PURAVANKARA

31.05.2023

To

The General Manager – DCS,	The Manager,
Listing Operations-Corporate Services Dept. BSE Limited 1st Floor, New Trading Ring, Rotunda Building, 'P J. Towers, Dalal Street, Fort, **Mumbai 400 001.** corp.relations@bseindia.com **Stock Code: 532891**	Listing Department, National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), **Mumbai** cc_nse@nse.co.in **Stock Code: PURVA**

Dear Sir / Madam,

Sub: Pursuant to Regulation 30 read with Part A of Schedule III 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 May 26, 2023 at 5.00 pm. to present and discuss the financial results of the company for the quarter and year ended March 31, 2023, please find attached the transcript of the conference call.

This is for your information and records.

Thanking you

Yours sincerely

For **Puravankara Limited**

SUDIP CHATTERJEE

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

"Puravankara Limited Q4 FY23 Earnings Conference Call"

May 26, 2023

MANAGEMENT: **MR. ABHISHEK KAPOOR – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER, PURAVANKARA LIMITED**
MR. NEERAJ GAUTAM – EXECUTIVE VICE PRESIDENT, FINANCE, PURAVANKARA LIMITED
MR. VISHNU MOORTHI – SENIOR VICE PRESIDENT, RISKS & CONTROL, PURAVANKARA LIMITED

MODERATOR: **MR. SAMAL SARDA – AXIS CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Puravankara Limited Q4 FY '23 Earnings Conference Call hosted by Axis Capital Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Samal Sarda from Axis Capital. Thank you, and over to you, sir.

Samar Sarda: Thanks, Niku. Good evening, everyone, and thank you again for taking the time out.

Let me start with congratulating the Management on a great year of sales and collections and also wishing them good luck for the next year ahead. As always, the senior management of the company is here with us today led by Mr. Abhishek Kapoor – the ED and CEO; Mr. Moorthi – Senior VP (Risks and Control); and Neeraj Gautam – Executive Vice President (Finance). I'm handing it over to the management for the initial comments.

Neeraj Gautam: Thank you, Samar. Good evening, ladies, and gentlemen. Welcome to Puravankara Limited Earnings Call for the Fourth Quarter FY '23 and Fiscal Year 2023.

I'm Neeraj Gautam – Executive Vice President, Finance, of Puravankara Limited. Thank you for joining us today. We are delighted to present our financial results for the quarter ending March 31, 2023, and the full fiscal year 2023. The results, along with the comprehensive presentation have already been uploaded to the stock exchanges for your review.

Today, we will provide insight into our outlook and key initiatives. Before we delve into our financial performance, I would like to highlight the promising prospects of Indian economy and the real estate sector present for the investors backed by initiatives of the government and a vigilant central bank, the Indian economy has demonstrated robust growth, controlled inflation, and enhanced current account balances, posting a stable and favorable economic environment.

Simultaneously, the real estate sector in India is experiencing and upward trajectory, fuelled by factors such as expanding internet penetration, e-commerce advancements, increased infrastructure investments and modernized supply chain, the real estate market is projected to grow at a remarkable compounded annual growth rate of 7% to 8% during 2023 to 2025.

The sector's resilience is evident and strengthened developer balance sheet and the sale of equity investment, reflecting a strong investor confidence. Additionally, housing sales have witnessed significant growth across the top cities, focusing sustained demand and lucrative opportunity for investment.

Now let's dive into our operating performance for FY '23 which showcase significant achievements. Our sales reached to an all-time high with a total value of Rs. 3,107 crores, a substantial increase of 29% compared to the previous fiscal year. Moreover, our customer collection from the real estate business experienced a remarkable jump of 57% totaling Rs. 2,258 crores in FY '23. The average price realization also displayed strong growth, rising by 14% to Rs. 7,768 per square foot during the fiscal year.

These outstanding results reflect the growing demand for housing and demonstrate our ability to meet the solution of end users. For quarter 4 of FY23, we achieved the highest ever sales value of Rs. 1,007 crore, representing a significant 21% increase compared to Q4 FY '22 of Rs. 831 crores.

This outstanding performance was supported by a sales volume of 1.21 million square foot, underscoring our strong market presence. Furthermore, our customer collection amounted to Rs. 661 crores, reflecting a remarking 48% year-on-year increase and indicating improved operating efficiencies.

Our average realization for the quarter was Rs. 8,321 per square foot. In terms of business development, we are proud to announce that we acquired a 100-acre land parcel in Chennai for product development in FY23. This strategic move strengthens our presence and provides a lucrative opportunity for future growth.

