PURAVANKARA

26.11.2021

To

The General Manager – DCS, 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**	**The Manager,** 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**

Dear Sir / Madam,

Sub: Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended- Conference call update

Further to the conference call held on November 12, 2021 at 5.45 pm. to present and discuss the financial results of the company for the quarter and half year ended September 30, 2021, please find attached the transcript of the conference call.

This is for your information and records.

Thanking you

Yours sincerely

For Puravankara Limited

D Bindu

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Company Secretary

"Puravankara Limited Q2 FY2022 Results Conference Call"

November 12, 2021

ANALYST:	**MR. RAHUL JAIN – EMKAY GLOBAL FINANCIAL SERVICES**
MANAGEMENT:	**MR. ASHISH PURAVANKARA – MANAGING DIRECTOR – PURAVANKARA LIMITED** **MR. VISHNU MURTHY – SENIOR VICE PRESIDENT RISK & CONTROL – PURAVANKARA LIMITED** **MR. ABHISHEK KAPOOR – CHIEF EXECUTIVE OFFICER – PURAVANKARA LIMITED** **MR. NEERAJ GAUTAM - EXECUTIVE VICE PRESIDENT (FINANCE) – PURAVANKARA LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY2022 results conference call of Puravankara Limited conference hosted by Emkay Global Financial Services. We have with us today Mr. Ashish Puravankara, Managing Director, Mr. Vishnu Murthy, Senior Vice President Risk and Control, Mr. Abhishek Kapoor, Chief Executive Officer, Mr. Neeraj Gautam, Executive Vice President, Finance. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference, please signal an operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Rahul Jain from Emkay Global. Thank you and over to you Sir!

Rahul Jain: Good evening everyone. I would like to welcome the management and thank them for this opportunity. I shall now hand over the call to the management, Mr. Neeraj Gautam, Executive Vice President, Finance for the opening remarks. Over to you Sir!

Neeraj Gautam: Thank you Rahul. Good evening and warm welcome to all of you. I hope you and your family had a safe and joyful Diwali. Thank you for joining us for Puravankara Limited's Q2 FY2020-FY2022 earning conference call. My name is Neeraj Gautam. I am Executive Vice President, Finance of Puravankara Limited. The quarter presentation and financial results ended September 30, 2021, has been uploaded on the stock exchanges. I will start with a brief update on the business and highlights for the quarter and half year following that my colleagues and I would be delighted to answer any questions you may have and take suggestions you like to give us.

Fortunately, COVID cases have substantially reduced across the country and the large population has been vaccinated. The economy is under viral strain, performance of all major sectors including IT, infrastructure, and manufacturing are encouraging. The real estate sectors continue to witness strong demand. We see polarization in demand among the top developers with a steady rise in home ownership as an aspiration aided by low interest rates we are optimistic that how the sector has looked.

Coming to our operational performance for the quarter our consistent efforts to ensure business continuity and mass adoption has resulted in 117% growth in sales booking during the quarter compared to the previous quarter. Sales during the quarter stood at 0.9 million square feet compared to 0.42 million square feet in the quarter ended June 30, 2021. The sales value stood at Rs.597 Crores up by 90% compared to Rs.314 Crores in the quarter ended June 30, 2021.

Today our ready to move in inventory constitute only 7.7% of total unsold inventory open for sale and stood at only 0.4 million square feet, which is at the lowest level in the last five years.

In terms of our financial performance, our consolidated revenue for the quarter was Rs.272 Crores compared to Rs.220 Crores in the corresponding quarter for the previous year in line with year-on-year growth of 24%.

EBITDA for the quarter was Rs.104 Crores compared to Rs.81 Crores during the same period last year. It reflects the year-on-year increase of 29%. Our PBT was Rs.18 Crores during the quarter compared to a loss of Rs.13 Crores during the corresponding quarter in the previous year. Our PAT for the quarter was Rs.12 Crores compared to a loss of Rs.10 Crores during the corresponding quarter last year.

On a half yearly basis we have received a booking of Rs.910 Crores for 1.23 million square feet of sale to Rs.810 Crores for 1.53 million square feet of sale during the half year of last year. We have recognized revenue of Rs.814 Crores and on a PAT of Rs.166 Crores for H1 FY2022 compared to Rs.411 Crores for revenue and a loss of Rs.27 Crores during H1 FY2021.

