

To,  
BSE Limited  
Corporate Relationship Department  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001

Date: 30.06.2021

Scrip Code-523329

**Subject: Transcript of Earnings Conference Call on Financial Results for the Quarter and Financial Year ended March 31, 2021**

Dear Sir/Madam,

This is with reference to the intimation dated June 22, 2021 made by the Company about the Earnings Conference Call scheduled for Friday, June 25, 2021 at 3:00 PM 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](http://www.eldecogroup.com)

You are requested to take the above information on record.

Thanking you.  
For Eldeco Housing and Industries Limited

For Eldeco Housing & Industries Limited

  
Company Secretary

Chandni Vij  
Company Secretary  
Mem No. : A46897

**Eldeco Housing & Industries Ltd.**



“Eldeco Housing and Industries Limited Q4 FY ’21  
Earnings Conference Call”

**June 25, 2021**



**MANAGEMENT: MR. PANKAJ BAJAJ – CMD, ELDECO HOUSING AND  
INDUSTRIES LIMITED  
MR. ANIL KUMAR DHANDA – GROUP CFO, ELDECO  
HOUSING AND INDUSTRIES LIMITED**

**Moderator:** Ladies and Gentlemen, Good Day and Welcome to the Eldeco Housing and Industries Limited Q4 FY '21 Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Lokesh Pareek from Christensen Advisory. Thank you and over to you, Mr. Pareek.

**Lokesh Pareek:** Thank you Janis. Good afternoon to all the participants on this call. Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our business risks that could cause future result performance or achievements to differ significantly from what it expects or implied by such forward-looking statements.

To take us through the results and answer your questions today, we have the senior Management of Eldeco Housing and Industries represented by Mr. Pankaj Bajaj, CMD, and Mr. Anil Kumar Dhanda, Group CFO. We will start the call with a brief overview of the past quarter by Mr. Bajaj followed by a Q&A session. We would appreciate your cooperation in restricting yourself to three questions to allow other participants the opportunity to interact.

I now hand over the call to Mr. Pankaj Bajaj. Over to you, Sir.

**Pankaj Bajaj:** Good Afternoon everyone, I Welcome all the participants to Eldeco Housing and Industries Limited Q4 FY '21 Earnings Call. I hope all of you are healthy and safe with your family. First, let me give you a brief overview of the on-ground situation of real estate business in our area. After witnessing a strong demand for residential real estate post first wave of COVID-19, the sector recovered strongly from COVID-led downturn in the previous quarters. Lucknow real estate witnessed one of the best periods in real estate demand in terms of sales and enquiries and Q3 and Q4 of FY '21, and monthly unit sales crossed pre-COVID level in this period. The demand was mainly led by end user. The trend is also supported by increasing demand for houses due to work from home, upgrade to bigger and better houses, and low rates of interest on home loans, however, the second wave has slowed down the momentum in the current quarter due to the lockdown-led restrictions which started in April '21. We have been trying to run the show with digital reach to prospective buyers and customers. Execution was less impacted during the second wave compared to the

first wave as labor migration was significantly lower this time. We continue with our execution in a controlled manner by following COVID guidelines and social distancing measures. Post opening of the second lockdown, we observe that the revival is not as swift as it was after the first lockdown.

Now, I would like to move onto our recent financial and operating performance:

Following the growth momentum of Q2 and Q3, we have registered operating revenues of Rs. 40 crores, a growth of 14% year-on-year in Q4 FY '21. The EBITDA for the quarter stood at Rs. 20 crores, which is a growth of 14% year-on-year and EBITDA margins stood at 15% during the quarter. Consolidated net profit during the quarter was Rs. 14 crores registering a growth of 15% year-on-year. On full-year basis, the company generated a revenue of 159 crores in FY '21 registering a growth of 24% year-on-year. EBITDA was Rs. 75 crores registering a growth of 38% year-on-year with EBITDA margin of 47%, which was an improvement of 466 basis points. Net profit for the year stood at Rs. 54 crores registering a growth of 38% year-on-year. This year also with prudent capital allocation and focus on timely execution, we have been able to maintain a strong balance sheet with no long-term debt from banks or financial institutions.

As on March 31, 2021, our net worth was Rs. 265 crores with cash and cash equivalent or Rs. 145 crores. The company has received RERA approval for some projects Shaurya Arcade, Regalia Arcade, City Plaza and Saksham. Importantly, we have also received approvals for our Imperia project, and we should be launching it soon. Ten of our ongoing projects with a saleable area of approximately 4 lakh square feet will see completion in the next two years. Six projects of varying sizes are in launch stage, so we have reasonable revenue visibility for the coming years. With our strong reserves, we are also looking for additional suitable opportunities. We can now open the floor for Q&A.