Throughout FY '23, we successfully launched 9 projects across 3 cities, covering a total area of 6.04 million square feet, Bangalore and Chennai witnessed a majority of our launch area. Furthermore, we have an impressive launch pipeline to approximately 16 million square feet, ensuring a steady flow of new projects in the coming period

Non-Bengaluru projects now account for 44% of the share of ongoing projects and 68% of launch pipeline. In addition to our residential offerings, we introduced Zentech Business Park, a commercial project catering to the growing demand of office space. Moreover construction commenced on the Purva Aerocity, a prominent 2 million square foot commercial project further expanding our portfolio.

When it comes to the debt management, our net debt increased from Rs. 1,846 crores in Q4 FY '22 to Rs. 2,208 crores in Q4 FY 2023. The primary cause of this increase was the rise in the number of project launch and aggressive project execution. However, it is worth noting that our debt per square foot of building space declined from Rs. 1,248 to Rs. 1,106 per square feet in Q4 FY23, showcasing our efficient capital utilization.

As of March 31, 2023, the balance receivable from sold units in all launch projects amounted to Rs. 2,967 crores, which cover about 62% of remaining costs of under construction projects when combined with value of unsold inventory for all ongoing projects of worth Rs. 11,232 crores. From the ongoing projects, the company is projected to have a total surplus of about Rs. 10,118 crores. This projection is favorable when compared to current net debt of Rs. 2,208 crores.

Now let's move on to our financial performance. In FY '23, our revenue from projects increased by 29% to Rs. 1,236 crores compared to Rs. 955 crores in FY '22. Our, EBITDA for FY23 was Rs. 442 crores with a 31% EBITDA margin, down from the Rs. 635 crore FY22.

I would like to update that for previous year, our EBIDTA was inclusive of a onetime transaction. The PAT for FY23 was Rs. 63 crores, while it was Rs. 146 crores in FY22 with a 4% PAT margin. In Q4 FY '23, our revenue from projects grew by 32% year-on-year to Rs. 389 crores. The EBITDA for the Q4 FY23 was Rs. 117 crores, up by 90% from Q4 FY22 with a 26% EBITDA margin.

The PAT for Q4 FY23 was Rs. 28 crores compared to Rs. 21 crore loss in the same quarter previous financial year. I would also like to highlight our dedicated arm for ~~plot~~ plotted ~~and~~ land development, Purva Land. Currently, we have 9 projects across 3 cities, totaling approximately 7 million square feet. These projects are located in Bangalore, Chennai, and Coimbatore. Our recent edition in the launch of Purva Raagam in Chennai in Q1 FY24. With Purva Land, we aim to provide well planned and flexible plotted land options to meet customers desire for their dream homes or profitable investments.

Lastly, I want to mention our wholly owned subsidiary, in Starworth Infrastructure and Construction, they are focused on technology level construction solutions with an order book over Rs. 1,600 crores. Starworth undertakes Residential, Commercial, Infrastructure & Industrial Projects providing end-to-end services from design to handover. Operating a fully operational factory in Bangalore, they emphasize technology and off-site construction method. Some of their marquee clients include BMRCL, ITC Limited, Jindal Steel & Power, TajGVK, BIL, HARC, Godrej Properties, BAE, and AMPA. I'm pleased to inform that ICRA has reaffirmed our Credit Rating at A1 stable during the year.

In conclusion, Puravankara Limited's financial performance for FY23 has been exceptional with record sale, strong customer collection and promising growth indicators in the real estate sector, our strategic acquisition, successful project launches, and debt management initiatives position us well for future successes. We remain committed to delivering value to our stakeholders while navigating the evolving market dynamics.

Thank you for your attention. And now I'll open the floor for questions. Thank you.

Moderator: We will now begin the question-and-answer session. Our first question is from the line of Sristhi Tandon from NVS Brokerage. Please go ahead.

Sristhi Tandon: How do you see margins picking up since PAT has been negative?

Abhishek Kapoor: So, PAT is a factor of 2 or 3 things. So, basically, PAT is a factor of 2 or 3 key parameters, right?

Neeraj Gautam: Your question is related to the PAT?

Sristhi Tandon: Yes.

Neeraj Gautam: I thought it was the market. So, PAT was negative in the similar quarter previous financial year because the single quarter previous financial year, our revenue recognition were less and thereby, we delivered less gross profit and there was a loss for the quarter. However, for full financial year, we recorded a profit of Rs. 146 crores. And this year, for the quarter, we recorded a profit of Rs. 28 crores as well as a full financial year basis, we have reported a PAT of Rs. 63 crores. So, this financial year as a whole basis, we have recorded a profit. And last year also as a financial as a whole, we recorded a profit. Only for a that particular quarter because of the less revenue recognition that quarter resulted in the negative, but that was the Q4 of the last financial year. This Q4 and this financial year, we are profitable.

