

Rustomjee®

Date: May 18, 2024

The Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 Script Code: 543669	National Stock Exchange of India Limited 5 th Floor, Exchange Plaza, Bandra Kurla Complex Bandra (East) Mumbai-400051 Script Code: RUSTOMJEE
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Sub: Q4 FY24 - Earnings call Transcript

Dear Sir/ Madam,

We are enclosing herewith a copy of the transcript of the Company's earnings conference call held on May 15, 2024 on Audited Financial (Standalone and Consolidated) Results of the Company for the quarter and year ended March 31, 2024.

The transcript is also being uploaded on the Company's website at www.rustomjee.com.

Kindly take the same on record.

Thanking You.

Yours faithfully,

For Keystone Realtors Limited

Bimal K Nanda
Company Secretary & Compliance Officer
Membership No A11578

Encl.: As above

KEYSTONE REALTORS LIMITED

Rustomjee®

“Keystone Realtors Limited
Q4 FY’24 Earnings Conference Call”
May 15, 2024

Rustomjee®



MANAGEMENT: **MR. BOMAN IRANI – CHAIRMAN AND MANAGING DIRECTOR – KEYSTONE REALTORS LIMITED**
MR. CHANDRESH MEHTA – EXECUTIVE DIRECTOR – KEYSTONE REALTORS LIMITED
MR. PERCY CHOWDHRY – EXECUTIVE DIRECTOR – KEYSTONE REALTORS LIMITED
MR. SAJAL GUPTA – GROUP CHIEF FINANCIAL OFFICER – KEYSTONE REALTORS LIMITED

MODERATOR: **MR. ASHUTOSH MITTAL – AXIS CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Keystone Realty Limited Q4 FY24 Earnings Conference Call hosted by Axis Capital Limited. 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 star, then zero on your touch-tone phone. Please note that this conference is being recorded.

And I'll hand the conference over to Mr. Ashutosh Mittal. Thank you and over to you, sir.

Ashutosh Mittal: Thank you, Neha. Good evening, everyone. We have the senior management from Rustomjee Group for the conference call, led by Mr. Boman Irani, the Chairman, and Managing Director; Executive Directors, Percy Chowdhry and Chandresh Mehta, and Sajal Gupta, the Group's Chief Financial Officer. I now hand over the call to the management for the initial comments. Thank you.

Boman Irani: Good evening, everyone and welcome to our Q4 Financial Year '24 Earnings Conference Call. I'm Boman Irani, Chairman and Managing Director of Keystone Realtors Limited and I express my heartfelt gratitude to everyone joining us on this call today.

It is a great pleasure that I announce the achievements of our company for this quarter and the full financial year FY24. In FY24, Rustomjee Group accomplished an exceptional performance, recording pre-sales of INR2,266 crores, which is a remarkable growth of over 41% year-on-year, well ahead of our guidance of 25%. Going forward, we anticipate a continued upward trajectory in pre-sales, driven by a strong pipeline of launches and the unwavering trust of our customers.

Beyond mere figures, our dedication to excellence permeates every aspect of our operations. Coming to the quarter-specific performance, we have accomplished an impressive pre-sales figure of INR843 crores for the Q4 of FY24. This represents a 37% quarter-on-quarter growth.

Collections were strong at INR670 crores in Q4, representing a 48% quarter-on-quarter growth, and it stood at INR2,203 crores for the entire financial year '24, showing a growth of 18% year-on-year. In our township, Urbania, we sold 139 units with a pre-sales value of INR191 crores during the Q4, and 585 units with a pre-sales of INR780 crores in the entire financial year 24. In addition, 550-plus possessions were handed over during the fiscal year.

During the current financial year, we have launched six development projects with a saleable area of 1.68 million square feet to cater to the preferences of our diverse clientele across various categories. I am happy to state we have surpassed our guidance of one launch every quarter. I would like to mention that we plan to further accelerate the pace of our launches in FY25.

Further, the addition of five new developments during Q4 with an estimated saleable area of 1.9 million square feet has taken our full-year additions to 10 new developments with an estimated saleable area of 4.1 million square feet. This exemplifies our strategic focus on expanding our presence into promising micromarkets. In line with our strategy, a majority of our developments are in the aspirational and mid-mass segments, reflecting our sustained focus on these promising and high-growth segments.

It will be worthy to note that we have added 15 new developments in the last two financial years, out of which 12 are redevelopments, which further solidify our position as leaders in the redevelopment space.

The overwhelming response and inquiries from societies intending to undergo redevelopment promises a continuous expansion of our portfolio in the foreseeable future. In the ever-evolving landscape of the redevelopment market in MMR, especially Mumbai, our company has maintained its stronghold through a distinctive asset-light approach.

Our 28 years of experience have brought us as a front-runner, as we are possessing a competitive advantage in this region, especially in the redevelopment space. As we navigate this segment, our focus remains on enhancing operational efficiency and consistently delivering unparalleled value to our customers. The trust of our customers is a driving force and we are directed to not only meeting, but surpassing their expectations as we continue to lead in the redevelopment of Mumbai.