**Moderator:** Thank you very much. Ladies and Gentlemen, we will now begin the question-and-answer session. The first question is from the line of Agastya Dave from CAO Capital. Please go ahead.

**Agastya Dave:** Sir, I hope everyone is safe at your end, Lucknow was very affected from Covid, what I understand. I have few bookkeeping questions and then one or two general questions, Sir what was the area constructed this year?

**Pankaj Bajaj:** We do not actually calculate area constructed, but we have shared in our investor presentation the amount spent on construction.

- Agastya Dave:** Sir, the inventory that we are showing today on the balance sheet as of March 31<sup>st</sup>, how long will that take to liquidate and you just mentioned in the opening statement that your 4 lakh square feet coming over the next two years, this is the saleable area or what exactly is this number?
- Pankaj Bajaj:** The first question our ready to inventory should take a year-and-a-half to liquidate. The ready to move inventory usually goes fast but if it is the last 5% of our project, it sometimes takes longer, so I expect to get liquidated in a year-and-a-half.
- Agastya Dave:** Sir, you mentioned in the opening statement about 4 lakh square feet over the next two years, what exactly is that number?
- Pankaj Bajaj:** We have some miscellaneous small projects, which are getting completed in the next year-and-a-half or two years that is what I mentioned and those aggregate above 4 lakh square feet of saleable area.
- Agastya Dave:** Sir, also on the balance sheet, you have a number, 42.68 crores as loans, so what exactly is the nature of it, I understand this may be business related, what exactly is this Sir, can you specify that?
- Pankaj Bajaj:** Most of this is mainly the investment in the Bareilly project, which is structured as a loan and rest of it is given as loan to Eldeco Housing's subsidiaries.
- Agastya Dave:** So basically, the increase from last year's number is because of the Bareilly project, that was my question?
- Pankaj Bajaj:** That is right.
- Agastya Dave:** Sir, in the presentation you have mentioned that the Bareilly area is 389,000 square feet and you have a 40% stake, so this is 40% of the total amount and this is hence your number, or this is the total number, and we have to take 40% of this?
- Pankaj Bajaj:** We have to take 40% of that.
- Agastya Dave:** So, we have to take 40% of 389K?
- Pankaj Bajaj:** Yeah, that is right.
- Agastya Dave:** Sir, from whatever channel checks that I have run in Lucknow, the prices have inched up, I have last month's numbers, but till Feb the prices have inched up and wherever I try to find out, the prices had moved above 4000 square feet at least, so

could you confirm that, have you seen price appreciation in the region you operate in?

**Pankaj Bajaj:** Your perception and your information is right, prices have increased and not only Lucknow, they are increasing all over the country in real estate but whether it is above 4000 or below 4000 that depends on the location within the city, so there are locations within the city where it is above 4000, but there are others which are less than 4000 at above 2500 or 3000, but generally speaking, yes, prices have gone up post the pandemic by about 10% or 15%.

**Moderator:** Thank you. The next question is from the line of Vihan Gupta from Guardian Advisors. Please go ahead.

**Vihan Gupta:** Good Afternoon everyone, my congratulations to the whole Eldeco team for spectacular results and more than expected dividend, my question is I just wanted to have an update on Bareilly project as to how it is going and is it as per expectation as what it was when it was conceived?

**Pankaj Bajaj:** It is going fantastic, and it is exceeding our expectations, we launched it at about Rs. 1800 or Rs. 2000 a square foot and today's prices are Rs. 2700 a square foot or may be a little even higher and that is within a year, so that is 40% appreciation within a year, and we still have substantial inventory to liquidate so that goes straight to the bottom line. The work on site has been stop and start unfortunately in the last one year for understandable reasons, but we are fully utilized and hopefully, we should be able to make up for the lost time.

**Vihan Gupta:** Can we have a sense of as to what percentage of inventory is still left in the Bareilly project?

**Pankaj Bajaj:** I think it is there in the presentation, out of total sellable area of 8,73,000 square feet, we have booked 4,84,000, so that makes it about 60 odd percent is booked and 40% is left.

**Vihan Gupta:** I just wanted to know if we can expect that company would be looking at similar projects in different vicinities on the same model or the same type?