Sristhi Tandon: Okay, sir. Sir, can you please tell your plans for commercial along with timelines? How many square feet overall are we planning to launch in FY24 and FY25?

Abhishek Kapoor: So, yes, I'll answer that commercial, but I'll just add to the previous question. Basically, revenue recognition and PAT is dependent on the quantum of possessions that you hand over in a particular quarter, that is one. And secondly, it's also dependent on what expenses you booked in the quarter which could generate revenue in the future. For example, even if we do a launch in a quarter, there are expenses that we booked at cost in the same quarter, but we can't book those revenues.

So, those are the factors that typically influence the PAT and the revenue recognition numbers. So, I just wanted to clarify on the previous point on what constitutes revenue recognition for a particular quarter. And the moment you see higher possessions happening in a particular quarter, you'll see more and more revenue recognition and higher PAT.

Coming to your commercial question, we currently have about 3 million square feet under construction. We intend to continue to execute these. These will come up for completion in 2025 including about 800,000 square feet, which is called Zentech and about 2.1 million square feet of a project called Purva Aerocity, which is in North Bangalore. And these are both very unique projects in very unique markets, and we are quite optimistic with these developments, and the development is going on at full pace. At this point in time, we are not intending to add any more commercial in terms of new launches for this financial year. But we are out there in the market looking at new opportunities as well.

Sristhi Tandon: Also, it is the news that circle rate for Karnataka will increase. So, what is the impact? Will it affect our demand?

Abhishek Kapoor: No, circle rates don't necessarily impact the demand. See, look, all our projects are kind of priced in a way where the circle rate doesn't really have an impact on the stamp duty calculation. The area where circle rate may have certain impact is on cost of approvals wherein certain premiums, ~~et cetera~~etc, that are payable are dependent on the circle rate. But we don't see any significant impact at all on the demand side at all.

Moderator: Our next question is from the line of Harish Shah from HS Investment. Please go ahead.

Harish Shah: So, I have a couple of questions. So, basically, recently, the home interest rates have increased. So, have they led to decline in footfall or conversion rate? How do you see the current state of the end demand market of mid income and luxury segment considering the impact of the hike?

Abhishek Kapoor: So, at this point in time, we have seen no impact of the increased interest rates on any of our demand. I mean, if you look at our last quarter numbers, and I can tell you some ground reality, as of date, we are seeing no impact even today in terms of impact due to interest rate calculation. Last quarter numbers as Neeraj mentioned, has been our highest quarter, highest number. We crossed 4 million square foot of sales last year.

So, we're not seeing any impact on the demand or any footfalls due to interest rates. However, having said that, I think what is very interesting for us and why we see the demand going up is we are entering an appraisal cycle for all the corporates and even if we assume that it will not be as significant as the last year which was upwards of 20% and somewhere in the mid-teens, we believe that will obviously give more headroom for a lot of people to make their buying decision. So, that is point number 1.

Point number 2, the work from home concept and the hybrid kind of is really ~~healthy~~helping in the per person demand of housing. So, when people work from home, at least 2 to 3 days a week, they need their own private spaces, which could normally be a working couple with kids. Therefore, we have seen increased demand on per person basis for residential demand.

And the other fact is that rentals have gone up across the board very, very significantly. So, if you see with that kind of increased rent, the arbitrage opportunity is so low that people would rather buy than to rent. And of course, you're seeing this happen with the decreased inventory levels in the market. I mean today, we are talking about a little less than 12 months of inventory across India. And Bangalore in fact, if you look at it around 8 months of inventory. So, no indicator or no numbers can show that right now we have any kind of resistance on the demand side.

Harish Shah: And my second question is just linked to what you have just spoken now. So, in that context, do we see the pricing getting on the higher side for your both existing and the upcoming projects?

Abhishek Kapoor: Look, I think realization is a factor of multiple sales. For us, it's also a mix of inventory. Realization is a factor of the kind of product that we're launching and the marketing you are launching in and the demand supply dynamics.

So, currently, the way the demand supply dynamics is definitely supportive of the pricing and of course, the kind of products that we are launching and the value we bring as a brand on the project and in the markets, we are present in, we definitely bring a lot of value, and therefore, command a premium in all of those markets. So, I think from pricing point of view, we're quite confident that we will see a positive uptick in the pricing.

Harish Shah: And is it possible to quantify that, that would be in low digits or a higher double digit, something like that?

Abhishek Kapoor: Look, last year, we got an appreciation of mid-teens, if I am not wrong, it was around 14% average increase Y-o-Y basis as a number, right? See, what happens in real estate, and I'll just take a second to explain. If any project that we launched through its project life cycle normally goes through an appreciation of anywhere between 50% and 70%.