In terms of completion, we take pride in the successful delivery of 4.65 million square feet of construction area in FY 2024 across 12 buildings. This is the highest ever completion in any year for the company so far. Given our strong collections, the company has generated an OCF, an operating cash flow, of INR643 crores in FY 2024. This, as compared to the INR459 crores in FY 2023, shows a 40% year-on-year growth.

Our investment in new developments during this year has also been doubled to INR389 crores. With the increased spends on investment in these new developments, we continue to build a robust pipeline ready for launch. Moving to the consolidated key financial numbers, the revenue for FY 2024 stands at INR2,222 crores as compared to the INR686 crores in FY 2023, which signifies a multifold growth. The EBITDA and PAT for FY 2024 stood at INR163 crores and INR112 crores respectively.

EBITDA margins for FY 2024, net of the legacy projects, are 19%. PAT for FY 2024 has grown by 37%. It is with great pride I say that we were recognized by the Times of India for iconic real estate marketing innovation and campaign for our development to Rustomjee Seasons.

Our digital strategy changed to a full-funnel approach at top mid and bottom resulted in an increase of 60% in our walk-ins. With respect to the gross debt, it stands at INR765 crores and the gross debt-to-equity ratio is 0.43 is to 1 at the end of FY'24. This is well within our guidance of debt-equity ratio of 1 is to 1. The net debt stands at INR359 crores and the net debt-to-equity ratio stands at 0.2 is to 1 at the end of FY'24.

I close by saying that FY'24 has proven to be an eventful year for our company. It has been marked by notable achievements across all key performance parameters. Our performance metrics have surpassed the guidance in most of the parameters set by us. This positions our company at an inflection point, marking an era of significant growth.

I am delighted to announce our sustained and robust performance and we remain confident in our ability to deliver substantial value to our stakeholders, positioning ourselves as one of the

most sought-after real estate developers. I once again express gratitude to my team and all of you for your steadfast support and trust in Keystone Realtors Ltd.

With this, we can now open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Murtuza from Kotak Securities. Please go ahead.

Murtuza: Hi Boman. Hi Sajal. Just to understand on the margin pace, could you elaborate? You mentioned that the margins adjusted for certain legacy projects are about 19%. Two things, if you could just elaborate a little more on what the legacy projects are and when should we start seeing the effect of them completely go away so the reported margins reflect what your real underlying margins are?

Number two, is there are any other adjustments? I do see the interest cost piece which you've put as an asterisk, so that's the only other adjustment that we are doing. If you could help us understand? And generally what is the targeted margins that you look at when you look at new projects, ex of the legacy projects, so on that margin profile piece?

The second is, if you could identify, I missed it in Boman's opening remarks, but if you could give us a sense of what is the targeted launch pipeline sales trajectory, if you want to give any guidance on for the coming years, some of the companies, it appears that have given some sort of sales guidance?

Boman Irani: Hello, Murtuza. Thank you very much for those questions. Let me start off by saying that in the last earnings call also we had mentioned that this year we'll see the last of the legacy projects and those will be completed in FY'25. With regards to the rest of your questions, I'll let Sajal take them and he can run you through the numbers directly.

Sajal Gupta: So, Murtuza, some of the projects which have been completed in these years, especially the Crown, you know that Crown we have completed two towers, Tower A and Tower B. Tower A towards the start of this year and Tower B towards the end of this year in the last quarter. And all of that sales has got accounted for now.

As you know that this project was originally designed and envisaged to be a DM project. So per se, the margins were always supposed to be in the region of 10%, 12% to start with. And with a lot of changes happening, so this is one project which is having an impact on the margins trajectory for the year.

Similarly, we have one one more project which has got completed during the years and the sale has been accounted for. So ex of these projects are adjusted EBITDA which means that if I take the interest element completely out on the other projects, it's close to about 23%.

The second part of your question that is it the last basically year in which the effect of the legacy project is there. I guess that it will be one year more where this impact will be there because in Crown we have completed two towers. Some amount of sales have yet to take place on those two towers, but of course they are going to contribute to the margins. But we are going to have

a completion of the third tower towards the end of this financial year or in the next financial year.

So all of that sales will be coming, so that may still have an impact or a color on the lower margins in line with what I just stated in the Tower A and Tower B. Beyond that, we do not have any other legacy project which may have an impact on the margins going forward.

Regarding your questions that ex of these projects that how the margin trajectory looks like, we work on the gross margins of 35%. When we say 35%, it is a basket of projects that we are speaking on the gross margins. Of course, on the premium, super premium, the margins are better than the average margins. And on the aspirational -- not aspirational, on the mid-mass and affordable, it is on the lower end basically.

But on the whole, it is about 35%. About 10% is the soft cost that brings the EBITDA margins to about 25%. About 4% to 5% is the interest burden, which takes the profit before tax at about 20%. So going forward, the PBT, ex of the impact to the account that I said basically the last tower is yet to complete, we can expect the PBT to be in the region of 20%.

Murtuza: And any guidance on the quantum of launches or sales that you are targeting for FY'25?