**Pankaj Bajaj:** Absolutely, because I think one of the questions I am expecting today is it may come every time is about the growth of the company and Lucknow, we have not been able to tie-up project for substantial nature in the last year to year-and-a-half for various reasons, so we did Bareilly as a pilot project, it does work very well, so it makes sense to replicate that in other cities.

- Moderator:** Thank you. The next question is from the line of Milan Shah from NRI Shareholder. Please go ahead.
- Milan Shah:** Good Afternoon Mr. Bajaj thank you for this opportunity, so my question is regarding the business model, as I understand that the listed company Eldeco Housing restrict itself to operations in Lucknow only and the rest of North India is covered by another unlisted company, so what is the stake of the listed company in this unlisted company?
- Pankaj Bajaj:** The listed company does not have any stake in the unlisted company.
- Milan Shah:** So, then Mr. Bajaj is it not unfair and prejudicial to the shareholders that you have two companies in the same business one of which is listed and the others being unlisted?
- Pankaj Bajaj:** It is neither unfair nor prejudicial, it is transparent, it has been transparent from day one. Operations of Eldeco are with the unlisted company expect for territory of 100 kilometers in and around of Lucknow that is where the listed company holds the license to do the business and that is not something which is hidden, it has been there for 20 years and that is what all the shareholders know about it. The only thing is that because Lucknow we have been trying to grow that company and we were not able to tie up projects, so we opened a non-Lucknow market on a pilot basis, Vihan just asked me that question that project has done well, so we are planning to now open up other non-Lucknow markets for the listed company.
- Milan Shah:** Exactly I know that it has been around for a long time, but you can see that it is illogical right, for example, if it is Maruti or Hindustan Unilever and they say that all our sales is only in Lucknow is going to be booked in the listed and the rest of India in the unlisted, as a minority shareholder we would not accept it?
- Pankaj Bajaj:** It is not prejudicial because it is transparent, there is transparency that the listed company works only in Lucknow, it does not have license to go outside, it is a recorded fact, it is not that there is cherry picking going on and the listed company takes the good projects and the unlisted company takes the bad projects, all projects in Lucknow good or bad go to the listed company and rest of the territory is with the unlisted company, but we are reviewing that and opening that we did that last year with the Bareilly project it has done well and I have already answered that we plan to replicate that model.

**Milan Shah:** My only request is that it is an excellent management, and we would just request that you look at this closely and you give opportunities for the entire group to have better valuation.

**Pankaj Bajaj:** Your suggestion is acknowledged, I only would like to reiterate that we believe in governance and transparency and the fact that the listed company is restricted to Lucknow is a transparent fact, it is not something which is hidden, but we are planning to review that.

**Moderator:** Thank you. The next question is from the line of V. P. Rajesh from Banyan Capital. Please go ahead.

**V. P. Rajesh:** Thanks for the opportunity, my first question is when you say we are looking to expand the listed company in other geographic areas, could you mention what cities or what States?

**Pankaj Bajaj:** It is a little early, we will look at because we are very conscious of our responsibility towards the listed company. It will be projects which give it a decent return and some margin of safety, so we will accordingly but mostly it will be projects in UP to begin with.

**V. P. Rajesh:** Could you just share what is the size of the unlisted company compared to the listed company and any plans to merge that into the listed entity?

**Pankaj Bajaj:** It will be unfair for me to speculate as to what the valuation of the unlisted company would be I would not know, but it is much bigger than the listed company?

**V. P. Rajesh:** Maybe revenue wise or area or something of that sort?

**Pankaj Bajaj:** It is much bigger.

**V. P. Rajesh:** No plans to merge that into the listed entity anytime soon?

**Pankaj Bajaj:** It is not that the proposal has not gone to the Board because we do think about it, the suggestions do come, but there are regulatory hurdles we have been told so our consultants keep working on. One of the primary regulatory hurdles is stamp duty. When companies with substantial immovable assets merge, local authorities tend to view them as a transfer of immovable property by the backdoor and tend to raise a demand of stamp duty which obviously for our business turn out to be prohibitive, so there are a few court cases going on I think the matter is pending in the Supreme Court, so that is one issue. The other issue is you need to take approvals from various



licensing authorities, but if those hurdles are overcome it would be something which will be looked at but right now those issues are grey areas, it is something in the back of our mind, but I would not say that something is actively on the table.

**V. P. Rajesh:** I was saying that in Bareilly you said the prices went up by 40% in the last 12 months, so I was trying to understand whether it was specific to our project or that was the citywide or town wide phenomenon?