On collection and cash flow front, we have been focused on collection and receipts and operating inflow of Rs.383 Crores for the quarter and Rs.1200 Crores for H1 FY2022. We have been generating operating surplus consistently for the last couple of years. The balance collection for our sold units stood at Rs.1986 Crores as of September 30, 2021. The value of our open for sale inventory only open for sale inventory is Rs.4515 Crores as against this we need Rs.2696 Crores to complete all the inventories open for sale.It will result in an operating surplus of Rs.2805 Crores on completion of all these projects. Besides this we have not open for sale inventory in existing projects with an estimated surplus of another Rs.2081 Crores.

As on September 30, 2021, our net debt stood at Rs.1860 Crores, are lowest levels in the last five years. We will remain focused to keep our debt at optimal levels. Our net debt to equity is accordingly also trending down and stands at 0.90 times. Work is done 0.41 times a year ago. Our average cost of debt stands at 11.30% as of September 30, 20221.

With the current economy development trend and market consideration, team Puravankara has geared up to seize the opportunities. We have accelerated our launches and actively pursued valued the business development activities. These new creations will be funded primarily through internal accruals and equity funds. We foresee a growing appetite for investments in our tech service generation opening up for a new demographic target. Our collaboration with IBM will reinvent our processes and fuel tech led innovations, the integration of stack cloud environment will fast track our reason of it, since we are seeing real time lot of fluctuations and creating an intelligent workflow.Puravankara has always pioneered tectonic changes in the health tech industry and aims to set precedence by making unique landmarks and community living of the highest scalers.

We are delighted to inform you that Mr Sanjeev Chaudhary an eminent professional and a seasoned banker and current Chairman of IDFC First Bank has joined our board as Independent Director. Mr Sanjeev Chaudhary has over four decades of senior multinational business experience across global banks and consumer companies. He was listed among the top 25 media visionary in the Asia Pacific in 2016 and he is a featured speaker at premier global marketing in India events in Europe and Asia. Mr Chaudhary has deep knowledge of consumer and commercial markets for products and services across major developed and emerging markets of India, the rest of Asia, the Middle East, Africa, and Europe. He has firsthand experience generating multimillion dollar efficiencies from simplification of soaring technology based operating solutions. Puravankara Limited will benefit from his performed knowledge and experience. With this, I conclude my remarks. We are now happy to answer any questions, comments, or suggestions you would like to give us. Thank you.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: Good evening everyone and thanks for the opportunity. Firstly on the launch I think that you have mentioned how confident are we in terms all the approvals and everything is in place or are we seeing any delays in terms of getting the approvals because we have seen a couple of developers in your markets, the approvals are not coming as fast so how confident you are in terms of getting the launches?

Ashish Puravankara: I think for most we have approvals already. For example, if you look at Lalbagh we already have the approvals in place. I think what we are referring to while our launch pipeline spreads across Bengaluru, Chennai, Kochi, Coimbatore, Pune, and Mumbai I think you are referring to the in the past currently in Bengaluru City so I will just address that bucket. As far as Lalbagh is concerned, we have the approvals already in place. We should be launching in the next 30 to 45 days. Sound of Water-II we have the approvals in place. Zenium-II we have the approvals in place. Only one where we are now getting into the approval space will be item number seven and eight under Puravankara but we already have enough in terms of the next at least two to three quarters enough of launches already available with the approvals in hand.

Pritesh Sheth: Great good to hear that and secondly on the collections this quarter in spite of it being low in Q1 but also versus your usual run rate of around say Rs.6400 odd Crores so any sense on that why so low?

Ashish Puravankara: No. We did lose about 25 to 30 days. We started meeting all our vendors, contractors, etc., in light of all these commodity price increases, etc. All that has been closed and you should see that sort of accelerate and gain more traction in the following quarters.

Pritesh Sheth: Sure great and how is the demand traction obviously after the quarter ended in September basically in October and coming into the festive season? Has the momentum been hold or are we seeing month on month improvement from September to October and October to November or how was the trend there?

Ashish Puravankara: I think depending on the project micro market city, I think a general is I think the demand continues to be the same or we have seen certain pockets where we seem to have significant improvement.

Pritesh Sheth: Got it and one last if I may? On the debt that you are looking to raise is it for refinancing or is it for growth opportunities, any clarity on that?

Ashish Puravankara: Currently, I think the game is to get our weighted average cost of debt down so most of it is towards that exercise if we are replacing it with cheaper cost of debt.

Pritesh Sheth: But your average is right now also it is 11.3% and I think you using again at similar variations, will it make a difference that much?

