SOBHA

PASSION AT WORK

Date: August 14, 2024

The Deputy Manager Department of Corporate Services BSE Limited PJ Towers, Dalal Street Mumbai – 400 001 **Scrip Code: 532784 & 890205**	The Manager The National Stock Exchange of India Limited Exchange Plaza, Plot No C/1, G Block Bandra Kurla Complex Mumbai – 400 051 **Scrip Code: SOBHA & SOBHAPP**

Dear Sir / Madam,

Sub: Transcript of Meeting with Analysts/ Institutional Investors

In continuation of our letter dated August 05, 2024, and August 09, 2024, please find enclosed herewith the transcript of the conference call held on Friday, August 09, 2024 with the Analysts/ Institutional Investors to brief the Operational and Financial performance of the Company for the quarter ended June 30, 2024.

We request you to take the aforesaid information on record in terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is available on the website of the Company.

Yours sincerely,

FOR SOBHA LIMITED

BIJAN KUMAR DASH

Digitally signed by BIJAN KUMAR DASH
Date: 2024.08.14 16:24:54 +05'30'

Bijan Kumar Dash
Company Secretary & Compliance Officer
Membership No. ACS 17222

"SOBHA Limited Q1 FY 2025 Earnings Conference Call"

August 09, 2024

MANAGEMENT:	**MR. JAGADISH NANGINENI – MANAGING DIRECTOR, SOBHA LIMITED**
	MR. YOGESH BANSAL –CHIEF FINANCIAL OFFICER, SOBHA LIMITED
MODERATOR:	**MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to SOBHA Limited Q1 FY25 Results' Conference Call hosted by ICICI Securities.

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. Adhidev Chattopadhyay. Thank you and over to you, sir.

A Chattopadhyay: Yes. Good evening, everyone. On behalf of ICICI Securities, I would like to welcome everyone to the Q1FY25 Results Call of SOBHA Limited.

As always, represented from the management by Mr. Jagadish Nangineni – the Managing Director, and Mr. Yogesh Bansal – the Chief Financial Officer.

I would now like to hand over the call to the Management for their Opening Remarks. Over to you. Thank you.

Jagadish Nangineni: Thank you Adhidev and the ICICI Securities team for organizing this Call. Good evening, everyone. Thank you for joining us for the Q1 FY25 Earnings Call.

This Quarter has been quite positive for us and I, along with team SOBHA, are happy to be interacting with you today. You can access the Investor Presentation which is based on the audited financial results adopted by the board from our website.

In today's call, I will briefly touch upon our performance in Q1 and our outlook for the remaining period of FY25.

The 1st Quarter was an eventful one with four new project launches in real estate, two of them in Gurgaon and one plotted development in Chennai and one in Coimbatore. These projects combined. measure 3.04 million square feet. The projects are as follows:

- First, SOBHA Aranya, our company's first Golf Course-based project.
- Second is SOBHA Altus, Company's first mixed-use development project—both in Gurgaon
- SOBHA Conserve in Chennai and SOBHA Mountain Mist in Coimbatore.

In the past nine months, we launched an overall 10 million square feet and currently we have 9.24 million square feet of unsold inventory. This gives us a great visibility for our teams to work on sales for the remaining years in addition to the planned launches for the next nine months.

The majority of the recently launched inventory is in high ticket size category of over 5 crores and hence we expect the sales velocity to be moderate for such units.

We have a strong residential launch pipeline of 17.9 million square feet across 16 projects, 7 cities and we expect these projects also to be launched in the next six to eight quarters. In the remaining quarters of this financial year, we expect to do another at least 6 million square feet, taking the yearly launches to about 9 million square feet. This provides us a great impetus to the near- and medium-term performance.

We are also building a robust pipeline for future projects from our existing land bank, largely based in Bangalore, and new transactions in current operating cities and high potential non-operating cities. The high potential non-operating potential cities that we are currently considering are Mumbai and Noida. The current potential of these projects is about 30 million square feet. We will share the details of these projects as we move into forthcoming projects from time-to-time. The expected timeline to bring these projects into launch stage is between one and a half to three years.