**Pankaj Bajaj:** Three things happened let me say, one, the market generally real estate prices have gone up by about 10%-15% that is point number one but that is much less than our 40% increase that we witnessed. Second thing which we find is that respected brand names, credible brand names are getting a premium over rest of the market, so that probably added another 10%-15% to that price appreciation, so like got that appreciation. The third thing which happened in the project was that the initial prices were the launch prices and if it is a good product at a good location, we generally leave something on the table for the first few set of home buyers and then the prices increase, so there is always a difference in the price a year later after launch and that price difference tends to be in the region of 10% to 15%, so all three put together added up to about 40%.

**Moderator:** Thank you. The next question is from the line of Ankur Gupta from Pace Financial. Please go ahead.

**Ankur Gupta:** Good Afternoon to team Eldeco, so I would really say that I have been always happy to be an investor into the Eldeco, but I have a small request because I have seen when we are talking to our friends in close circles because of the liquidity in the stock many investors are not interested, so is there a probability that any options which we have looked on for splitting the stock?

**Pankaj Bajaj:** Not yet I thought splitting a stock does no value accretion to the shareholders, but if liquidity is an issue, we will review it, I acknowledge your request. I do not know how it adds shareholder value but we will look at it maybe at something to the liquidity so we will look at it.

**Ankur Gupta:** Even I agree, so it is not about shareholder's value, it is about liquidity. Many investors only see the liquidity and so they do not invest, but we have seen you growing from one place to other place, so we know the value, but that is the only thing which I wanted to ask.

**Pankaj Bajaj:** Thank you Ankur.

**Moderator:** Thank you. The next question is from the line of Agastya Dave from CAO Capital. Please go ahead.

**Agastya Dave:** Thank you for allowing this follow up Sir. Pankajji you have been very conservative over the last few years and I understand the market was very, very bad and depressed all over India and real estate was going through its own pains, but now a lot of real estate companies which have survived all the crisis times are becoming more and more aggressive in their commentary and they are talking about larger numbers and bigger growth, Sir some of your points have changed in this, is there any chance that you will change your strategy or how are you thinking about the environment now?

**Pankaj Bajaj:** Our strategy remains the same, to say that we were conservative earlier and we will be aggressive now I do not think that is correct, we will always look at a possible opportunity on its merit. If we feel that the numbers are stacking up, if there is enough margin of safety, we will go for the project and in the last three-four years as it happened, we felt that there was not enough margin of safety. We had our issues on the kind of sales velocity which will come in and in hindsight we are looking very intelligent and conservative, but it was a good thing to have done, so it worked for us, but we will be using the same filters going forward, but I do expect that using the same filters going forward because the market is so much better a lot more projects will qualify and we will be taking a number of projects is my expectations, but by and large our attitude and our strategy will be the same.

**Agastya Dave:** That is very reassuring Sir, second question is in terms of growth, now for the first time the year in inventory that we are carrying on our balance sheet is lower than if I assume a little growth for next year on revenues, we are basically matching. There our revenue numbers were always significantly less than the inventory we were carrying, so is there a chance that next year growth will not be that significant or do you think you can catch up?

**Pankaj Bajaj:** I think there is a fair chance that the numbers will remain flat next year because even if we take new projects it is quite, I do not expect them to hit our revenue realization within 12 months of getting added, so it will remain flat per year but we have significant powder for growth on our balance sheet as you would have noticed and we are looking at projects actively. We are also probably opening up new markets for the company, so we see an extended period of long growth for the company but maybe not the numbers will remain flat in next year.

**Agastya Dave:** Sir, one question from your past, a project that you guys were working on which was the Sultanpur road project, it was a large project from what I understand, and nothing

materialized, so were there any problems is that on the backburner and you can start working on it again, what exactly happened Sir and what is the future for that project?

**Pankaj Bajaj:**

There were failures on two fronts on that project, one we could not assemble the land in contiguous manner though we had managed to assemble lot of land, but it was in pockets, and we could not get contiguity. Second, a grey area emerged on the approval's front with the local development authority. If you want, I can give you details of that, but suffice to say we were not sure and what time frame the approvals will come. Looking at the situation, we thought it is best to exit from the project. We found another developer who was willing to step into our shoes, so we transferred the subsidiaries to them and that is getting reflected. Sales consideration has already come into the company, and basically, we have exited that project, that project is no longer there, it did not work out.