Sajal Gupta: So I think Boman has mentioned in his opening remarks that we are preparing ourselves to enhance the pace of the launches much beyond what we have done in the last year. Of course, in the last year also, we have done better than the guidance. We have given a guidance of one launch one quarter per quarter and as against that, we have done six launches with a total estimated value at around INR3,000 crores of those launches.

In the coming year, we feel that we will be able to do much better than that because the amount of business development work that we have done over the last two years, that is in FY'23 and FY'24, in total we have added 15 projects. The total area which has been added in this 15 projects is close to about 5.5 million square feet. The expected realization from these projects was close to about, it should be basically ahead of INR12,000 crores, INR13,000 crores.

In terms of business development, this year there is a three-fold increase. Last year, we added 1.4 million square feet, five projects. This year, we have added 10 projects with a 4.1 million square feet. A good amount of work has gone into these projects as you know that there is some gestation between the project additions to the project launch which is roughly about 12-15 months depending on the complexity of projects. So, all of these projects and our pipeline earlier enables us to increase the pace of launches in the FY '25. We feel that we should be launching more close to about two projects every quarter.

So, that is going to give us the enhanced ability in terms of adding the sales. The expected launch during the next year is in addition to 3 million square feet and we will increase the pace from one project per quarter to about two projects per quarter. That is what we are looking at.

Murtuza: Thank you, sir.

Moderator: Thank you. The next question is from the line of Krish from Anand Rathi. Please go ahead.

- Krish:** Hi, good evening. There is one question from my side. Just wanted to know how each segments are doing especially in the mid and mass segment?
- Sajal Gupta:** So, mid and mass segment out of the 10 projects, we have 7 projects, we have added seven projects in mid and mass segment in line with our strategy to increase our presence into the segment. 87% of the total area added is into the mid and mass segment. So, this all continues in line with our strategy that we have been focusing upon ever since we have gone public and that is what we have been spelling out as our strategy. So, that is the kind of presence that we are building into the mid-mass operational segment.
- Krish:** Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Ritwik Sheth from One-Up Financial. Please go ahead.
- Ritwik Sheth:** So, a few questions from my end. Sir, firstly, you mentioned that OCF in FY '24 was INR643 crores in FY '24. Did I hear it right?
- Sajal Gupta:** Yes. Yes, Ritwik. Thank you for asking this. Yes, you have heard it absolutely right. It is INR643 crores as against the INR458 crores in FY '23.
- Ritwik Sheth:** Right. Okay. And would it be possible to share what is the interest outflow for Q4 FY '24 and the pre-interest OCF for Q4 FY '24?
- Sajal Gupta:** Yes. Just give me a second. So, the interest outflow for the quarter 4 is INR24 crores - INR25 crores rather. And the total interest outflow for the year is INR65 crores.
- Ritwik Sheth:** Sure. And what would be the OCF for Q4 FY '24?
- Sajal Gupta:** OCF for the Q4 is INR288 crores. And if I take out the interest, then it is INR264 crores.
- Ritwik Sheth:** Got it. Okay. And so, on the inventory left in Crown, the second question is on the Crown project. So, what is the inventory left in Crown for Tower C? Tower A and B, you mentioned that it is 50,000 square feet. So, Tower C, what is the inventory left in Crown? And what were the Crown sales in Q4 FY '24 and FY '24, if you can provide that as well?
- Sajal Gupta:** So, the total inventory left in the Crown is close to about 1,90,000 square feet, about 1,40,000, 1,50,000. So, give me a second - So, the total inventory left in the Crown is Tower C is 0.6 million square - total saleable area 0.2 million square feet, the 2 lakh square feet. The total inventory which is left to be sold in the Crown in Tower C is about 2 lakh square feet.
- Ritwik Sheth:** Okay. And 50,000 square feet in tower, first two towers, A and B, right?
- Sajal Gupta:** Yes.
- Ritwik Sheth:** Okay. So, the total inventory is 2 and a half lakh square feet in Crown project, cumulatively?
- Sajal Gupta:** Yes.

- Ritwik Sheth:** Yes. And what would be the sales in Q4?
- Sajal Gupta:** It is less than that. What is left basically into C, we have said basically is the 1,50,000, right? In the C, we have said 1,50,000 and 50,000, so about 2 lakh square feet, right?
- Ritwik Sheth:** Total is 2 lakh square feet. Sure. Okay. And so, what would the sales be in Q4 FY '24 and if you can help with that?
- Sajal Gupta:** Yes. So, just give me a second. So, the quarter 4 Crown sales is INR264 crores. And you asked that what is the full year sales?
- Ritwik Sheth:** Yes.
- Sajal Gupta:** The full year sales is INR466 crores.
- Ritwik Sheth:** Okay. So, bulk of the sales has happened in Q4 itself.
- Sajal Gupta:** Yes. You know that we have done more than INR850 crores in the quarter 4 and out of that INR850 crores, Crown has contributed about INR260 crores.
- Ritwik Sheth:** Right. So, what could be the reason for this bump up in sales and can we expect this trajectory to continue for FY '25 as well?
- Boman Irani:** Ritwik, just to answer that question, we have got the OCs of Tower A and B as late as November and I think February, if I am not mistaken, and that is what led to the bump up of the sales because people always wait for the OC to come. And now that we have got OC finished up, there is a lot more confidence in the project. People are coming and viewing all the amenities that have been completed. There are families that have moved in over there. All of this usually leads to a lot more confidence in the project. And of course, the word of mouth that comes are the people that are living out there also help in keeping a very high sales interest.
- Ritwik Sheth:** Right. So, could we look at this liquidation of the Crown in the next 2-3 years? Is that what we are aiming for?
- Boman Irani:** That is the target, Ritwik. We have a lot more walk-ins happening because of the fact like I mentioned to you that people have started living in those towers. So when people live there, there are some invites or invitees who come there.
- They look at what was being developed out there. We are hosting events for our new entrants into the building. All of this is leading to a lot more knowledge about the project amongst the people that would be our buyers.
- And we are seeing a lot more repeat customers that is encouraging us to believe that we should be able to liquidate all the inventory we have over there within the next year and a half or two.
- Ritwik Sheth:** That is great. So, my next question is on the launches and the business development. If we look at the business development as you mentioned the GDV in last 2 years is about INR12,000 crores to INR13,000 crores that we have amassed in these 15 projects. So, would it be fair to assume