Ashish Puravankara: Sorry say that again?

Pritesh Sheth: Your average right now if I see also for this quarter it is 11.3% and you are raising this one which is 11.2%?

Neeraj Gautam: We are looking at 11.20%. This debt is being raised for a project at Kochi Marina I we are facing a debt of about Rs.220 Crores. Part of it is NCD and that is at little costlier side; however, CF Partridge Rs.40 Crores at 7.25%. This NCD piece will goes towards the repaying of existing debt of PNB Housing Finance which we had taken when the project was in land phase and that debt is a little costly, higher side. It is 12% to 12.5% so that particular debt will come down by more than 1.25% so to that extent debt will come down. Besides this one, Rs.180 Crores of debt will be come down by 1.25% and besides that we are also working on couple of more transactions which will eventually bring down our debt not less than by the end of three to four months by 100 basis points and more.

Pritesh Sheth: So by the end of this year, probably you will be down to somewhere around 10%?

Neeraj Gautam: Yes.

Pritesh Sheth: Great. Thank you. That is it from my side and all the best.

Moderator: Thank you. We have the next question from the line of Anirudh V N from Nagoba. Please go ahead.

Anirudh V N: I had two questions specifically. The first question is now that we have such a large land bank and what would be the management's guidance over the next three to five years about the concept of land banking for long periods of time and like how would you do it? Would you continue to do it and buy it and spread it over a period of five years or just buy it and launch the project and sell it or would you continue to do JV? Like what is the strategy on land moving forward?

Ashish Puravankara: One point is that I do not think anyone with any sense today will embark on that exercise that people did 10 years ago in terms of land banking and aggregation in its true sense wherein you buy smaller piece of land and then consolidate and that entire acquisition sort of spreads over three to five years so as an organization we are extremely clear that our business is development so any new acquisitions that we do will be in the intent to turn the project around from acquisition to launch, not more than six to eight months right so that is the strategy here so clearly no more land banking, no aggregation looking at lands. Now we already have an extensive sort of land bank so where are we acquiring these new lands. These are in newer suburbs and newer micro markets right where we do not have. Example in Bengaluru like have lands in the South, we have lands in the east but the west of Bengaluru which is of now also a sort an emerging suburb we had just two land parcels so there we may add some more. What is the strategy for new acquisitions? I think it will typically be joint developments. We also have a couple of equity platforms like we had mentioned earlier along with IFC, etc., where our investment is hardly 20% to 25% so we will either do joint developments or use our platforms with institution like IFC to acquire new lands.

Anirudh V N: The second question that I had is on your subsidiary Starworth what is the strategy going forward? Are you going to have more on construction through Starworth and you have this precast also that you had been working on so what is the long-term strategy on that is what I would want to kind of understand?

Ashish Puravankara: Two things here. One is Starworth relationship with Puravankara and Provident that is completely at arm's length relationship so every time Puravankara probably launches a project with actually tender out depending on their competitiveness. They win bids or lose bids so today if you go across the board, we are working with all grade A contractors across our projects like J&C, Shapoorji, Tata Projects, L&T to name a few. Starworth is hardly contracting about three out of 10 to 15 of our projects point number one. Point number two now Starworth independently we believe that we are playing in a specific niche. Going forward we are seeing not only Puravankara but also developers in this spaced institutions, hospitality projects, etc., are seeing the benefit of precast. Today, Starworth is positioning so while it as the expertise to build conventionally or aluminum foam work, we also have the added advantage of being a handful of guys in the country who are today currently have a precast factory setup and are building. Over the last one year unfortunately due to COVID, but we received a lot of interest from developers across the country who have visited us in Bengaluru, seen the factory and we are not participating in bids to take up those contracts.

Anirudh V N: So you do see a reasonable future going forward?

Ashish Puravankara: Absolutely, because if you see the big names today and their order books are all Rs.1.5 lakh Crores plus order books. The minute you come out of that bucket then you will have the Shapoorji etc., at Rs.40,000 Crores to Rs.50,000 Crores order books. After that the stacks just crumbles. There is just no one there who is credible.

Anirudh V N: Understood right. Thank you very much. It was nice talking to you.

Moderator: Thank you. We have the next question from the line of Dhananjay Mishra from Sunidhi Securities & Finance Limited. Please go ahead.

Dhananjay Mishra: Good evening Sir. Sir we have strong pipeline also we have a strong pipeline which is not opened so what is the kind of sales we are looking for next two to three years in terms of like 1.83 million we have done in the first half so is there any target for next year or next to next year in terms of land?