**Agastya Dave:**

Sir, inflation has picked up across the board, cement prices are up, and steel prices are up, so how are we geared up to deal with this challenge?

**Pankaj Bajaj:**

I think it is fair to say and it is sometime beyond our control we see that commodity prices has gone up across the board and even if it is cyclical we do not think it is going to come down substantially, so be that as it may, the costs have increased and I think the market will also, the real estate prices have been stagnant for eight years, so that is also due for an upward correction, they would also correct in tandem we feel so we have already told, an example is Bareilly. We launched at a certain price, but we felt that the market is willing to expect it even at 40% higher price and this is something that we would have to fight along, it is not that it is Eldeco's burden to bear to pass on the prices, the entire market, the entire real estate industry will have to pass on this burden. It will be for everybody, and I think that there will be cost inflation on the real estate development side. I think our margins will remain intact, it would have been a worry if we had sold most of our inventory and had to yet build it then we would have been, but fortunately for us that is not the situation.

**Agastya Dave:**

Pankaj just one last thing I have a small complaint, I put in a request for a conference call sometime three months back and I did not receive any reply from the company, I hope you can look into it and we should be slightly more proactive in having con calls at least with funds and institutions, that is it from my side, it is just a small feedback, not a major complaint but still Sir I just wanted to flag it to you.

**Pankaj Bajaj:**

We will look into it and get back to you.

**Agastya Dave:** Sir, no need to apologize, I understand the situation is also very tough with the pandemic and all that, so I understand it, but we should be slightly more proactive. I will put another request for a con call, I hope we can touch base soon, thank you very much Sir, amazing work you are doing and good luck for the next year.

**Pankaj Bajaj:** Thank you.

**Moderator:** Thank you. We take the next question from the line of Prateek Matre, Individual Investor. Please go ahead.

**Prateek Matre:** Thank you, Sir before we close, I had few questions I just wanted to get your take on future visibility for the real estate market in the markets mostly that you are operating in and around and especially in Lucknow? My second question would be related to the COVID restrictions, so how has our execution been impacted and what is the kind of delay that we are seeing and is there anything of concern that we should know, so if you were to throw some light on that, that would be helpful?

**Pankaj Bajaj:** I will take the second question first; construction sites are minimally impacted as far as lockdowns are concerned. It is one of the first activity which was opened in an unlock process, because construction process is socially distanced activity, but it does get affected because of supply chain disruptions. Second time around the supply chain disruptions was not that bad, the movement of material etc. across State borders were allowed so we seem to be learning this lock and unlock process, hopefully whenever if there is another lockdown the impact would be less, but it does affect, a lockdown does affect us from the sale side because customers are not able to visit the site and real estate is a touch and feel thing, house is definitely a touch and feel thing, so if people are not able to visit, they are not able to make up their mind and if they are not able to make up their mind, sale will get postponed, but they are not lost they get postponed, so to that extent it does affect. The first question is a very large question, what do you think of real estate, we obviously think everybody seems to agreed that it is a great time in the long run that was never in doubt for so many reasons, young population, urbanization, low penetration, low interest rates, I think the question always is in the short run and in the last seven-eight years, the short run has been kind of flat or bleak, but for the first time everybody agrees that even the short run seems to be great and I tend to agree with them, the real estate market is cyclical and has been due for an upward correction for a long time and all the stars are aligned for that, so everything is working out. We think it is going to be a period of at least five years of sustained growth for us and most of the other players in the market.

**Moderator:** Thank you. Ladies and Gentlemen, that was the last question. I would now like to hand the conference back to the Management for their closing comments.

**Pankaj Bajaj:** Thank you everybody, thank you for your interest and I hope we will keep living up to your expectations. We have taken your points, we will work on them, and see you in three months. Thank you.

**Moderator:** Thank you very much. On behalf of Eldeco Housing and Industries Limited, that concludes this conference. Thank you all for joining and you may now disconnect your lines.

**Eldeco Housing & Industries Ltd.**  
Regd. & Corp. Off.: Eldeco Corporate Chamber-1, 2nd Floor, Vibhuti Khand (Opp. Mandi Parishad),  
Gomti Nagar, Lucknow-226010  
Tel: 0522-4039999, Fax: 4039900, E-mail: [eldeco@eldecousing.co.in](mailto:eldeco@eldecousing.co.in), Website: [www.eldecogroup.com](http://www.eldecogroup.com)  
CIN: L45202UP1985PLC099376