that we would like to launch all these projects within next 24 months INR5,000 crores to INR6,000 crores per year of launches. Could that be a reasonable assumption?

Boman Irani: So, between acquisition of a project and launch it is roughly about 13 months like I have explained earlier as well, but not all projects get launched within the 13 months period because some of them have a higher gestation being larger projects. Add to this there is already an inventory that we have ongoing launches of projects that we have taken up and those will keep coming in the pipeline.

Ritwik Sheth: Sure. And just one final question from my end. On the business development front, we have spent quite a lot say INR390 crores in FY24? So, what could that trajectory be in FY25?

Sajal Gupta: That trajectory Ritwik is going to further accelerate because we are not going to only spend on the projects that we have added, but on the new projects as well. As I said that we have added 15 projects in the last 2 years whatever we have added in the FY23 most of them will be coming up for the launches in this year and some of the projects that we have added in the FY24 also some of those basically will come up for the launches in the FY25.

So, we will be spending our money in terms of our approvals, in terms of our rentals, corpus, stamp duty etc. So, the pace of spend on the new projects is going to only accelerate from what we have spent in the last year. Last year we have spent as you rightly said is about INR389 crores.

Ritwik Sheth: Sure. And just one last question sorry one clarification rather the INR643 crores of OCF it is for our share in net of all the JV, JDA?

Sajal Gupta: So look we have a different type of projects. We have projects where there is an area share like redevelopment projects it is 100% for our share. The other projects like where we have a partner share if we have actually paid out the partner then basically it is an outflow. And if we have actually received, for example, Thane is a joint venture and we periodically get the cash from there. So, in the OCF what we count is only our share basically of the cash.

Ritwik Sheth: Okay. So, basically it is our share. That's it from my side. All the best and thank you.

Boman Irani: Thank you, Ritwik.

Moderator: Thank you. The next question is from the line of Pritesh Sheth from Motilal Oswal Financial Services. Please go ahead.

Pritesh Sheth: Thanks for taking my question. First one is on the outright project margin. So, we have seen a couple of outright land being added. Would you expect the margin profile of those outright projects to be different than the blended margins at the company level or would it fall in that same trajectory?

Sajal Gupta: So you know our business model. Our business model is generally the asset light model wherein our endeavour is always to keep the initial investment into a project around 10% of the total

GDV of the project. So, that's our business model. All our redevelopment, all our JDAs, all our JVs qualify and fit it into this philosophy of the business model.

Yes, you are right that we have done a couple of projections of the outright purchase and obviously when we take that kind of a business goal to take an outright purchase we expect slightly better margins as compared to our regular margins. That's the way we would like to continue.

Pritesh Sheth: What kind of margins do you expect from those two projects?

Sajal Gupta: So, if I say our average margin is 35% and assume basically that we are not getting into the categorization of the project then obviously the outright project we expect at least 5% more margins.

Pritesh Sheth: Second is on the timelines or gestation period that you mentioned on call, I think a couple of times, are you seeing some delay in terms of that gestation period especially Boman mentioned about some larger projects taking time, but since there's so much redevelopment happening and many, many new players also putting that full bet on redevelopment.

There might be delay because of buyer's expectation of getting a higher - I mean existing tenant's expectations of getting a higher share of area in new development. So, is that leading to a little bit of delay in terms of timeline or how you see that?

Boman Irani: Pritesh that's a very good question. Basically, we are very happy with the number of developers getting into the redevelopment of making Mumbai a better and brighter city through redevelopment itself. The reason I say this is because the more people do redevelopment, the better it is for the entire market itself and there's a lot more acceptance.

But the question about the delays, these delays can take place in the pre-bid in the sense when the project is being put out over there for redevelopment, tenders are called for a PMC is appointed, they kind of go through the entire all the offers received.

Yes, it's true that tenants or existing residents are expecting a higher amount of area and their corpus and rent, but all of this generally is taken into consideration before choosing the developer and before choosing a developer it is only a tender or a bidding process and sometimes these processes in our experience take a very long time and we do not have an option other to wait because till such time as the developer is chosen there really is no investment other than time and energy into those projects and dealing with the existing members, expressing to them the advantages of redevelopment.