As you are all aware, we have recently concluded our rights issue and raised the capital of. 2,000 crores. This capital will enable us to propel from here after laying a strong foundation of execution and fiscal and develop deep operational expertise in multiple cities in the country. This capital raise from public has come after 15 years after 2009's QIP and our landmark IPO in December 2006. The successful rights issue makes 2024 a significant milestone for the company as it is a testament to our commitment to growth and promoter intent to contribute to the same in India. It also shows the incredible show of support we have received from the public investors and from our valued shareholders, from those who have continued to make us who we are for which I am truly grateful.

Sales in the 1st Quarter of this fiscal have been quite encouraging and we have done the second highest ever sales value. We have sold a total of 562 units this quarter and achieved a quarterly sales of 1,874 crores, registering a YoY growth of 28% and QoQ growth of 24.6%. Thanks to the new launches, for the first time in the history of the company, NCR has contributed to 852 crores, 45.5% of the overall value, overtaking Bangalore sales. GIFT City also had a remarkable quarter with the sale value of 93.2 crores post launch of SOBHA Elysia.

SOBHA's overall price realization in Q1 FY25 was the highest ever. This is because of the significant shift in our product mix aided by the recent launches. The demand outlook in all our operating cities continues to be steady with supply catching up to the demand.

During the quarter, we completed 0.92 million square feet in delivery, which is 564 units and we are on track to complete about 5 million square feet versus about 4 million square feet in the previous financial year. In this quarter, although we have completed projects, delays in obtaining OCs have affected our revenue recognition and hence, going forward, the revenue recognition would be in a little lagged manner for the remainder of the financial year.

Our contract revenue is steady for the quarter and going forward we would deemphasize on civil contracts projects owing to the increase in scale of our operations in real estate. This would enable us to channel our resources to our real estate projects and increase the pace of construction continuing with the backward integrated model of delivery which is the hallmark of our company. Similarly, our manufacturing divisions continue to support our delivery model while we service external customers as well.

With this overview, I now invite Yogesh – our Chief Financial Officer, to give his commentary on the Financial Performance in Q1 and then we can open the floor for questions. Yogesh, over to you.

Yogesh Bansal: Good evening, everyone, and thank you for joining us today. I am pleased to share our financial performance for the 1st Quarter of Financial Year ’25 ending 30th June 2024.

Starting with our cash flow:

In line with the previous quarter, this quarter also we monitored our cash flow closely. The improvement in cash flow over the last two years is a clear testament to our focus and our constant endeavor to improve financial efficiency. We have achieved the highest ever quarterly inflows and crossed a historic milestone of 1,500 crores.

Total collection from all the business amounted to Rs.1,546 crores in this quarter. Of this, about 1,392 crores were contributed by real estate businesses marking it the highest ever quarterly achievement as well as in our operating history. This was possible due to increased sale and also progress in project development in all ongoing projects, leading to higher billing and collection. We generated a net operating cash flow of Rs.327 crores which was 68% higher than Q1’24.

We have invested in CAPEX close to 44.5 crores while higher due to start of construction of recently launched projects. During the quarter we have invested 161 crores in line with our growth focus.

These are 15 consecutive quarters of debt reduction. We reduced our net debt by 74 crores in the quarter and now our debt-equity is 0.47.

Looking ahead, for our residential real estate business, we have an estimated margin cash flow of Rs.16,200 crores to be realized for sales and marketing expense. Of this, Rs.9,994 crores is expected to come from our ongoing projects and balance 6,210 crores from our forthcoming projects.

On the P&L side:

Our total income during the quarter was Rs.670 crores with EBITDA of 85.4 crores with a margin of 12.7%. Real estate income from property development from the handover of residential units was 334.7 crores.

In this quarter, revenue recognition was low on account of fewer handovers due to delay in OC in some of the projects. And during the quarter, we spent a lot of money on sales and marketing on current sale which is also taken into account in our P&L. For the quarter, we have recorded a net profit of Rs.6.4 crores.