So, as we go along selling our project, and that normally happens because start seeing visibility of the development and it starts getting closer to the construction completion. And of course, as you sell, you'll have financial closure and as people see the progress, they are willing to pay a higher price. Of course, subject to the fact that it's a strong brand, good quality, all of those parameter's hygiene are not accompanying into this. So, we see that trend continuing for us in this financial year as well.

Harish Shah: Last question from my side. How do you see your plotted development projects ~~panning up~~planning, especially in Chennai? Given that you have close to more than 3.7 million square feet saleable area? And how do you see the cash flow coming in from this project in this financial year?

Abhishek Kapoor: So, 2 parts. Why we are too excited about Chennai. We launched a project last year called SouthBay, that got 100% sold out in 3 days. In this quarter, as we just mentioned, we have launched a project called Raagam. We've got a very positive response. We've just gone to market as we speak and within the first 2 days, we have crossed 100 bookings, right? So, we are seeing great traction there, and we are confident that with launches we see and because of the quality of product that we are delivering across the brands, and in fact, lot of people find it very interesting that we have really upped the quality of the brand and command a premium in any market that we go in.

So, when people are seeing, because we have delivered already a project over there, people are seeing what we are capable of delivering as a plotted development and how it assures them of the value that we get out of the project and appreciation they will get over the life of the development that they do of their homes. And we are very, very confident that we'll sell very well. As far as the collection is concerned, typically, from the date of launch within the first year, we typically look at anywhere between 50% to 60% collections of the sold realization. That's the minimum we look at. So, suppose like for example, Raagam we have launched now. We would anticipate in like 9 months because it's 9 months, I would say between 40% to 50% collections will happen this financial year.

And similarly, depending on when we launch the next project, it will be the same way. I mean last quarter; we launched a project called Oakshire in Bangalore. And it is almost, I think, 80% sold out as we speak. In the first 2 days, we sold about Rs. 100 crores of inventory. So, again, we are looking at in this financial year itself from Oakshire collecting almost 60% to 70% of the sold value. So, that's the kind of traction and that's the kind of turnaround we are able to see as far as the cash flow is concerned and profitability.

Moderator: Our next question is from the line of Yashvi Jain from ICICI Direct. Please go ahead.

Yashvi Jain: Sir, my first question is about the Chennai project. As you told that you are planning to launch. So, when is the date you are planning to launch? And what you're expecting the revenue from this project.

Abhishek Kapoor: Sorry, you're talking about the Chennai plotted development? Is that the one you're talking about?

Yashvi Jain: Yes.

Abhishek Kapoor: So, there are 2 projects in Chennai. One is a project which we have just launched, which is about 700,000 square feet. In the 700,000 square foot, we are looking at revenues of in excess of Rs. 200 crores. There is another project, which we will launch within next 2 quarters. which we will launch about 1 million square foot in the first phase. The total revenue potential there will be about another Rs. 250 crores to Rs. 275 crores. Of course, there are subsequent phases where we will add because that's a 3 million square foot of development. So, subsequent losses will also add on. So, that's the kind of number we're looking at for this year.

Yashvi Jain: Sir, my next question is, what are your plans for the debt reduction since the debt is increasing? So, how you planning to control your debt-to-equity ratio and reduce the debt?

Neeraj Gautam: If you refer our Slide #32 in our investor presentation, there we have given a detail of how debt under as a different segment of business has increased or decreased during the last quarter. If you look at the debt which we had taken for our residential business, their debt has come down. At the beginning of the quarter, gross debt was Rs. 2,195 crore and at the end of the quarter, it was Rs. 2,122 crores, so we have reduced debt by Rs. 72 crores. We have taken outstanding debt of Rs. 245 crores for land purchases, that debt also has come down.

That is Rs. 220 crores at the end of the quarter, so that was down by Rs. 25 crores. However, if you look at the debt, which we have taken for 2 commercial projects, which is backed by a full-fledged CF line and there we are developing commercial projects, there debt has gone up by Rs. 33 crores. And as we progress the construction that we will have to draw down that we will use towards completing the project, and that has gone up during the quarter. Beside this, we have also taken a debt of Rs. 115 crores to buy the cash flow of the JV partner. JV partner still in the project, 25% of the cash flow we bought out for Rs. 115 crores. And that Rs. 115 crores, the entire 25% cash flow is now available for the company while we are paying debt to the landowner. And besides that, I would just like to update this Rs. 115 crores of the loan, which was taken during the quarter, which was Rs. 55 crore was repaid during the Q1 of FY24. So, as we are speaking today, this Rs. 115 crore debt also has been reduced by Rs. 55 crores. And hence, thereby, which we are trying to communicate is in terms of our debt taken for residential projects and the land is coming down. However, debt taken for a commercial project has gone up because of the condition of creating a capital asset.

