, Neeraj, President Finance and Vishnumoorthy H, Senior Vice President Risk and Control. I will hand over the call to the management for their initial comments. Over to you.

Niraj Gautam: Thank you Samar. Good evening, ladies and gentlemen. Thank you for joining Puravankara Limited's Q2 FY2024 earning call. I am Niraj Gautam, President of Finance. Your presence is highly valued. We are delighted to share our financial results for the quarter ending September 30th, 2023. Comprehensive details can be accessed on stock exchanges. Today I aim to offer insight into our strategic outlook and key initiatives. Let us commence by delving into the overarching economic landscape before delving into our company's individual performance. This analysis will furnish insights into the consistent demand for building our sales achievement thereby highlighting the potential for future growth. Amidst global challenges, India's economy stands out as a beacon of hope. In the initial quarter of this fiscal year, it recorded a robust growth rate of 7.8% as reported by the National Statistical Office. Looking ahead, the Reserve Bank of India has upheld a GDP growth forecast of 6.5% for the FY 2023-2024. Even in the face of global challenges institutional investments in the Indian real estate market saw a substantial uptick reaching $4.6 billion from January to September 2023. This marks a noteworthy 27% increase compared to the previous year. The resilience and appeal of the market are further highlighted by investments inflows reaching an impressive 93% of the total record in 2022. Further the stability ensured by unchanged interest rates acts as a catalyst inspiring prospective buyer to explore real estate investments. A consistent interest rate environment fosters a sense of financial security driving individuals to make confident home purchases. Turning our attention towards Puravankara Limited, this favorable environment has consistently driven us to surpass sales records quarter after quarter as evident from our operational update. We are thrilled to announce that once agin we have achieved the highest ever sales value of Rs.1600 Crores in any quarter since our inception. This reflects a remarkable increase of 102% compared to Rs.791 Crores in Q2 FY2023 breaking it down Rs.736 Crores is attributed to Puravankara brand, Rs.740 Crores to Provident brand and Rs.124 Crores to Purva Land. Our collections experienced a significant surge reaching Rs.879 Crores reflecting an impressive 70% year on year increase. Additionally, the average price realization witnessed a 7% uptick rising to Rs.7947 per square feet during Q2 FY2024 from 7396 per square feet in Q2 FY2023. In terms of new launches, we are delighted to share significant developments in our portfolio for this quarter. Provident Ecopolitan in Bengaluru takes center stage, a new project spanning a saleable area of 1.13 million square feet. Additionally unveiling itself as a new phase in Bangalore, Purva Park Hill Tower B contributes a saleable area of 0.2 million square feet. In Chennai we introduced another new phase for Purva Windermere phase 4B featuring a saleable area of 0.75 million square feet. Regarding our launch pipeline, we are pleased to report a substantial figure of approximately 13 million square feet, assuring a consistent influx of new projects in the foreseeable future. Notably non-Bengaluru projects now contribute 44% of sales of our ongoing projects and an impressive 72% on the launch pipeline. Breaking it down by division Provident accounts for 50% of launch pipeline aligning with market trends and the strategic focus of the group. Turning our attention to debt management, we are pleased to report a positive trajectory demonstrating physical prudence; our net debt has reduced from Rs.2144 Crores in Q2 FY2023 to Rs.1992 Crores in Q2 FY2024. Signifying a substantial decrease in the net debt to equity ratio from 1.10 to 1.01. Noteworthy is the decrease in net debt by Rs.127 Crores from the previous quarter. Equally significant is the decline in debt per square foot of building a space decreasing from 1376 per square feet in Q2 FY2023 to Rs.886 per square feet in Q2 FY2024 underscoring our commitment to efficient capital utilization and fiscal responsibility emphasizing our strong financial standing, I want to highlight that as of September 2023 the outstanding receivables from our sold units stand at approximately Rs.3636 Crores this substantially amounts covers about 77% of the remaining cost needed to complete the inventory currently available for sale. This indicates that a significant portion of the cost to finishing the remaining inventory has already been secured through receivables establishing a robust foundation for meeting our financial commitments. Furthermore, our cash flow visibility is equally promising with a projected amount of Rs.6455 Crores anticipated over the next three to four years. This underscores our robust financial planning and substantial cash result positioning us as well as support our operations, projects and growth initiatives in the foreseeable future. In Q2 FY2024, our revenue from projects grew by 54% year on year to Rs.368 Crores. The EBITDA for Q2 FY2024 was Rs.98 Crores with a 26% EBITDA margin. Our PAT for Q2 was negative by 11 Crores due to only 481 handovers of units during the quarter. We are targeting to hand over 2500 units during H2 FY2024. In conclusion, it is crucial to emphasize that Puravankara is strategically poised to seize opportunities in the nationwide expansion of real estate sector. The substantial interest generated by our robust launch pipeline has translated into exceptional sales performance, consistently breaking records since Q2 FY2023. This success is attributed to our meticulous project selection, robust marketing strategies, personalized customer outreach and an unwavering focus on delivering exceptional products. Significantly, the ongoing quarter aligned with the impactful festive season in India, historically associated with increased investment in real estate. As a developer, we have strategically devised attractive deals to incentivize property purchases, acknowledging the historical surge in housing demand during the season. We are steadfast in our commitment to leveraging this opportunity. With that I conclude my remarks. Thank you for your attention. Now the floor is open for the questions you may have and suggestions you would like to give us. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Samar Sarda from Axis Capital. Please go ahead.