Ashish Puravankara: We typically do not give guidance's. Half yearly our annual sales are the combination, let me say three things. One is ready to move in which today we have seen at the peak we were sitting at 2.5 million square foot of ready to move in. Today it stands at 0.43 million square foot. The second is the current sustenance ongoing projects. The third is the function of your launches. If you see over the last three to four years, eight out of 10 of our launches, we have been able to sell almost I would say 65% to 80% within the first two to three quarters of that launch. It all depends on how many launches we are able to. Sometimes it is just a timing issue where you may miss a launch from planned on March 1 to the second week of April and the entire sale gets pushed to the following year but having said that I think we are confident if these launches come out as we planned but for couple of months here and there. I do not think achieving a 5 million square foot will be difficult.

Dhananjay Mishra: This 9.6 million launches we have planned for next nine months Q1 FY2023 so is it fair to assume that at least 60% to 65% we will be selling till March 2023?

Ashish Puravankara: It depends on the timing of those launches. Like I said this success we are able to achieve again while the strategy is to get sustainable velocity upfront rather than being caught up into cycles over the four and five years cycle of the project we have to also ensure that pricing right so this success that we have demonstrated over the last three to four years like I said eight out of 10 of our projects we have achieved this percentage in the first three quarters so there is something that we launch for example in Q3 or Q4 you will see some bit of that percentage fall into this year and then the balance gets spilled over to the following year.

Dhananjay Mishra: This 1.33 million is only our share not including on everything?

Ashish Puravankara: That is our share. Let me clarify that. I think 0.08 is what you reduce. We have disclosed that in our presentation if you see the bullet point.

Dhananjay Mishra: 1.4 is something which?

Vishnu Murthy: Yes 0.14.

Dhananjay Mishra: Okay so that is for joint venture partner?

Vishnu Murthy: Correct.

Dhananjay Mishra: JV partner so we should remove that?

Vishnu Murthy: Yes.

Dhananjay Mishra: In terms of the realization which I think we are entering into Mumbai and Pune markets so where do you see in terms of now we are 6500? Could you see when we have more projects coming from launches in, Mumbai and Pune region so this will also improve?

Ashish Puravankara: Of course it will. At the end of the day, the realization the product mix that we have so as you see the launches come up in Pune and Mumbai you will see the average realization go up significantly. For example, today Chembur is sitting at Rs.35000 a square foot.

Dhananjay Mishra: Sir one clarification we have this three projects in the launch pipeline that Zenium and Sound of Water and that is also in the slide where it is not yet open so what is this?

Neeraj Gautam: You are absolutely right. To that extent there is an overlap. This launch pipeline includes the new phases of Zenium, Sound of Water and Windermere. These three projects are also part of my inventory not open for launch. That is why if you see next Sound of Water-II, Zenium II. We are opening up the second phase for launch.

Dhananjay Mishra: This is first phase and second phase? We should count twice or we should count only once?

Neeraj Gautam: Twice. So what is recorded in ongoing is only the phase one. What is in the launch pipeline is the phase two.

Dhananjay Mishra: Because the area and everything is similar in some cases?

Neeraj Gautm: Typically some of these projects what we have done is we have divided them like into half like 50% and therefore you will see the areas of phase one and phase two looks similar.

Dhananjay Mishra: That is why confusion was there because same area and same thing?

Neeraj Gautam: Understood. However we have clearly mentioning on the slide that how much surplus is coming out for inventory open for sale.

Dhananjay Mishra: That is all from my side. All the best.

Moderator: Thank you. We have the next question from the line of Priti Nayar from KC Investment. Please go ahead.

Priti Nayar: Good evening. Sir I have a couple of questions. What I would like to ask will the increase in the sale prices be able to fill up the gap in the increase in the input cost?

Ashish Puravankara: Yes, so we have. One I am not too sure how long this will go. Definitely we come through the situations almost one or twice a year in the past whereas this time, I think it has been here a little longer. Having said that stating I think December and January of this year, we meet almost every monthly basis and we review each project in terms of margins, in terms of selling prices, etc., and we have taking prices up wherever required to ensure that margins are not affected.

Priti Nayar: Sir I would also like to ask the new debt acquired? Is this for the new acquisition and launches or for the working capital requirements?

Neeraj Gautam: This debt we are referring about which we have notified to the stock exchanges today. This debt of Rs.180 Crores we are using by issuing a NCD. The end user of this money was to repay one costlier debt which we have taken at lands piece.