And we would like to give you further information. If you refer to Slide #33, there, we have also worked out kind of measure the debt vis-à-vis are the area under development. what is the square feet under production today with the company and what is the debt against it?

So, if we have plotted this number from the Q4 FY '19, which was at that point of time debt per square feet about Rs. 2,077 per square feet. Today, as we are speaking today, the debt per square feet for second development is Rs. 1,106 crores. So, it's substantially down and it's a decreasing trend. Immediate previous quarter, it was Rs. 1,291 crores. And hence, it's reflecting though the debt in absolute number has not come down substantially. However, while we added the 9 projects during the financial year, and thereby these all 9 projects have gone for production as well. And hence, per square feet debt which we realized has come down.

Yashvi Jain: So, my next question, are we planning any new projects in future, especially for pipeline sector?

Abhishek Kapoor: Yes, of course. Total, we are looking at launching 16 million square foot of developable area and a saleable area of 13.7 million square foot, which is on Slide #21 of the ICP. Of this, about 3.74 million square foot saleable area in Puravankara, 6.22 million square foot in Provident and 3.73 million square feet in Purva Land. And this is spread across the South and West of India.

Moderator: Our next question is from the line of Tirath Muchhala from Elusividya Advisory. Please go ahead.

Tirath Muchhala: Just coming to the cash flow statement. I wanted to understand that there is a significant increase in operating outflows for the year. So, is it because of accelerated construction? Or is it because of some other reasons?

Neeraj Gautam: I would like to give you the comparison between operating inflow and outflow both. Our operating inflow has also increased during the quarter and during the financial year. At the same time, operating outflow also reflect. So, operating outflow has gone towards number a, for passing the construction and the more construction progress we achieve, its resulted into more collection, that's point number 1. Point number 2, we have launched 9 Projects during the financial year. And hence, to launching these 9 projects we have initial working capital is required to launch expenses, approval expenses, etc ~~cetera~~. And that outflow also gone towards launching these projects. Outflow or the collection of these projects will come in the coming quarters. Besides that, we have also spent about Rs. 125 crores on these 2 commercial projects, which we have mentioned, the Zentech and Aerocity, that is also included in our outflows. And hence, the outflow has 3 characteristics. One is outflow related to the ongoing under construction project against which we have collected Rs. 2,680 crores. Outflow, which is for new launches, which is the initial working capital. Inflow for this investment will come in the coming quarters. And third, the outflow for the commercial development for against this by spending this money, we are developing a capital asset, and this outflow is fully backed by the CF line. Hope this clarifies your question related to increase in outflow vis-a-vis our inflow.

Tirath Muchhala: Yes. And coming to 2 particular matters. One is 12 months ago, we announced that we are aiming at 12 million square feet of launches for FY23, and we have done 6 million. And now you guys are speaking, I'm mistaken, but is it 16 million that you're targeting for the next 12 months?

Abhishek Kapoor: 16 million of developable area and about 14 million square feet of saleable area.

Tirath Muchhala: Right. So, we've had a history of not meeting these targets, if you look at all our presentations in the last 5 years. So, how confident are you at meeting this target?

Abhishek Kapoor: Look, I think what's positive and I'll start, I'll always look at the optimistic side first. And I personally believe that we are in the right direction, we are working on actually the entire portfolio. Fortunately, unfortunately, in real estate sector, it takes time, and the timing can't be fully in your control because of the external environment we deal with. Having said that, if you look at the new launch pipeline, it consists of the previous year's pipeline, which is of that 6 million square foot that we missed.

But having said that, we missed by a quarter or 2. So, what is happening is that there may be deferment, the value is not lost. In fact, value has really gone up because the prices have gone up fortunately for us. And hence, in fact, we have gained value. But having said that, our focus is really, really to launch it as quickly as possible. All of these 14 million square feet today, what we are talking about is in advanced stages of approval.

So, we are quite confident that this year, we should meet the target or maybe we will get definitely very, very close to the target if not across it. So, yes, I mean what I can state for sure is that we're working on the entire portfolio and unfortunately the nature of the business everything from the local environment to elections to everything that impacts that. But having said that, I think we are very much on track as far as our new launches are concerned.

Tirath Muchhala: I wish the best for the team. Can I squeeze in one more question?

Neeraj Gautam: Yes, please.

Tirath Muchhala: So, just for deliveries, I think we are missing the slide in this particular presentation. For FY '23, how much have we completed or delivered to the end customer?