Before closing, I will just touch upon the rights issue:

As you are aware, recently we have raised 2,000 crores through the capital market. We have issued 1.21 million shares at the rate Rs.1,651 per share and the rights issue was subscribed 1.39 times. This rights issue will help us in securing new opportunities in new markets as well as it will strengthen our existing operations.

Once again. I thank you all for your participation. We can open the call for question-and-answer session.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Puneet from HSBC Mutual Fund. Please go ahead.

Puneet: Thank you so much and congrats on the great numbers. My first question is with respect to the comments that you made that given that you will have high ticket price launches, the sales would be moderate. How should one think about bookings in the light of this comment, should one think that last year's run rate would be where you would end up this year or you expect a pick up there?

Jagadish Nangineni: Thank you, Puneet. What we expect from a sales point of view is both from the current inventory that we have and also proposed launches that we are planning to do subsequently during the financial year. So, in my earlier call, I had mentioned that in this year we would be targeting a sale of at least about 8,500 crores and that's what we would continue to aim for. It's not that the inventory is only with that high ticket size units but also it comprises of the other units. Those would of course be a little bit moderate but the rest of the inventory that we have seems to be having good traction. So, I believe with the current inventory that we have, which is diverse across locations and also with the new strong pipeline that we are seeing, we should be able to achieve what we have set out for.

Puneet: Similarly, your comment on revenue recognition which you said will come in a little lagged manner given that your guidance for almost 5 million square feet of completion, can one assume it will be more towards third and fourth quarter?

Jagadish Nangineni: Yes, Puneet. Ideally it should be coming from Q2 itself and wherein we had received significant number of OCs post Q1. One of the reasons for the delay in Q1 revenue recognition the OC matter is also because of the elections that have happened and wherein a lot of government functions and machinery are focused towards conducting of the elections and hence there have been some delays. And post that we have seen that there is significant improvement in the timeline for getting this. So, if everything works well, we should be able to start seeing those from Q2 itself.

Puneet: And one question is on the accounting side. When I look at your balance sheet, the inventory reported has gone up by almost 1,200 crores, but on the other side, if I look at the spends on land payment and construction cost, etc., that's less than 1,200 crores. So, how is that adding up?

Jagadish Nangineni: Well, that is mainly owing to the fact that whenever we convert any of our land opportunity into a project, particularly in the joint development, right, so we would have to follow the gross accounting method wherein the construction cost pertaining to the landowner gets into both sides of the balance sheet.

Puneet: And lastly, if you can also talk about even the bump in realizations that we're seeing on the GIFT City, Hyderabad. Is it more the nature of product or is it that the realizations in those cities have gone up to such range?

Jagadish Nangineni: Well, GIFT City project is in Gandhinagar and there we had three projects, first one being Dream Heights and we started the project in 2017. We had been seeing a steady increase in the realization and probably you would have noticed in some of the recent land auctions also there is a great interest in GIFT City and hence there is significant demand there. In the past four to five years particularly, we have seen an increase in the realization from earlier 6,500 to close to about 10,000. So, the new project that we launched is at about 12,000 and we are seeing decent traction not that, it's necessarily going to continue at the same pace as Q1 because Q1 has a slight increase because of the new launch. But from here on, it will be a steady progress. But we are seeing a very good demand response for this project too.

Puneet: So, the project type has not changed, just the realization which used to be Rs.8,800 a square feet has gone up to 12,300. So, that's how one should read?

Jagadish Nangineni: One is the price per square feet, the realization. Second, even the nature of the project also has slightly differed from the first project. Our first project was in fact only one bedroom and a two-bedroom units. The second one had a mix of both two bedroom and three bedroom. And this one we are catering to the slightly luxury product. And this one is largely a three and a four bedroom. So, the product configuration also changed as the GIFT City progressed from where it was about seven to eight years ago.

Moderator: The next question is from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi: Congrats on the great quarter, JagadishJi and YogeshJi. So, just to understand SOBHA share versus JD share, so if we see the cash flows last year, we paid approximately 1,000 crores to JD partner, but when we see in the million square feet size, I mean it doesn't look like there is any meaningful JD partner share. So, like will this come down materially in the future because 95% or maybe 98% of our sales are probably our own and versus the JD area. How should I read this?