Priti Nayar: Sir lastly I would like to ask is will the debt equity ratio be maintained same in the future around the same level of 0.9?

Neeraj Gautam: We will maintain and we will better it. We have recorded profit for Q1 half year basis and more and more revenue, new network will increase and then we will to maintain debt at optimum level and hence the combination of both debt equity ratios will improve here on.

Priti Nayar: Sir that is it from my end. Thank you for taking my questions and wish you good luck for the next quarter.

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

Pritesh Sheth: Thanks for the opportunity. Just one question on any update you want to provide on the commercial monetization that you are going to do with the private equity partners so any progress on that?

Ashish Puravankara: No. Currently discussions are still on. Having said that I think the clear strategy we have about close to 6 million square foot of commercial space of land available with us. The design planning has already concluded. We are in the process of getting approvals, but we will not sort of start construction unless we have a client or an LOI in place. For example, one of the largest ones in that bucket we are currently participating in almost four or five RFQs that have been floated by IPCs and only when we have clear visibility is when we would start work there. I think as these happen parallelly we will also be talking and discussions are on to see if we can get this into a platform.

Pritesh Sheth: Sure got it. That is it from my side. Thank you.

Moderator: Thank you. We have the next question from the line of Anirudh V N from Nagoba. Please go ahead.

Anirudh V N: Thanks for the opportunity. I just wanted to know now that the input cost also that has gone up so what percentage of input cost of sales price increase would kind of offset the input cost to maintain the previous margin pre-COVID margins that we have already reached it is what I would want to ask?

Ashish Puravankara: I think there is no fixed number per se because this pertains multiple projects which are multiple stages of development. Now for example in some cases where we have already finished the structure and we are nearing finishes; the impact is different. Some projects where we have just launched the impact is different. We have closed like I mentioned earlier closely monitoring this. The pricing committee almost meets I think in one case we met once in 15 days. Now it is once in 30 days so we are ensuring that almost anywhere between 2% and 4% is what we have increased over the last three to four months. You have to keep in mind that price increases have to be done gradually. Therefore we are doing bits and pieces so that the existing enquiry base that is with us does not go completely dry so this is an active exercise and we are very watchful of it and we are confident that we should be able to ensure that we maintain our margins.

Anirudh V N: Assuming all the variability in the input cost and also the fact that in the place assuming you are probably this project happens quickly what are the return matrix nor return on capital that you are generally targeting going forward for the ongoing projects? I am talking about projects that are in the early stage right now.

Neeraj Gautam: The return on capital employed we look at a balance sheet level. Our networth is close to Rs.2000 Crores.

Anirudh V N: For each project what is your internal matrix is what I am?

Neeraj Gautam: Internal matrix for project level we target 25% profitability, PBT as well as IRR as well for any project. Whilst we are not making 25% PBT so we are not entering into any projects. That is the threshold for any project.

Anirudh V N: Thanks.

Moderator: Thank you. We have the next question from the line of Rahul Talwar from AB Advisors. Please go ahead.

Rahul Talwar: Thank you so much for taking my question. Sir I have a couple of questions. My first question pertains to the precast technology so I think the precast technology in place how much has it helped our business in terms of saving the construction time as well as in terms of cost?

Ashish Puravankara: In terms of technology our attempt it to deploy technology at multiple levels. One thing that we have already done is precast so precast gives you tremendous saving in terms of not only time but also in terms of standardization of quality where it reduces your rework and you are able to provide quality product in a timely fashion. Just to give you a sense I think today of course we have to bear in mind today customers as well do not want something that fast. They plan their monthly outflows the EMIs, etc., that as per milestone progress. We ensure that we meet some sort of criteria but we are able to compress the time to almost if required by almost 50% if we deploy precast as a technology. Coming to software type technologies we have taken a decision now from our current ERP we are moving into SAP and cloud. IBM is implementing partner. We initiated an exercise about 45 days ago. We are confident we will complete this entire program by the March 31. On the sideline, we are already using Salesforce for the enquire management but also we are trying to deploy some amount of Machine Learning and AI into the enquiry platform. We are trying to also have a more robust app through which we can engage with our existing customers just to better their experience. We also have a product already in place once the SAP gets implemented to also track our construction on a real time basis and build in a lot more efficiencies there. Lastly, I think we would love to also stay connected with our buyers once we deliver the unit. Unfortunately, in real estate once we deliver the unit, it ends up in an ugly divorce between the developer and the customer. If we have done all this and we better that experience we would love stay in touch with them to just basically understand their usage to stay connected to build that loyalty not today but over a couple of generations and over a couple of decades.