And of course, the PMC interacts with each one over design. So that is what we do. But once we are chosen as a developer for a particular project, therefrom we try and close the gap to launch in about 13 months, unless it's a project that we take up in phases, which is large in size, and or projects with requirements to go to environment, then to go to CRZ clearances, etc.

And sometimes civil aviation, which could take a slightly longer period than planned. But again, all these are estimated for when quoting for the project itself. And it's never hindsight. It's never done like, in the future that we find out that there was something that was missed out.

And primarily, we can thank our experience that we have with redevelopment and our long standing, business of redevelopment that we've been doing, where we are able to anticipate accurately the time as well as the cost that is envisaged for a project, which we are taking up. Sometimes we also see that projects go at unbelievably, high, I would say returns to the existing members. We will wait and watch to see how those projects perform.

And understand if there was anything that we missed out. But it is our understanding today that maybe there is an over exuberance on the part of the incoming bidder to make a bid that is way too high compared to what we have envisaged the project to be in. In those cases, we are very happy to let those projects continue to go to developers who may have bid for them.

Pritesh Sheth:

Sure, that's very helpful. And just on business development, you covered it briefly in last question, but considering that you have already acquired 4 million square feet last year, which is, higher than usually what you target for which is, two times of the sales that you have been doing that you're doing that year, would next year be slow on business development and focus would be on, launching these 15 projects that we had signed up in last, last two years, or as a process, we will continue to look for, business development as it comes and focus on building the pipeline as well.

Boman Irani:

So Pritesh that is such a good question, because internally, even in our board meeting, and we've got a very strong board that continuously asks us these questions, and we are forced to think and rethink on what it is that, we should be doing. But to answer your question, there are two different, absolutely different teams, those that do the BD and or those that do the execution.

Of course, each company should watch which areas they are in, and what is the kind of BD exercise garnering in terms of projects itself. So if you can, if I can say this to you in a manner that, we can all understand, I think we are getting more and more selective of the kind of projects that we will acquire as we go ahead, because you're right, we are blessed to have a good amount of inventory that we have garnered.

At the same point of time, we are also definitely interested in not letting go projects, which would fit our bill of development, or where we can create what is called the magic that Rustomjee brings to the table and be able to add value to the development. Further, there are geographies, Mumbai has many micro markets, there are geographies that we continually wish to hold a dominant position in, and geographies where we will go ahead as an exploratory developer to explore the potential that those geographies can give us.

So, all in all, I don't know if it was a very simple answer to your question, but it is a very interesting question, and we time and again are evaluating and we share with our existing partners, with our board, and with professionals in the business, and we are keeping a very tight watch on all the reports that keep coming out from the various, agencies that are talking about

various micro markets, and we are very watchful about the velocity that these markets are putting out.

We believe the western markets are extremely strong, western suburb markets are extremely strong, and given the infrastructure push, we also believe that the city, Sobo market, which for a very long time was not very vibrant, has developed a flavour of vibrancy, and we will continue to stay a dominant developer in the western suburbs.

At the same point of time, we will strongly explore the city, the Sobo market, because it's blessed with a lot of old world charm, it's also blessed with a great amount of old wealth living out there, and it is time that they got a taste of upgraded lifestyle that comes through the kind of newer developments that are offered, and this only happens to the redevelopment of the existing buildings that are there.

Pritesh Sheth:

Sure, Boman, that's very interesting, and just to follow up on that, do you feel that at some point in time, execution, can be a challenge, or, whatever we take up, we can take care of the execution if, if there is enough demand in case?

Boman Irani:

So, Pritesh, it is an industry-wide discussion on a continual basis with regards to execution, and over here, you'll be happy to know that as an industry, we have taken cognizance of this. So, we are more and more automizing processes, especially those that are repetitive in nature. We are bringing in more tools or machines to do the work where humans were largely involved earlier.

There is also simplification of processes while execution goes on. There are a good amount of models under which execution takes place and the industry, as it continues to grow, is seeing a wider and a better crop of even executing companies, that is contractor firms, whether those are end-to-end contractors or those that are broken up into various packages. But like I mentioned to you, it just depends on the kind of project and the ability of the individual company to be able to bring these opportunities or take advantage of these opportunities and be able to continually execute in a time-bound manner.

I'm happy to state that given our relationship-driven business, we have grown not only our contractors and suppliers, we've grown our internal teams. Some of the people that work with us have been around for a very long time. At the same point of time, we've added new blood and brought in new vigour into the development of the execution space.

We have used BIM in a very large way to kind of simplify the mistakes that could take place have been kind of made minuscule or have been eradicated. We're working towards first-time right because rework costs in terms of time and money are both very high. At the same point of time, customer engagement allows us to decide on the kind of amenities that are required and given the continual growth of the watchfulness of RERA, it is also becoming more and more predictive in the kind of amenities that one has to provide internal and external to the apartments.