Jagadish Nangineni: You look at both little differently. One is the cash flow, cash flow of course last year JD share cash flow was slightly higher owing to payouts for some of our partners which we accelerated and paid them out which are ongoing continuing projects. While this quarter that has normalized and that's where you are seeing slightly lower JD payments now. Coming to the overall inventory if you are referring to the inventory that we have or the sales that you are referring to, then it would be slightly different and the remaining inventory that we have about 18-odd million square feet that we plan to launch in forthcoming projects, overall SOBHA share would be about in the range of 76% to 80%.

Dhruvesh Sanghvi: So, I mean there is a meaningful JD number there as well is what you are saying. Okay. The second piece is when we see the gross debt, it has remained nearly 2,000 crores for the last five quarters and we are in a very healthy shape. So, is it like we are preparing for the so-called new cities of Mumbai and Noida and once the deal is complete, we have to pay some big numbers out there or the prepayment laws don't allow you to pay early out of the existing debt, how does this number is to be seen?

Jagadish Nangineni: This is completely technical. It's nothing to do with any linked to any strategic direction that we are taking. The technical thing is we are just following through with what the RERA method of deploying capital. So, we had got good collections from previous two years of sales and also billing that we have done with good progress on our side. While in joint development projects we can probably refer to joint development payments and take some of the cash out from these RERA accounts. But for owned land projects, it's far lower that we can take out. So, hence what number that you are seeing in terms of the cash that's lying in the books, that will be largely towards in the RERA accounts.

Dhruvesh Sanghvi: I am referring to the magazine article, which generally talk about the slightly longer-term vision of India by the Menons and there Mumbai look to be a predominant number, but the quoted time period was looking very low in terms of in three, five years we will be here or there. If you can just throw some light on what practically we can achieve in Mumbai considering that your first project may start from one and a half or two years hence as you indicated at the start, so some timelines in terms of when will Mumbai presales really start in a proper way?

Jagadish Nangineni: While the intents for the promoter and the senior leadership is to expand and grow to new cities, and like I mentioned in my opening comments, Mumbai being one of them, Noida being one of them, we are still taking baby steps in these cities and it's very difficult to comment about the timelines immediately, but probably by the next call or so we will be more clear in terms of how we would like to progress from here. So, it's slightly early right now.

Moderator: The next question is from the line of Parvez from Nuvama Wealth. Please go ahead.

Parvez: So, couple of questions from my side. First, I think in the previous con call you had said that we are targeting about 9 million square feet of launches this year. Does that target remain or is there a chance that we may give it?

Jagadish Nangineni: Yes, you are right. The last quarter call I had mentioned 9 million square feet and even in this opening comments also I have referred to that 3 million square feet that we have already done in the 1st Quarter and remaining three quarters we should be able to do at least 6 million square feet. There is an upside potential to this definitely, but this is the number that we think we can surely do. As time progresses and we get far more confidence on the timing of the remaining launches, we will definitely revise this number.

Parvez: What would be the GDV of these 9 million square feet launches, rough cut basis?

Jagadish Nangineni: At an average of current about Rs.11,000 I think we can take about, total 9 million square feet will be about in the range of Rs.10,000 crores.

Parvez: And second, I mean, we have obviously stepped up our land related tickets. This quarter in fact the trajectory had started going up, last year as well. So, going ahead now do we have a target in mind regarding what is the quantum of policy either in million square feet or GDV terms that we are targeting for adding? I think some news reports say that we have won a couple of auctions in Greater Noida also, JDA in Gurgaon. So, just wanted to get your views what is our let's say target on the land development side?

Jagadish Nangineni: Yes, Parvez, we do not have a clear yearly target for adding GDV. The reason is twofold. One, I think we have enough in the pipeline for us fortunately, and which you can see in the inventory itself, we have about 18 million currently and about 9 million already we have as unsold inventory. So, that's 27 million square feet. On top of it, we have an additional pipeline of significant from our existing land bank and also what we have done as deals in the previous couple of years. So, hence we think that there is enough inventory with us. On top of it, the current market seems to be very on the upper side and with the capital that we have and the cash flow that we are generating we will see opportunities and the capital allocation for us is very strictly in terms of the financial returns too. And we will be deploying based on the opportunities that we would receive. And I am not a big fan of putting targets for GDV on a yearly or a quarterly basis.