Abhishek Kapoor: Give us a moment, we'll confirm that number.

Tirath Muchhala: Sure. And for FY '24, what's the delivery number in mind that we should be able to hand over?

Abhishek Kapoor: So, we have delivered in excess of 1,600 units in the last financial year. And for the next financial year, our target is to double it and deliver in excess of 3,000 units. Total area that we have delivered in last year is 1.73 million square feet. And next year, we are talking about delivering in excess of 3,000 units. So, obviously, almost doubling the number.

Tirath Muchhala: So, does that imply that revenue recognition might be almost double in the next year?

Abhishek Kapoor: That implication is for you to understand. But yes, I mean what I'm suggesting is that's the kind of delivery that we are working toward.

Neeraj Gautam: As revenue recognition is a function of delivery, hence, your understanding is correct.

Moderator: Our next question is from the line of Sukhim Mafde from Almond Securities. Please go ahead.

Sukhim Mafde: Sir, my question is on the land bank front, are we looking to do any acquisitions?

Abhishek Kapoor: Of course, we are looking actively pursuing transactions across South and West. We have a robust pipeline of acquisitions. And we are moving forward, but the process is quite painstaking because the funnel can be as large as we want, but it takes time to conclude. But yes, we are actively out there looking at acquisitions. For Puravankara, Provident and Purva land with a special focus on the Western region, especially in Mumbai and Pune.

Sukhim Mafde: Sir, my next question is how much is the ready to move in inventory left for your projects launched recently?

Abhishek Kapoor: There is nothing ready to move in for launch recently. Total ready-to-move-in inventory is down to 0.26 million or 260,000 square foot approximately. And that's pretty much insignificant because most of this inventory is in some of the newer projects, which we have just about completed and we're looking at selling and handing over.

Sukhim Mafde: Sir, anything new on the ESG front?

Abhishek Kapoor: Yes, definitely. So, we are completely focused on ensuring that we are not only ESG-compliant, but we are going to be ahead of the curve in the next 2- to 3-year time frame. So, there is a lot of work going on in this space, all for environment, social and governance, on all pieces. We should publish our ESG report in the coming quarter for the previous financial year.

Sukhim Mafde: Sir, my last question is, what is the launch date for your Goregaon project? What's the category and ticket size?

Abhishek Kapoor: So, for the Goregaon project, that's a Provident project. We are looking at ticket size of about Rs. 1 crore per square foot. And at this point in time, we are looking at it currently in this financial year for sure to take it to market.

Moderator: Our next question is from the line of Sristhi Tandon from NVS Brokerage. Please go ahead.

Sristhi Tandon: Any redevelopment in pipeline like there is a lot of competition. So, how are you planning to expand in MMR?

Abhishek Kapoor: Well, so we have currently 2 projects ongoing. Our MMR strategy is really focused, as I mentioned earlier, in redevelopment as well as JDA and brownfield projects. We understand the market very, very well. The leadership team that has been put in place there and the leadership in Bangalore is very familiar with the landscape in the Western markets.

So, impact Puravankara comes with an advantage in the western region because we come with the strength of our fast delivery of over 45 million square foot in the rest of Southern market. And the fact that we bring a high quality of development, and we have demonstrated it in some of our projects on how we display and the kind of traction we are seeing, we are very, very confident that we'll be able to be extremely competitive in the marketplace. Our footprint, of course, in MMR will range right from South Mumbai going up to the MMR region, wherein we are looking at projects to acquire and do under Provident plan and, of course, few plotted developments. So, we will have a fair reach of our footprint over the next 2 to 3 years' time frame in MMR.

Sristhi Tandon: Sir, what is the closing time from start to the launching of project?

Abhishek Kapoor: From the day we deploy capital to launch typically depends on the market, but generally will be anywhere between 9 to 12 months outer limit, but our attempt, obviously, is to do it shorter than 9 months, but between 9 to 12 months out limit.

Sristhi Tandon: One last question. Can you please share your growth plans, profit visibility?

Abhishek Kapoor: We don't give any forward-looking statements. But as we mentioned earlier, we're looking at adding another 14 million square feet of new launches. And I think we should refer to our Slide which mentioned, which is 2 slides. One is the Slide #29, which kind of gives you the total cash flow potential and also the Slide wherein which is Slide 34 which talks about what is the total surplus from projects which are in the launch pipeline. So, if you look at that slide surplus from ongoing projects, we are looking at about Rs. 6,550 crores from the projects which are in the launch pipeline in '24, we are looking at Rs. 3,568 crore that leads up to about Rs. 10,000-plus crore at the current prices. And then if you look at the gross debt that we are sitting on, it's about Rs. 2,600 crore and cash and cash equivalents, net of Rs. 2,200 Crore. So, that should kind of give you a trend of what kind of surplus is and then eventually all of these lands up in your P&L and the balance sheet.