So, again, an overall watch, execution will be and continues to be depending on material supply availability, labour availability, the right talent availability. And in between, there was a huge move away of our labour to go and rebuild Gaza, Israel, the Ukraine. And we did see some amount of shortages, but these mostly do not affect, at least so far touchwood, the cities - the

larger cities where larger developments are taking place and we continue to have the right kind of labour requirements for our developments.

But going forward, a lot of skilling will be required amongst our labour and we as a company are working towards it and as an industry also, we've taken cognizance of it and are doing our bit to add more muscle to our ability to develop in the future.

Pritesh Sheth: Sure, that's very insightful. Thank you for answering the questions. All the best.

Moderator: Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital.

Ankit Gupta: Thanks for the opportunity. So, my question was on the broader real estate market, on the luxury and we have seen a significant fraction across the industry including our company and especially in cities like, Mumbai, Delhi-Gurgaon, Delhi-NCR, Bangalore also, Hyderabad also. So, there has been like, you can say in some of the cities there has been a mad rush to buy some of the properties at higher end. So, how long do you think this demand is sustainable and, how do you see this demand panning out over a year or two?

Boman Irani: So, you know, Ankit, first of all, I'd like to say that this is a celebratory question because the fact that the India story is something that is gone down to across - percolated across segments and we've seen those that earlier used to be a little watchful or worried or would look at a lot of different investment classes are now looking at real estate as their prime investment class. Secondly, the India story or rather the wealth distribution or even the job security that people are experiencing, seeing right now is something that is leading to their desire to purchase slightly larger apartments. If I can just take it on the lighter side, I was reading a quote by Raj Kumar Rao, the actor who was advised by Shahrukh Khan that "jab bhi ghar" lo, so buy something that is slightly larger because that's when god will also help you and you will also work harder.

And I've seen that people are moving towards a more comfortable life and towards that they're looking at developments that have all the lifestyle amenities. At the same point of time, things that earlier got ignored or rather that was squeezed out of Mumbai homes because the prices are high, like a balcony, like a nook to either use as a storage or as a pooja area, a slightly larger master bathroom, a slightly better master bedroom are all coming in as essential design features. So, any building that was designed more than 10 years back has to be redesigned today or the mindset has got to be changed entirely as per our today's consumer because today's consumer has travelled internationally, has the ability, the desire as well as the confidence to go ahead and buy a larger home or a home that is fit for his family and not something in which he fits his family.

So, it is a very interesting time. Do I think that we are having to worry about this? I face this question quite often and I look around and I see the latest SUVs, I see the kind of clothes people are wearing, I see what they indulge in, in terms of when they go to celebrate, to dine.

There is a lot more exuberance in the entire Indian diaspora and we are all extremely confident of our future. We are definitely the place of growth and, it's not only me saying this, but every report that comes from every top investment company in the world talks about India being their choice area of investments and we are all with bated breath waiting for the results of this election

and we hope that everything continues in the right path and we continue to see greater growth in times to come.

On a personal note, I am - whenever I speak to people from across the country in various businesses, because that's what is the opportunity afforded to me, I see most businesses showing a growth trajectory, a lot more investments happening, a lot more jobs getting created. So, all of this leads me to believe that there will be a continual growth but let me tell you here that at Rustomjee we have been extremely focused and we have been reading the reports and have been experiencing that the INR1 crore-INR7 crores market, which is 1 to 3 is mid-mass and 3 to 7 is aspirational, will be and will continue to be the mainstay of the home buyers in this city.

The larger developments or the larger price ticket prices will continue to grab headlines and yes, there will be buyers for that, but they continue to grab more headlines. We've seen a 7% growth in our own portfolio on the super luxury and going forward we are seeing this demand being extremely robust and strong and we believe as long as the story continues and this could be a cycle if I were to really look into a magic crystal ball, I would say that what the predictions say is roughly between 5 and 10 years one can expect, of course with a few blips here and there which are very important corrections, but a few blips here and there aside, we see that this growth should continue over a longer and sustained period of time. I hope, Ankit, that kind of increases your confidence to go out there and buy a larger home.

Ankit Gupta:

Thank you so much. One question on the geographical expansion, any plans to go out of Mumbai and enter a new city? Do we have any plans for that?

Boman Irani:

Right now, Ankit, I'm very happy welcoming other developers to come into Mumbai market and every time I ask them why they come here, they say the market is deep, the market is wide. That further increases my confidence in my market where I am, let's say, a chosen developer of choice whether it is for redevelopment or whether it is for my home buyers. So, it is better to continue to grow out here because the growth potential out here is huge and personally as a company, we believe that there is tremendous potential in the MMR area and the MMR area per se will keep growing.

So, earlier we used to restrict ourselves to Virar and maybe, Thane, now we have moved towards Dombivli, we are exploring areas in Palghar, Boisar and who knows over time with the way the infrastructure development is taking place, Pune might become a sister city to Mumbai if not an extension of the city itself.

We will continue to explore everything in this market and we continue to explore the potential of the other segments that are available in this market and try and focus our energies to serve all segments of the real estate requirements of our MMR area. Namely, we are exploring plotted developments, we are exploring data centers, just to name a few, to be able to kind of grow our positioning and serve across various segments in this micro market itself or in this large market itself.