Moderator: The next question is from the line of Biplab Debbarma from Antique Stock Broking. Please go ahead.

Biplab Debbarma: Sir, my first question is on the reported EBITDA margin. That has been low for a while. So, sir, what would be the projected margin for FY25 and '26 based on the revenue recognition that is estimated and by when do you think we can cross reported EBITDA margin?

Jagadish Nangineni: We do understand the concern of the lower EBITDA margins. Like I have mentioned in the previous financial year it has got to do with the cost overruns in our contractual projects and in real estate projects post-COVID. But going forward, we are very optimistic of the margins, particularly in the sales that we have done in FY23, '24 and 1st Quarter of '25, our EBITDA margins at project level should be more than 30%. So, hence they will recover as we recognize these revenues in the coming years. And while a lot of fixed cost that we are absorbing today are at a slightly higher level in terms of sales. So both, combination of the lower margin recognition of the previous years and higher cost base in terms of fixed cost both contributing to lower EBITDA margins right now. Those will surely recover as we start recognizing more revenue based on the completion of the projects and that we should start seeing the better margins even from next quarter. But I would say that steadily it would improve from next financial year.

Biplab Debbarma: Second question is on your venturing into new developments, Mumbai and Noida. And welcome to Mumbai, sir. I just wanted to know this project what kind of these are JDA projects and from the million square feet, what will be the total price in Mumbai and in Noida?

Jagadish Nangineni: Thank you for the invite to Mumbai. We are like I said taking very baby steps right now and it's very difficult for us to give a clear timeline or what we are planning to do. We ourselves are in a significant learning mode. So, as things progress, we will be able to give you clear commentary or indication towards what we are planning to do there and that you will definitely find in the subsequent interactions with us.

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

Pritesh Sheth: Firstly, just a clarification whether SOBHA Altus has any contribution for the quarter or most of that sales that happened will come in Q2?

Jagadish Nangineni: SOBHA Altus also was launched in Q1 of this year and a small contribution from that also is available, it was launched towards the end of the quarter, so it's a small contribution, it's not very large.

Pritesh Sheth: Second is on your product strategy since you agree to the fact that all these premium projects with higher ticket size will have a moderate kind of sales. So, firstly trying to understand, why these premium projects whether the location demands that or the land cost that we have paid or the terms that we have agreed with JDA partners need to have a premium project in that location so as to earn good margins, so just broad comment on that? If you can just quantify the balance 6 million square feet in this year or the 19 million square feet that we have in the forthcoming pipeline, what would the mix of mid-income versus premium projects?

Jagadish Nangineni: Good question, Pritesh. It gives me an opportunity to respond to why we have chosen to do this. Firstly, the positioning of the project and the mix of the configuration of the units is not necessarily driven only by financial sense, but also from the location of the project, the kind of bylaws that we have moving what kind of audience that we would like to expect to cater to. So, we as a company also have a vision to create landmark spaces and phenomenal projects catering to a higher ticket size customers as well. So, it is a coincidence that all of these projects have come together. We always had some small mix of such projects in our portfolio, but most of these projects have come through in the last couple of quarters, that's largely a coincidence, but each project has a well thought out plan is why we have done that. And for example the Aranya, which is a golf course project and the size of the unit and the design of the project is completely in sync with the fact that it is one of its kind in NCR and in India, and in the row houses that we have done in Bangalore also it's in a fantastic location and the kind of the availability of the scale of the land and the kind of product that we wanted to do in terms of row houses has been one of our dreams to develop such a project towards this side of the town. So, considering those we have been designing these projects for a few years and they have all been launched together. That's sort of a coincidence. But the rest of the projects is on a typical mix of our two, three and four bedrooms, the remaining close to 18 million square feet.

Pritesh Sheth: Any breakup you can give in terms of whether it will be largely tilted towards mid income or it's balance between both the categories?