Rahul Talwar: I understand. Sir my next question is the sales during this quarter have doubled so is this pent-up demand with everything opening up after the lockdown?

Ashish Puravankara: I think it is no more pent-up demand. I think today there is a huge consolidation of buying that is happening with all reputed brands. One thing we have to appreciate is due to various reasons over the last three to four years I would say starting from demonetization to GST to RERA to COVID there has been a huge consolidation in the industry. There has been a huge reduction in launches so today Bengaluru as a city while there is no formal data to track it but I think launches are down almost 65% but the real demand continues to be there so we are seeing a huge polarization of buying that is happening with the strong brands and therefore we are able to increase our market shares. Most launches are doing exceptionally well.

Rahul Talwar: Sir my last question could you please update us on the performance in the commercial space?

Ashish Puravankara: in the past the company has built about close to about 3 million square foot of commercial space but we had sold those spaces but we continue to manage that the leasing as well as the building maintenance for our investors. I am happy to report that in none of those buildings we have any dropouts or even in terms of collections we are almost at 98% so that give us a sense of where the commercial market is. Having said that on the other side on our new to be built portfolio of six plus million square foot, I think four out of six projects we are currently part of RFQs that have been floated by CBREs and JLLs of the world so there is renewed interest that is coming back.

Rahul Talwar: That answers my question. Thank you so much and all the best.

Moderator: Thank you. We have the next question from the line of Aditya Singh from KB Advisors. Please go ahead.

Aditya Singh: Good evening. Thank you for the opportunity. I have a few questions. Firstly in terms of the construction activity could you throw some light on how it is going across your various projects and are you expecting any delays in the ongoing construction across your portfolio and whether it would be possible for you to quantify it?

Ashish Puravankara: In terms we did have some disruption about I would say about two months ago we did have some disruption more so from the vendors wanting to sort of sit back on the table. They wanted some amount of little bit of compensation on account of COVID and on account of commodity prices, etc. These are tough discussions. They take some time. No one is willing to open their palm and so show their cards so that took some time, but now I think all our projects we have finished these negotiations. They are back on track. Our vendors and contractors have assured us that they will work around the clock and catch up. As of now we do not foresee any delays. This is the catch-up plan that have been submitted by contractors to us across our projects.

Aditya Singh: Got it. Thank you. My next question is in terms of your sales momentum could you throw some light on how the sales momentum has been in Q3 so far and what are your expectations for the rest of Q3 and Q4 and also whether the customer enquiries are coming in for online or offline if you could throw some light on that?

Ashish Puravankara: Sure in terms of Q3 I think as of now it is almost quite similar to the good performance that we have sort of delivered in Q2. The focus I think over the last couple of years has been digital. I would say almost in terms of expenditure almost 55% to 60% of our expenditure is on digital vis-à-vis conventional marketing methods that we have adopted in the past. Even in terms of enquiry I think that percentage stands at about 46% to 47%. If I have to study the enquires on initiation of these enquires.

Aditya Singh: Got it. Would you be able to provide some sales targets for FY2022?

Ashish Puravankara: We do not give any guidance in terms of future forward-looking sales targets, etc., but having said that I think if you just look at our past and if you apply the launches that I think presented to you over the next 12 to 15 months if you see also in the past the way we performed in terms of the upfront sales booking that we do within the first two to three quarters of a launch and apply that percentage to the size of the launches I think you will get some sense.

Aditya Singh: Got it. That is alright and lastly just in terms of your debt what are your debt repayment plans or any strategy towards that for the future? That is my last question. Thank you.

Ashish Puravankara: I think in terms of debt we have brought that significantly down. We are currently at 0.9. We believe that this is a sustainable level so we will continue to maintain optimal levels of debt in terms of repayment.

Aditya Singh: We will improve the quality of debt and the cost of debt we will focus there and keep the debt at optimum levels.

Neeraj Gautam: I think the balance is in terms of repayment plan and I do not think it is as per scheduled repayment plan. We are well under control for Q3 and Q4 we are repaying Rs.70 Crores to Rs.75 odd Crores for Q3 and Q4 that is all our recommended obligation otherwise we are well in control and we will able to service obligation well in time. Our focus is to improve the quality of debt and reduce the cost of debt that is where we will focus and maintain the debt equity level of this kind of 0.9 around. I hope that clarifies your question?