Samar Sarda: So Neeraj a couple of things if you would like to want to inform the participants. One, like you made roughly Rs.3.7 billion in the first half, 377 odd Crores after interest and tax with a lot of deliveries happening in the second half like you mentioned a little more than 2500 units how would the operating cash flow post your interest costs and the other things tend to look like at the end of the fiscal so that is question number one. From an absolute debt perspective, we have a gross debt of roughly 2600 Crores. So given that you are also looking to deploy money for land and capex how would this 2600 Crores number move over the next two quarters?

Niraj Gautam: I will answer first related to P&L then the operating cash flow and then the debt, three things you have asked. During the quarter, as I mentioned in my opening remarks, we have handed over only 481 units and therefore the gross profit which came to P&L is only related to these 481 units. However, as against to this we have sales and marketing costs for the quarter as well and the overhead has been charged to this gross profit and thereby there is a loss for the quarter. However, for the second-half year for the period we are targeting to handover about 2500 units and then corresponding gross profit will come to the P&L and we are expecting if the sales and marketing expenses and as well as the G&A will kind of maintain the trend and then the outcome will be positive. We are not giving any guidance. We are not quantifying the number. However, in a broader math against 481 kind of delivery, this kind of number we are reporting and next H2 I am going to deliver or targeting to deliver 2500 units and thereby the fixed cost remains the same, the outcome will be different as far as the P&L is concerned. As far as cash flow is concerned as it is evident from the slide number 26 of our presentation we have been posting the operating surplus for last few years by now if you look at operating inflow also consistently we are increasing for half yearly basis we have collected 1756 Crores that was our inflow and this by doing the sales of about 2725 Crores for the half year period and the operating activity and if this trend continues, the cash flow and operating inflow will grow further, commensurate with the number of sales growth will happen in the next six months as well as the construction activity and the delivery happens during the second-half of the period. So commensurate operating inflow will increase for the next half year of the period. Coming to the third question which you asked about the debt, my gross debt was 2616

Crores. However, as against first time my net debt was less than 2000 Crores. My net debt at the end of the quarter was 1992 Crores only. This is because we have cash and cash equivalent lying in my bank account is about 624 Crores. This cash and cash equivalent is lying in different project RERA account and other accounts which due to certain RERA regulation and debt related requirement the money is available however I am not repaying or not using it but the overall liquidity is there in the business. Coming to the debt level is concerned about 700 odd Crores is slated by the end of the next year that repayment will automatically happen due to the schedule plus by SI also some reduction will happen. However, as we mentioned that we are on a growth trajectory, and we will be acquiring land parcel and thereby there will be some increase in debt as well as the drawdown of the construction finance. However, our endeavor will be maintaining the debt as of this level, at least by the end of this financial year.

Samar Sarda: Thanks and something about the launches like last year also we had a big guidance on launches. Most of your launches in this year again are skewed in the second half. What is the likelihood that the 13 odd million square feet which is planned in the second half might be spilled over to the next year and which are the really big launches which are slated during this year like which could give impetus to the sales further from the 1600 Crores already done in the quarter.

Abhishek Kapoor: Samar Abhishek here, hi. If you see the slide which is slide 20 on the launch pipeline, we have kind of given an indication of what the timelines are looking like or most of these projects are in very advanced stages of either RERA and submitted for RERA and awaiting approval in RERA or in advanced stages of approval. So we are expecting that almost all these are about total of 15 odd projects and out of the 15 projects, at least 12 to 13 projects definitely will go to the market by March. That is the target that we are definitely working towards it. Having said that, the point you made on what can be expected in terms of sales trajectory given the fact that we have all of the earlier launches have gone into sustenance and the new launches add to the impetus of sales. We expect that this momentum will continue in the coming two quarters at the second half of the year and largely on account of approvals is where it is. And from the beginning we have been saying that in the third and the fourth quarter we do a lot more launches. So I think we are pretty much on track as far as the launches are concerned and obviously we are working on other assets as well for the next financial year.