Jagadish Nangineni: So, well, the remaining 18 million square feet are designed again to largely skewed towards a typical product and all of these are apartment projects. So, largely they will be in our bread-and-butter category of average size of 1,800 to 2,000 sft.

Pritesh Sheth: Second question is on the rights issue that we have had. I just wanted to check, how much did a promoter additionally contributed to rights which were not unsubscribed by the existing investors, if you can quantify that number, I mean over and above their current holding, how much they would have put in that rights issue?

Jagadish Nangineni: Well, like Yogesh has mentioned in his comments, the overall rights issue was oversubscribed by 1.4 times and the promoters' share has gone up by about 0.5%.

Moderator: The next question is from the line of Abhinav Sinha from Jefferies India Private Limited. Please go ahead.

Abhinav Sinha: Hi, Jagadish. A quick question on rights issue itself. So, when are we expecting the remainder of the money to be drawn in?

Jagadish Nangineni: In the rights issue we had taken a provision for doing it in two additional tranches. As we deploy this capital and start seeing utilization of these funds, we will take a call in another three months to choose the timing of that, whether it's going to be one tranche or two tranches. We have a time for 18 months to make a choice there.

Abhinav Sinha: But hopefully this year all of it can come?

Jagadish Nangineni: It's quite possible. And like I said, it's too early. We just finished the first tranche. So, we will be able to take a call in another three to four months.

Abhinav Sinha: I actually had a few questions on the NCR market. So, firstly, Gurgaon, we have heard that there has been some slowdown etcetera. So, just wanted to have a broader take from you also on the overall market? And secondly, again the remaining area that you have in Gurgaon now to be launched, what is the timeline for those launches as well?

Jagadish Nangineni: In Gurgaon market, see, firstly, the projects that we have currently they are catering to the upper end of the market. Hence, it's very difficult for me to comment on the rest of the market. The rest of the market seems to be reasonably strong, and the higher ticket size market also seems to be steady, and we, like you know, cater to the end-user customers and there continues to be interest in our products. So, from that point of view, I don't see a large concern. And the remaining inventory is that we have a couple of more projects that we would like to launch that we should be doing it in another nine to 12 months.

Abhinav Sinha: How much of inventory do you have in Bangalore now and in the next one or two quarters, are we looking at some big ticket launch there?

Jagadish Nangineni: Yes, of course. In Bangalore itself, we have about 3.5 million square feet, and we would probably launch out of the 18 million square feet we will have about 11 million square feet from Bangalore itself.

Abhinav Sinha: No, but in the next one or two quarters because sales seem to have sort of slowed there now?

Jagadish Nangineni: Yes, largely the new large launches that will happen in this financial year will be from Bangalore.

Abhinav Sinha: Finally, is it possible to comment on the Greater Noida land auction? We seem to have won something.

Jagadish Nangineni: Yes, that's a small land that we have participated in and won. It's about 3.44 acres and we think that we can develop about 0.65 to 0.7 million square feet. So, from an overall potential point of view, Greater Noida seems to be getting better over the years and hence we have been looking at evaluating the market for quite some time and we thought this is a good opportunity where we're getting clean land from the government and wherein the ability for us to get approvals and launch the project are pretty straightforward. So, hence we think that this is a good opportunity for us to experiment in a new market and also I think the economics also works for us.

Moderator: The next question is from the line of Siddhant from Goodwill Industries. Please go ahead.

Siddhant: My first question was regarding the acquisition cost of land. We have been hearing from a lot of other developers that the cost of acquiring lands in hot markets like Bombay and NCR has shot up. So, what kind of IRR are we expecting on these projects and how do we not make the mistake of buying land at the top of the cycle and then being stuck with it for a long time?

Jagadish Nangineni: Good question. Siddhant. You are absolutely right that the product prices have almost gone up in the last couple of years, similarly the land prices also have caught up particularly in the last nine to 12 months. Hence, we need to be far more calculative and cautious in terms of doing new deals. And that's where I think our play comes into strength because we do already have a good pipeline of new launches, and we have a good capital base. So, our ability to choose the transactions where we think that it is financially makes sense and strategically also it helps us. So, we will be able to capture those opportunities without the burden of having any high debt and having a good capital base for us to invest. So, from that perspective, we are far better positioned in this market than what we were before in probably two years ago.