Aditya Singh: Thank you so much for the explanation. That is all from my side.

Moderator: Thank you. We have the next question from the line of Amit Nayak from Nayak Consultant. Please go ahead.

Amit Nayak: Good evening everyone. My question is related to the sector as such. What trends do you see the real estate sector following this pandemic? Of course, we see work from home has become a norm but do you expect the urbanization trend being reversed or modified and also will the home designs of projects designs be affected by this? What are your thoughts for the same?

Ashish Puravankara: One is I think there is a clear trend that we have seen and I think most the listed companies if you have seen our sales numbers I think there is a clear thought of people wanting to move to a more comfortable home, a newer home with modern amenities that is where we have seen sales across our ready to move in inventory under construction as well as new launches have fared well. In terms of design, we are now ensuring that this whole concept of may be a two and a half bedroom or creating some sort of a niche working space within the apartment if feasible and possible while maintaining the same or the right ticket size where that is not feasible we are trying to see if we can adopt working spaces within our club houses. Of course, you cannot cater to the entire project but flexible working spaces within the club houses where people can have meetings, where people can do a conference call, a videoconference, etc., so that is a little bit of design a change that we have done to our product. That said if I see the current trend that is happening in terms of the commercial office space and what I am hearing from the IPCs I see the demand coming back. I see some companies what I have heard is who has given up. Certain spaces are now going back and trying to get back into the spaces that they had given up over the last six to eight months. I think this is a temporary phenomenon and I think yes COVID is a time of uncertainty. No one knows how long it will take to go away. Will it be one year? Will it be two years but I think if I look at a three-to-four-year period I think no one can discount and say work from home is going to be a permanent way. At least that is not my belief.

Amit Nayak: Right and just to followup on this also we have seen like digitization in the real estate sector with property tax and so on so are we adapting to those trends?

Ashish Puravankara: Absolutely one is we have been the early adopters in terms of Salesforce and a lot of other sort of tech initiatives. Having said we are now currently at as we speak we are moving from our current ERP to SAP cloud. We have roped in IBM to implement that. It was started about 45 to 60 days ago. The end date is March 31. Once implemented we have at least three or four initiatives from a technology point of view to be implemented once SAP is implemented, starting at the enquiry platform level, secondly we have at the customer engagement level, once you become a customer, third is at the site level and fourth is at the once the project is completed to stay connected with our buyers. Besides that we were the first guys I think in this country to launch the online booking platform, which is last year, I think March 24 is when the COVID lockdown happened and Bengaluru opened up on the May 4. On the May 11 we were the first I think the first real estate launch in the country which is completely done online. The launch was online which is streamed live across platforms and the booking was completely online so where post the presentation the customer had the ability to go see a live ability, choose his unit, go, and pay his down payment. I think these initiatives have really helped us where the cost was zero typically a mega launch, there are huge cost associated with it. You are flying customers down. You have a five-star banquet booked and all sort of costs associated with that, but here everything was done completely online and we continue now to ensure that all new launches, the customer should have an option to while we can come and visit the site and see the location and see the products finished, etc., we should have the ability to put any of our ongoing all new launches should have the ability to book online.

Amit Nayak: That is really nice to hear. Coming to my next question, it is related to the price rise. We see that the cost is going up for the supplies in general so, steel, cement, material, labor and so on and if this continues it might affect the residential industry demand not now may be one or two years later on and how will this affect the construction cost and the margins and the demand in the future so we have any foresight for that?

Ashish Puravankara: I wish and hope I had that foresight. Unfortunately, we do not. We as a company have been extremely cautious. We have constituted a pricing committee. This was December of last year. We meet almost on a fortnightly or on a monthly basis depending on the requirement. We monitor each project for the construction cost and gradually we keep adjusting the price anywhere between I would say 1.5% and 2%. In one case, we increased the price by almost I would say 4%. We are watchful of it. I hope that this increases and gets tapered down in a couple of months from now.

Amit Nayak: Coming to my last question as we see the real estate sector is really picking up so we see the developers have good cash flows and everything but there has to be some differentiation in the industry so timely delivery and quality are given but factors are you planning on implanting on the differentiation factor? Like what makes you unique or any tie up which online interior designing or something like that?