Sristhi Tandon: Can you give any guidance in terms of CAGR and profitability in next upcoming 2 to 5 years?

Abhishek Kapoor: So, I leave the CAGR to you to calculate given what information I have already shared with you. But what I can say is that our EBITDA numbers are stable between 26% to 35%, depending on the asset class we're looking at, Provident typically is between 26.8%, Puravankara around 30%

over there. and Purva Land is in excess of 35%. So, that's the kind of EBITDA margin we are talking about and with the volume, I leave that math to you.

Moderator: Our next question is from the line of Chandra Bhanu from Individual Investor. Please go ahead.

Chandra Bhanu: See, this year, on a consolidated basis, we got a net profit of Rs. 67 crores, but I could not see in the results that the company has announced any dividend for the shareholders. This is one question I have. And then the second question is, is it a pattern for Puravankara that compared to the fourth quarter, the first quarter delivers better PAT? Is it anything a regular pattern?

Abhishek Kapoor: Not really. Our goal is really actually, honestly, to stabilize this in terms of quarter-on-quarter launches and quarter-on-quarter delivery. However, that journey, I mean, because of the change in accounting standards, etc ~~cetera~~, that journey takes its own course to deliver because our product delivery cycles are fairly long. So, our goal is to try and stabilize that on a quarter-on-quarter basis as we go forward, but that result we will see over time. And as far as the second question on the dividend. On the dividend, we have not taken any decision at this point in time. I think we will wait for the opportune time and revert to you on that.

Moderator: Our next question is from the line of Mr. Samar Sarda from Axis Capital Limited. Please go ahead, sir.

Samar Sarda: Abhishek, I thought I'll take a couple of questions this time. On the cash flow, Neeraj did explain like the outflow to include CAPEX also, I might have missed that. If you could conclude how much of this Rs. 20 crores to Rs. 80 crore is capital outflows and establishment expenses?

Abhishek Kapoor: So, how much is capital outflows and establishment. So, I think we acquired land worth about Rs. 200 crores in last year, if I'm not wrong.

Neeraj Gautam: About Rs. 124 about towards CAPEX. And operating inflow is about Rs. 90 crore odd is our G&A and marketing cost about….

Abhishek Kapoor: So, capital investment basically is Rs. 124 crores.

Neeraj Gautam: And the establishment cost, which we have about Rs. 90 crores in the establishment cost,

Samar Sarda: Like cost towards residential construction would be around about Rs.1,650 crore, Rs. 1700 crore?

Abhishek Kapoor: Yes.

Samar Sarda: How much is the jump like-to-like from FY '22 on this number?

Neeraj Gautam: Samar, what we'll do is we’ll send this detailed comparison. I understand your question, you want to understand the split of our cash flow for the residential, which is for establishment and comparative numbers, we'll work out the numbers and send you off-line.

Samar Sarda: The second question was the Rs. 4,200-odd crore of surplus from area which is already launched. Like what is the timeline for other than like what is left for sale? How much of these cash flows will come in over the next 2 years to Puravankara?

Abhishek Kapoor: So, the way we look at it is all this cash flow visibility, which we are talking about, which is the full of Rs. 6,550 crores, Rs. 4,229 crore is definitely within the next 3 years' time frame and the Rs. 6,550, you would look at anywhere between 4 to 5 years outer limit.

Neeraj Gautam: If you look at our run rate from a residential business itself, we collected Rs. 2,248 crores from last financial year. If I maintain that rate, that will definitely grow by the new launches and the project toward completion. But even at that rate, also, we can collect in 2 years. Rs. 5,000 crores definitely is going to come.

Abhishek Kapoor: Yes. Rs. 5000, so we will definitely collect in the next 2 years. But he is talking about the surplus, so the surplus I would think in total including the new launches, which is going to be coming up, all of that surplus, you can take the number as maximum 4 to 5 years from now because I'm assuming this year when we are launching, maximum 4 years, 48 months for all the completion of all the projects. Some may be earlier because, as I mentioned earlier, almost 4 million square foot is plotted development, and that should come around within a short span of time. That capital will come back anywhere between 18 to 24 months outer limit. So, I think we should bring that down into these 3 parts and you will see that the cash flow will continue to remain strong.