Siddhant: The second question is regarding the rights issue. So, as of date, we would be net debt-free?

Jagadish Nangineni: Well, we have drawn the first tranche is about 1,000 crores and hence post that we like we have seen our net debt currently is at about 1,200 crores and post the rights that net debt probably would be about 300 crores.

Siddhant: In this quarter, you did not give the pre-sales number at the start of the quarter. Was it the new regular practice or was it a one off?

Jagadish Nangineni: We were in the middle of the rights issue and hence we were advised to combine it with our quarterly results and hence we have taken that approach. We will continue with our operational updates from the next quarter.

Moderator: The next question is from the line of Pavas Pethia from Aditya Birla Mutual Fund. Please go ahead.

Pavas Pethia: Just wanted to understand what is the land bank post this forthcoming projects of this 19 million square feet if you could give some region-specific color on the land bank we have?

Jagadish Nangineni: Like I mentioned, we do expect to have projects beyond this 18 million square feet to the tune of 25 to 30 million square feet. And that will be largely from our existing land bank and also some of the recent projects that we signed up.

Pavas Pethia: So, this 25, 30 million square feet, post that we don't have any additional land bank or?

Jagadish Nangineni: We do have and those are still in stages where we cannot clearly say that those can come into development stage. We do have and we are working towards it. And as and when those also come in, we will definitely add to the pipeline of projects.

Pavas Pethia: But some color about which are the regions where this is kind of more whether it's Bangalore heavy, what else is there?

Jagadish Nangineni: From our current land bank point of view, it's entirely Bangalore. Although we have lands in Tamil Nadu and Kerala but majority of them, we do think that we will need to consolidate and probably do projects like plotted development or we use it for some other purposes, other asset class or we do monetize those land parcels. So, that's largely the current view. And if there are any changes in the location dynamics and as we continue to invest and consolidate those, if there any other change in dynamics of the particular micro market, we will obviously relook at the development potential there.

Pavas Pethia: You said the reason for not putting it across, is it not contiguous land or is it some regulatory issue?

Jagadish Nangineni: No, it's not at all a regulatory issue. It's more to do with continuity, more to do with the current location and its dynamics where we think that the development potential is not as high as it should be because our main focus is development of residential spaces which is again built up areas and these locations are not yet there for that.

Moderator: The next question is from the line of Himanshu Upadhyay from BugleRock Capital Private Limited. Please go ahead.

Himanshu Upadhyay: My question was on Bombay. What type of projects we are looking in capital allocation you are thinking and how are you thinking about differentiation in this particular market versus other players and some of those broad thoughts you can help us in the market or how you are thinking for approaching the market?

Jagadish Nangineni: The approach towards Bombay is similar to our approach to any new city that we have gone in and we have got a lot of learnings from as we enter a new city. Like I mentioned earlier, we are still in a learning stage right now and our ability to give a full-fledged commentary or outlook or strategy in terms of what we are going to do is a little bit premature. So, hence I would like to reserve it for probably a few months later. Having said that, Mumbai being a very large market, probably constituting about 35% to 40% of the overall top nine cities in the country, there would be a lot of opportunities, and we think that there would be a small space for players like us as well. It has to fit in our model of development, model of our financial metrics and the opportunities that are presented in Mumbai are several types unlike in many other cities and the geography itself is far and widespread, core Mumbai, Thane and Navi Mumbai. So, it's a large market where our understanding is very preliminary. So, hence it's very important for us to focus on specific types of developments and locations currently. We are trying to wrap our head around it. And as we can start focusing on certain opportunities, we will be able to get a far better understanding and make up our own plans to go about it. That's one. Second is of course apart from Mumbai itself, we do find lot of opportunities in our existing operational cities. So, Mumbai is just one market, and we are looking at it from a very long-term view. It's not that we are just taking the capital that we have and allocating a large chunk of that to Mumbai. If the priority is right then we would allocate far more capital to our existing locations than to new cities in Mumbai for two reasons. One, still we are learning about it, and we would like to enter it with a lower and capital efficient manner and second like we are witnessing, the market is also still evolving and we are not very sure if it's at the top end of the market or there is still room for us to grow. So, considering all that, we would take measured calls on how we go about in Mumbai.