Ankit Gupta:

Thank you and wish you all the best.

Boman Irani:

Thank you Ankit.

- Moderator:** Thank you. The next question is from the line of Rishi Kothari from Pi Square Investments. Please go ahead.
- Rishi Kothari:** Thank you so much for the opportunity and congratulation on the numbers posted by the company and the management. So, my basic question is on the OCF part. So, you have right now said that OCF is around INR643 crores, right? So, how is that bifurcation because in terms of the numbers that you have posted in the final statement, it is around INR183 crores if I am not wrong. So, can you just give me a split as to how exactly are we calculating this?
- Boman Irani:** Rishi, I am not sure if we have understood your question perfectly, but is it with regards to the OCF amount?
- Rishi Kothari:** Yes. So, OCF part, you just right now said that it is INR643 crores for FY'24, right?
- Boman Irani:** Yes.
- Rishi Kothari:** So, what split are we looking at in 643? So, how did we come into the figure of INR643 crores? I mean, OCF part because for March 31st, 2024 in the statement, it is around INR183 crores, right?
- Sajal Gupta:** Rishi, if your question is that we are speaking about the OCF INR643 crores and in the financial, the number is different, is that the question?
- Rishi Kothari:** Yes.
- Sajal Gupta:** So, quite a few points. So, in the financial, all the investment that we make on the new projects before the project is launched, we consider it after the OCF. We consider it after the OCF in line with the accounting standard, in line with the way basically we are supposed to make the financial statement. So, as you know that we have made a statement that we have invested about INR390 odd crores into the new projects.
- So, to that extent, in the financial statement, all those money that we otherwise for the better reading of the numbers for the investors, we classify as an investment into the new project, all goes and trips into the inventory in the balance sheet and therefore forming part of my OCF calculation. So, there will always be some difference. This is one largest possible difference, which is INR389 crores. If you net out that, it will be more or less in line with what we are speaking.
- Rishi Kothari:** Okay. Thank you so much for the clarification.
- Moderator:** Thank you. The next question is from the line of Amit Sanghvi, an individual investor. Please go ahead.
- Amit Sanghvi:** Yes, sir. My question is related to bookkeeping. The inventory as on 31st March, '23 was INR2,570 crores, which was increased to INR3,710 crores as of 31st March, '24. So, I just wanted to know what is the value of inventory related to Crown A and B included in this inventory? That is my one question. Another question is, I believe that the booking or pre-sales

of Crown C, we started after we took over that company. And just I wanted to confirm it. And third is, what is the total area of Crown C?

Sajal Gupta: Okay. So, regarding your first question, there is a one-time uptick in the inventory because of the consolidation of the Crown into the Keystone Realtors Consolidated Number. Until last year, we were not consolidating the Crown because of this being a DM arrangement. And as we said as a part of our discussion, that during the current year, we have started consolidating because we have acquired the company, we have acquired this company November 2023. So, there is a one-time uptick in the inventory because one-time uptick in the inventory as a result of that. That is a point number one.

Point number two, you asked that what is the total area in the Crown, the total beneficial or the total area is about 22 lakh square feet. Out of 22 lakh square feet, about 15 lakh square feet comes to our benefit and about seven and a half lakh square feet comes to the benefit of the landowners. And as I think we have spoken in one of the questions asked by one of the participants, out of the 15 lakh, we have already sold close to 13 lakh square feet and 2 lakh square feet is the area yet to be sold.

Amit Sanghvi: Okay. And what is the current rate going on for this Crown C per square feet rate?

Boman Irani: That is a very wide range, Rishi, because there are various kinds of apartments, the sizes, whether they come fit out or they are bare shell and also on what floor they have, what is the kind of use? So, it is a pretty wide range, Rishi.

Amit Sanghvi: It could be a basic rate, not a floor rise like that.

Boman Irani: Give me a minute, Amit. Any other questions? Then we will come back on this one.

Amit Sanghvi: Yes. Okay. No problem. But what was my question was that out of this INR3,710 crores, which was found as inventory as on 31st March, '24, what is the value of inventory considered for Crown A and Crown B, which are legacy projects?

Sajal Gupta: So, I think I mentioned in the, in response to a previous question, there is a one-time uptick in the inventory because of the start of the consolidation of the Crown. So, as of March 2024, out of INR3,700 crores of inventory, INR1,900 crores is contributed by the Crown alone.

Amit Sanghvi: Okay. That was my question, sir. Thank you very much.

Moderator: Thank you. The next question is from the line of K.T. Patel, an individual investor. Please go ahead.

K.T. Patel: I would like to congratulate the leadership team at Rustomjee for the spectacular results. However, I have some questions which are specifically focused on the joint venture which you guys launched with Ajmera. I think this is, I just wanted to understand how are the roles and responsibilities being organized as the phenomena of a real estate company collaborating on projects is not very, it does not happen all the time.

If someone can shed some light on that, that would be fine. Apart from this question, I have two more questions. I observed this project in which you have, I mean, in your investor presentation, you marked this project category as commercial. I would appreciate if you could kindly elaborate a little bit on that and what is the timeline towards construction start, sorry, approval start. Sorry, what is the timeline for approval and construction start and end? Thank you.