Samar Sarda: Great all the best for the second half as well.

Moderator: We have the next question from the line of Samar Sapre from Wealth Tree Advisors. Please go ahead.

Samar Sapre: Good evening Sir and congratulations on your good set of numbers. Sir just with regards to our debt, I believe we are having some 2000 Crores on books and if you can just share how would be the trajectory going forward and especially seeing that we have a good collections and sales, would you see that this would be sustaining it for next couple of years seeing that real estate market is not very strong footing.

Abhishek Kapoor: So let me just break this down for you on an overall debt basis. If you see this is slide 31 of the debt composition, our residential debt continues to come down. There is obviously some addition of land that has happened and capex towards commercial development has increased the debt. However, with the cash and cash equivalent we have been on an overall basis, on a net debt basis, the number has come down to 1992 Crores. There is another slide we have which is slide 32. If you look at our trend of debt per square foot and I keep going back to this number continues to come down from about Rs.2077 a square foot down to about Rs. 886 a square foot on per square foot area under development. Why I keep pointing this out is because I think that is relative to the quantum of business that you do. Our business clearly has shown 100% growth this year in the first half of the year and therefore we are continuing to see this debt level come down. Our intent and goal is to keep the debt level in and above the current absolute number and not increase it substantially while we go into the acquisition and these new launches and the liquidity that is further coming into the system along with the schedule repayment as Neeraj mentioned is to the extent of about 700 Crores if I am not wrong in next 12 months. About 700 Crores in next 12 months but having said that we will obviously not hold back from acquisition, and you will start hearing a lot more about the new acquisitions that we are looking at going forward. So therefore, the way we are seeing it, we will try and keep it at similar levels, but increase the volume of business that we do and continue to reduce our debt per square foot by launching more and more projects and hence creating a lot more surplus available from coverage servicing and liquidity perspective.

Samar Sapre: Okay that was helpful and one last question with regards to realization, I believe we are now close to 8000 per square foot in residential division vertical. So how would the gross margins behave in this segment, and would that be sustainable seeing your new launches coming ahead?

Abhishek Kapoor: Sure. So I will break this again into two parts. What is ongoing currently, where we see current ongoing and new launches coming in. I think our average realization because of a large number of launches, especially coming in Provident, will hover around a similar number and also Purva Land, so on an average realization you may see in fact slight dip because the mix of product will be different in coming two quarters having said that, our new acquisition strategy that is currently from the land point of view especially adding west as a significant contributor in the next financial year both in terms of new launches and acquisitions that we are doing other than what we are already working on in South should take up our average realization over the next one year's time as we do those launches. So to answer that question, I think on the longer-term trajectory, you will see our average realization continue to go up while the volumes go up specifically on account of addition of projects in Mumbai, Pune and also other projects in Puravankara. Having said that, having added Purva Land and Provident where the realizations, Purva Land the realizations maybe as low as 3500, which drags down my average realization, but gives me the volume and the margins. So if you look at the margin level, I think to answer that question, our EBITDA levels will continue to remain on an average hovering around 30% and above and while the average realization in this coming couple of quarters might slightly drop our average realization will continue to go up in the longer term.

Samar Sapre: I will be joining back in the queue again if needed. This was with regard to the current quarter, how much of the portion is attributed to the new launches of the sales.

Abhishek Kapoor: Of the total new launches would be to the extent of if I am not wrong to the extent of about 600 Crores, I am not wrong in the number about 1000 Crores should come from sustenance projects but I will confirm that number to you. I am just giving from back of the envelope calculation, but we will just confirm the number.

Samar Sapre: So that run rate, would be maintained for the current quarters in the launches coming ahead in H2 also.

Abhishek Kapoor: We do not give forward-looking statements.

Samar Sapre: Roughly ballpark. I do not want an exact one.

Abhishek Kapoor: It all depends on the launches that hit the market and the timing of those launches. So I think we will wait and watch, but our expectation is that we will continue the trajectory.

Niraj Gautam: We are targeting the launches. We have already reported in our investor presentation.

Samar Sapre: Sure Sir. Thank you so much for answering all the questions in detail. If needed, I would be back in the queue.

Moderator: Thank you. Ladies and gentlemen, that is the end of the results call. I would now like to hand the conference over to the management for closing comments. Over to you, Sir.

Abhishek Kapoor: I will just add it is about 570 Crores from new launches out of 1600. So, my number was off by about 30 Crores.

Niraj Gautam: Thank you for joining our earning call today. Thank you very much once again and wishing you all a very Happy Diwali and I and my colleagues are available for any query, any question you have, you can write to us, and we will respond back to you. Thank you very much.

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