Ashish Puravankara: I think there are two things that you are right so today I think timing and quality is given. What are the two other aspects of it at least in our wisdom and mind, I think one is each project needs to have sort of a USP or a theme depending on its location or whom our target buyers are and you would notice not today but I would say over the last 15 to 20 years, we have been the pioneers in creating theme projects whether it was Purva Venezia or if it was Westin which was more child centric so the club houses were provided with tuition rooms, they were provided with ballet centres where kids could learn ballet. They had a jamming rooms if kids wanted to learn a guitar so it all depends, Palm beach which was more on beach theme, so I think that clearly is one of our USP. Project needs to have one. Second I think is the experience and that is what we are trying to achieve with this entire technology rollout which we have planned post our ERP implementation. Today when you directly call up a developer and you are talking to a person I think your experience depends on the quality of the person addressing your call or your concerns but we hope that with technology we are able to better that experience for a customer so that there is transparency, there is constant information sharing and there is reverse that go back to the customer in a timely fashion so I think that going forward repeating time and quality is given but it is the experience and the product that will help to differentiate in the market.

Amit Nayak: My last question will be related to ESG how do you perceive ESG related matrix for the real estate sector?

Ashish Puravankara: Yes it is extremely important.

Amit Nayak: We are in momentum?

Ashish Puravankara: . I think extremely important on various aspects. One is from being a responsible developer, I think also from the way the customers would start seeing us. Also the way our other stakeholders in terms of bankers, in terms of ability to forge relationships with funds, etc., so I think it is an extremely important aspect and which will change the way we have done business in the past. We have already finalized a good consultant and we are now currently reviewing each one of our projects and trying to see what changes we need to make in the ongoing ones and will ensure that going forward for future projects there is some level of sort of compliance as far as ESG and reporting as well.

Amit Nayak: Sure. Thank you. That is all from my side. All the best.

Moderator: Thank you. We have the next question from the line of Anirudh V N from Nagoba. Please go ahead.

Anirudh V N: I had just a small clarification. Now in the investor presentation you said on the slide projected cash flow you said value of the inventory not open for sale now does this include these flats that have been mentioned and not yet open for sale as of September 30, 2021? I just want a kind of clarification what this particular figure includes?

Ashish Puravankara: It is simple so basically these are all the launched projects. Each of our projects are extremely large right. It is about 1 million, 1.2 million, 3 million, etc., so you have one bucket which has been opened up for sale and then you have the phase two or in some cases phase two and phase three which have not yet been opened up for sale so that is the differentiation.

Anirudh V N: In the phase one which there may be a part of phase one which will not open up for sale?

Ashish Puravankara: No. The phases are defined basis which are opened up so for example if phase one is opened the entire phase one is opened up for sale.

Anirudh V N: Thank you so much. That is the only clarification I had. Thank you.

Moderator: Thank you. We have the next question from the line of Shruti Nayak from Bliss Consultant. Please go ahead.

Shruti Nayak: Good evening Sir. I have two questions one is can you throw some light like what steps you are taking to further improve your credit rating and any new how much your rating can be improved going forward?

Ashish Puravankara: I think we have two more steps to go. In terms of the steps we are working on getting our weighted average cost of debt further down. We are hopeful that over the next quarter when we meet again it should be down minimum I think anywhere between 100 BPS and 150 BPS and that exercise will continue. With that by ensuring that the launch our projects so that is also unlock value and cash flows, which will be another kicker and a jump in terms of reaching out and trying to increase the valuation.

Neeraj Gautam: We will reach out to our credit ratings agency in Q4 again. We have upgraded our rating in Q1 and Q2. Now on the basis of this reduced interest rate and the new launches we will again bring our case in Q4 and hopefully the rating will further upgraded.

Shruti Nayak: Thank you so much Sir and another question is can the same level of EBITDA and profit margin be expected in the second half of the year as well and like what are the projection over the next few quarters?

Ashish Puravankara: Madam we do not give projections or guidance's but like I said today there is consolidation. Today you are seeing the kind of buying did give some sort of guidance that even Q3 we believe will perform though we are in the middle of it will perform as good as Q2 so things are quite positive.

Shruti Nayak: Alright. Thank you so much Sir. All the best for the future projects.

Moderator: Thank you. Ladies and gentlemen that was the last question. I would now like to hand the conference back to Mr Neeraj Gautam for closing comments. Please go ahead.

Neeraj Gautam: Thank you once again ladies and gentlemen for your time and attention. I hope me and my colleges were able to answer all your questions; however, if you require any further discussion we are always available for the discussions during the coming weeks. Thank you and wish you a happy weekend.

Moderator: Thank you members of the management. Ladies and gentlemen on behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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