Boman Irani: Kirti bhai I am sure you are an investor even on Ajmera and you must have asked him the same question, but I am happy to take your query.

K.T. Patel: I was unable to join their call.

Boman Irani: Let me have the pleasure of responding to that. So, Kirti bhai, I am one of those people who is always bullish on collaborative ventures and I don't know if you know the story of Rustomjee, but we have thrived through our JVs and JDs. We have done, I would say, more than 20 landowners with whom we have done JV, JDs, larger projects, smaller projects, and more than nine developers who are directly involved with us in various projects which we have completed.

And over this entire period of time, not one litigation standing. So, I believe it is an approach out of our DNA that we have that we try to stay away from litigation as far as possible. And we do not believe that when partners get together, it has to end up in anything other than a fantastic milestone development because both can bring their sets of skills to the table.

As far as this project goes, I think it is a very interesting project. It allows for a beautiful commercial development in Bandra where it is a huge requirement and the kind of location needs to be treated with a lot of respect given the fact that Bandra West is going to grow as a small office market and we will have a lot of individuals and smaller startups and companies looking at space out there. And the kind of response has been tremendous in the sense that ever since our boards have gone up over there, we have managed to work out all the issues faced by the development which were, again, legacy issues.

And we are working with the society members to make sure that we are in a position to launch the project at the quickest. We have been fortunate to have the support of those who have not vacated earlier, believing in us and vacating the site, paving the way for our development to proceed. On the approval front, I would like to state that we are at least about six to eight months away from any meaningful approval where we will go in for a RERA approval and then launch it.

And yes, it is a small office redevelopment project where I would like to believe there will be a retail that will be very interesting on the ground and maybe first floor, not finalized. I am being very clear, it is not finalized. We are working on various design aspects right now.

And above that will be offices ranging between, I would say, 450 going all the way up to 700 square feet and joinable across to go all the way across to one office floor or even multiple offices across various floors. So, we are very keen to look forward to the kind of development and as far as the Ajmeras go, they are a good brand to work with. They have a very strong family values and that is one of the things that are required for a good development slash redevelopment amongst partners.

- K.T. Patel:** Just a follow-up question, how are the role responsibilities available to organize between the two of you?
- Boman Irani:** So, that is skilled by one of the simplest things to actually work on. We are both participating on the design aspect of it. On the approval's aspect, generally there are outside consultants that we appoint who kind of work towards it. On the engineering and construction side, we will dedicate a new team that will report into either or both of us and work through the construction itself.
- I am pretty certain that given our pretty advanced workings with the BIM, etcetera, we will be able to kind of make sure that the project construction becomes extremely simplified unless we decide to work with some newer materials which we are also working or thinking about in terms of steel structures, etcetera, that we are looking at to be able to execute the project faster. Other than that, sales, etcetera, there will be a joint team that will be there reporting into both the parties. That is really not such an issue at all.
- K.T. Patel:** Okay. Would it be possible, if I am not including, to request for the share transfer agreement?
- Boman Irani:** Sorry, what agreement?
- Sajal Gupta:** Share transfer agreement, the share is 50-50.
- K.T. Patel:** If I am not including?
- Sajal Gupta:** Yes, the share transfer agreement in a sense that we hold 50% into this company and Ajmera holds 50%. That is how the shareholding is divided between the two partners.
- K.T. Patel:** Okay, yes. There is no other detail apart from transfer of shares in terms of responsibility and deliverables, etcetera, right?
- Boman Irani:** Your partnership, in the true sense of the word, is a 50-50 where both of us are equally contributing financially and are sitting with each other and working out. I don't know what to say whether there is going to be a stronger leaning on us for construction or on them, but these are things that we will continue to decide. But the best way to do it that we have thought through so far is to create an independent team on-site that is responsible to, let us say, a project manager is responsible for the construction and development of the project.
- K.T. Patel:** And what is the construction step timeline? Is there some visibility on that?
- Boman Irani:** Like I mentioned, construction will begin. It is a larger basement or a deeper basement that one has to take into consideration given that it is a commercial development and there has got to be ample parking to be provided. We should be able to give us a better timeline in our next earnings call. If Kirti Bhai, you are present, then I might be able to really draw a better timeline for you.
- K.T. Patel:** Perfect. I have one last question, if you kindly allow me.
- Boman Irani:** I think we should meet offline, Kirti Bhai. I see you have got great interest in the project as well.

- K.T. Patel:** Yes. Agreed.
- Moderator:** Thank you, Patel sir. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Boman Irani:** Well, those are some very interesting questions and that continues to make me believe that the interest amongst all of you is so great in our company. I am thankful to each and every one of you for joining us today. For any queries, we at Rustomjee Keystone Realtors Limited are always available.
- Please reach out to our investor relations team and we will be more than happy to answer any questions and anybody, anyone wishes to connect with us offline as well for any queries that they may have, kindly reach out to us. Once again, a big thank you from the entire Rustomjee management.
- Sajal Gupta:** Thank you.
- Moderator:** Thank you. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

(The above transcript has been edited for readability purposes)