H Upadhyay: And we said that there are a lot of land parcels where we need to consolidate. So, on the rights issue what capital you have raised, do you think a substantial chunk can go for consolidation of those land banks and bringing it them to the market or you think it is a small opportunity only?

Jagadish Nangineni: Well, these land banks are largely located in peripheral locations of cities and hence capital required for us to consolidate is very low. That's not the primary aim of the capital raise that we have done. And also, it will be for an extended period of time. So, the current land bank which is in Tamil Nadu and Kerala that we will use the capital as and when we can get the right opportunities to consolidate.

Moderator: The next question is from the line of Parikshit Kandpal from HDFC Bank. Please go ahead.

P Kandpal: So, my first question is on Gurgaon. There was some announcement in the media that you have registered some 12 acres of JDA. So, what is this land parcel in Sector 63?

Jagadish Nangineni: Yes, yes, we have done a collaboration with the local land owner, and this is part of our launch plan for future.

P Kandpal: And how big is this opportunity in terms of the million square feet and GDV and whether it is a part of the presentation?

Jagadish Nangineni: Yes, I think we can develop about close to 1.6 million square feet of area here.

P Kandpal: And approximately the rates here will be about Rs.17,000, Rs.18,000 or more than that?

Jagadish Nangineni: Yes, at about Rs.20,000 is what we believe we can do.

P Kandpal: Is this a part of the presentation or is it like it will get added maybe in Q2?

Jagadish Nangineni: No, this transaction we have completed earlier and although it's reported in media recently, so we have taken it as part of our forthcoming projects, and it's included in about 18 million square feet of forthcoming projects.

P Kandpal: My second question is on Hoskote land. So, now Godrej has launched a project, and it has done significantly like phenomenal in terms of sales. So, when you speak about that 20 million square feet additional pipeline, so how much, first of all is the Hoskote potential because what I understand it was the 500 to 600 acres of land potentially with 50 million square feet of sellable area. So, how much if at all is included in that 20 million and when do you think you can bring it to the market?

Jagadish Nangineni: Our first phase that we are planning to do is more than 100 acres and we have started doing our master planning there. I think we should be able to start that process of submitting for approvals, etc., in the next six to 9 months and post that whatever time it takes for us to launch.

P Kandpal: Is it the part of the 18 million square feet which you have like factored or is it part of 20 million square feet which you said is the pipeline beyond that 18 million square feet?

Jagadish Nangineni: The current forthcoming projects what we have declared as the projects for the next six to eight quarters, it doesn't include Hoskote land.

Moderator: The next question is from the line of Puneet from HSBC Mutual Fund. Please go ahead.

Puneet: My question is first of all on this land bank thing which we have discussed. So, there is Hoskote which you talked about, there is Hosur if you can talk about and there was another 34-odd acres in Kochi, any progress there and any thoughts of disclosing this in your presentation at some point of time?

Jagadish Nangineni: Definitely we would like to do that, Puneet, and we will endeavor to cover that in the subsequent quarters.

Puneet: And if I look at your finance cost on the payment basis that has fallen QoQ despite gross debt rising. But when I also look at the cost of borrowing that you report that has gone up on QoQ despite the fact that your balance sheet has actually become much superior. If you can comment a bit on what's driving all this?

Jagadish Nangineni: Finance cost has slightly reduced from last quarter. So, I am not entirely sure what your question was, Puneet, because our overall finance cost has reduced by about 5-odd crores. But we will understand the question and probably take it offline again.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question. I now hand the conference to the Management for the closing remarks.

Jagadish Nangineni: Thank you. I express my sincere gratitude to all the participants in the call today. I hope we answered your questions satisfactorily. So, if there are any other questions, please reach out to us. Thank you and have a wonderful evening.

Moderator: On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.