Samar Sarda: The next question was on the inventory months, like most of us have become quite scientific with respect to tracking these numbers like so are you at the company. So, we have roughly 16 million square feet, which we have released for sale, of which we’ve sold 8 million square feet. The current run rate is 4, God willing it will go up. But even at 4, we have 2 years of inventory, and we are planning to launch another 16 million square foot or release 16 million square feet for sale this year. So, like what is the inventory months of the company we are comfortable with because like most of your peers are less than 12, of course, some of your peers are between 30 and 35 also. For us, like what is the comfortable number?

Abhishek Kapoor: So, I'll tell you how we manage our inventory. Our project when we say we are taking it to market, it doesn't necessarily mean that we open the entire inventory for sale, right. We open inventory basis the quantum of volumes we are selling at launch and in a particular year. Our optimal number to add any new inventory in a particular project, which is a subsequent phase is 70% of sales have been done in the previous phase. So, if you look at it at any point in time, our inventory, which is available in the market is in a manner, which is very, very comfortable for a financial closure of the project.

And then, of course, we are looking at the surpluses. So, we manage our inventory in a manner at any point in time, never to overcome it on the construction cost for the project. So, when we launch typically within the first year of the launch, if you have seen most of our numbers, our sales will be anywhere between 40% to 50% of the inventory open for sale. In the next year, typically, it will go to almost 70%, somewhere in the middle of the year, and then we'll open another phase of that project and so on and so forth.

So, that guideline principle controls our commitment as well the construction cost is concerned. And then you're right, last year, we moved 4 million square feet, but 4 million square feet at that rate will take 2 years to go. And then another 16 million, we are adding but 16 million opening for sale at one go. Let's assume we'll open another 6 million square feet. I'm not giving you the right number right now. I'm giving you an assumption. Please don't take it as my indicated number, the number in reality will be very different.

But I'm saying, even if I opened 6 million square foot and I sell 3 million square foot this year, plus the 4 million of last year and close to almost 7 million square feet. But what has happened is that my overall sales numbers have gone up at any point in time, I have never overcommitted to the quantum of construction I'm committing myself. So, that's how we operate. That's the principle with which we operate.

Samar Sarda: That 16.5 million square feet, excluding the Kenworth commercial or even the Kenworth commercial, which is the case that's already released for sale, right?

Abhishek Kapoor: Sorry, 16.5 million?

Samar Sarda: On Slide #38, the 16.5 million square foot across the 30 projects, that's the entire area which is released for sale.

Neeraj Gautam: I'll explain to you, Samar, out of 16.53 million square feet, which is released for sale, 52% has already been sold. Today, inventory, which is open for sale, available is only 8.53 million square feet. Then the second last column on the Slide of 38, so 8.53 million square feet, which is inventory, which is right now open and available for sale to date.

Besides that, we have about 7.12 million of square feet, which is third column from the left, which is 7.12 million square feet with our inventory from the existing projects, which we have not opened for sale. So, out of today, which are the projects, which is under production today, 8.53 million square feet, which is available in the market for sale and 7.12 million square feet, though we have all the growth in place, but we have not committed any construction costs, we have not decided the construction, we have not opened for sale. Based on the requirement and how market performs, we will keep opening the towers out of existing projects. Okay.

Samar Sarda: And my last question was on the cost of debt, like from a balance sheet perspective and like even like how good the promoters are, like your absolute debt is comfortable. But if we compare the cost of borrowing for Puravankara versus some of the peers, probably 250 to 300 basis points higher. So, why is that so? And are we working to probably bring it down and closer to some of like the larger peers of Bengaluru or Mumbai?

Abhishek Kapoor: Number 1, we are working to bring it down, point #1. Point #2, if you look at the last 1.5 years, interest rate has gone up. And if you look at the banking and financial institutions, they have increased the repo rate, RBI itself has increased the repo rate by 250 basis points. However, if my interest rate is concerned, of course, where we are comparing to the market, it is a little higher side. But if I compared to my own performance, it was a 10.569% at the beginning of the year, today 11.31%. So, though interest rate has gone up by 250 basis points, our interest has not gone up. However, as the price feedback you have given, that we are continuously working on reducing the debt. Part interest rate of course, is also a little higher because part of my debt is against the land loan and part of debt is for the construction of commercial project. And the comparison which you are making from some of the companies of the Bengaluru, which has substantial part of debt against LRD and hence, the LRD interest rates are lesser compared to the construction debt or the debt for buying land.

Samar Sarda: Fair enough. Neeraj. I'll probably hand it over to you guys again for final comments.

Neeraj Gautam: Thank you, ladies, and gentlemen, for joining us for our Q4 and annual conference call and I'm wishing a happy weekend to all of you. I hope that me and my colleague has answered all your questions correctly. And after that, we are also available for further questions or any clarification. You can reach out to us; we will provide you with a suitable response. Thank you very much.

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