



SH/XII/2024

29th October, 2024

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Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th floor,
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Bandra (East), Mumbai-400 051.
Scrip Code: ABREL

Dear Sir/ Madam,

Sub: Transcript of Q2FY25 Earnings Conference Call of Aditya Birla Real Estate Limited ('the Company')

Ref: Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

Pursuant to Regulation 30 of Listing Regulations, please find attached transcript of the Q2FY25 Earnings Conference Call conducted on 22nd October, 2024 at 04:00 pm IST after the meeting of the Board of Directors of the Company held on the same day itself.

This is for your information and record.

The above information is also available on the website of the Company.

Thanking you,

Yours truly
For **ADITYA BIRLA REAL ESTATE LIMITED**
(formerly Century Textiles and Industries Limited)

ATUL K. KEDIA
Jt. President (Legal) & Company Secretary
Encl: as above



ADITYA BIRLA REAL ESTATE LIMITED
(Formerly known as Century Textiles and Industries Ltd.)

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“Aditya Birla Real Estate Limited
Q2 FY'25 Earnings Conference Call”

October 22, 2024



MANAGEMENT: **MR. R.K. DALMIA – MANAGING DIRECTOR – ADITYA BIRLA REAL ESTATE LIMITED**
MR. K.T. JITHENDRAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – BIRLA ESTATES PRIVATE LIMITED
MR. SNEHAL SHAH – CHIEF FINANCIAL OFFICER – ADITYA BIRLA REAL ESTATE LIMITED
MR. AJAY GUPTA – CHIEF EXECUTIVE OFFICER, PULP & PAPER – ADITYA BIRLA REAL ESTATE LIMITED

MODERATOR: **MR. AMIT SRIVASTAVA – BATLIVALA & KARANI SECURITIES INDIA PRIVATE LIMITED**



*Aditya Birla Real Estate Limited
October 22, 2024*

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 FY'25 Earnings Conference Call of Aditya Birla Real Estate Limited hosted by Batlivala & Karani Securities India Private 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amit Srivastava from Batlivala & Karani Securities India Private Limited. Thank you, and over to you, sir.

Amit Srivastava: Thank you, Nami. Good afternoon, everyone. On behalf of B&K Securities, I welcome you all to the 2Q FY'25 Earnings Conference Call of Aditya Birla Real Estate. We have with us from the management Mr. R.K. Dalmia, Managing Director, Aditya Birla Real Estate Limited; Mr. K.T. Jithendran, MD and CEO, Birla Estates Private Limited; and Mr. Snehal Shah, CFO.

Snehal Shah: Amit, even Mr. Ajay Gupta, our CEO for Pulp & Paper is also there.

Amit Srivastava: Okay. Sure, sir. So, Mr. Ajay Gupta, CEO for the Paper & Pulp division. So, we will start the call with opening remarks from the management, which will be followed by Q&A. Over to you, sir.

R. K. Dalmia: Thank you. Good evening, everyone, and welcome to the earnings conference call for the second quarter and first half of the financial year 2025. To start with, let me first inform you, as you may already know that our company's name has officially changed to Aditya Birla Real Estate Limited in line with the company's strategy to continue to expand the real estate portfolio.

Let me now take you all through the financial highlights, followed by the business and operational highlights. For the second quarter of the financial year 2025, the consolidated turnover of continuing operations grew by 32% year-on-year to INR 1,121 crores. EBITDA for the quarter grew by 50% year-on-year to INR 99 crores with EBITDA margin reported at 8.8%.

The net profit on continued operations was INR 13 crores for the quarter. For the first half of the financial year 2025, the consolidated turnover of continuing operations grew by 30% year-on-year to INR 2,260 crores. EBITDA for the period grew by 5% year-on-year to INR 223 crores, with EBITDA margin reported at 9.9%. The net profit on continued operations for this period was INR 40 crores for the quarter.

Now let me take you through the key highlights across our two business verticals, starting with real estate business. During Q2 financial year '25, the Indian real estate sector continued to experience a robust demand, driven by factors such as a large space requirement, enhanced amenities, and the desire to secure a well-desired living space boosting the luxury market.

Tier 1 cities are witnessing steady demand, while Tier 2 cities are emerging as new investment destinations due to infrastructure development, improving connectivity and affordable pricing. In Q2 FY'25, the revenue of Birla Estate grew by 500 year-on-year to INR 254 crores, driven by continued delivery at Project Alokya in Bengaluru, Birla Vanya in Kalyan, and Birla Navya

Phase 1 in Gurugram. EBITDA was reported at INR28 crores, representing the EBITDA margin of 11%.

During the quarter, we launched three projects, namely Birla Anayu in Walkeshwar, Birla Ojasvi in Bengaluru, and Birla Trimaya Phase 2 in Bengaluru. For the quarter under review, we achieved booking worth INR1,412 crores for our already launched projects and strong collections of INR644 crores from all projects during the quarter. We also made two major acquisitions during the quarter, where we acquired ownership rights of 10 acres of land parcel in Worli, with a GDV of INR14,000 crores. And we also acquired 5 acres of land parcel in Gurugram, NCR with GDV of INR1,400 crores.

In other updates, Birla Niyaara, received 5-star rating by British Safety Council.

Our outlook on the sector remains positive, fuelled by robust demand from high net worth individuals, non-resident Indian and growing aspiration among urban elite. We expect the growth momentum to continue, driven by strong economic fundamentals and favourable policy measures.

Now moving on to the Pulp & Paper segment. In Q2 financial year '25, the paper, board and tissue prices continued their downward trajectory with average net sales realization down by 4% year-on-year and were almost at par with previous quarter. Production and sales volumes increased by 8% year-on-year and 13% year-on-year, respectively. Sales volume increased by 10% Q-o-Q, driven by growth in board segment.

Sales volume in Q2 '25 increased by 7% Y-o-Y and 9% Q-o-Q; however, EBITDA decreased by 22% Y-o-Y and 10% Q-on-Q due to lower NSR, rising input cost pressure from increasing wood and imported pulp costs, thus constraining profitability. Demand for writing and printing paper remained subdued in Q2 FY'25. Import quantity has also seen an upward trend in copier segment.

The company continued to implement various cost reduction initiatives to counter these market conditions, like increasing fiber line production, subsequently, enabling substitution of imported pulp on tissue machine. Bamboo use is also increased to 30% to reduce production cost of captive pulp. We started the oxidized white liquor plant to potentially reduce caustic consumption in fiber line pulp production.

On the sustainability front, the company developed 80 nurseries in 11 districts to increase wood catchment areas with about 97 lakhs plantation completed in Q2 FY'25. The company generated 131 metric tons of compressed methane gas from wastewater and utilized the same instead of LPG in tissue machine. Company is also taking various strategic measure like reworking the copier market strategy to revamp product portfolio. Additionally, B2C strategic initiatives are also under conceptualisation stage. And new products are being developed in writing and printing paper segment.

On the market outlook, writing and printing paper demand is expected to improve Q3 FY'25, driven by publishing season and anticipated release of government tenders. Tissue demand in Q3 FY'25 is expected to remain low post-festive holiday season.

Board demand is expected to remain subdued due to tapering-off of festive season demand. An excess supply of cost-competitive imports is expected to aggravate the pricing pressure in the domestic market. The decline in international pulp price is also expected to impact exports and increase low-price import in the absence of antidumping regulation. The impact of lower demand-excess supply imbalance leading to inventory accumulations at all major paper producers is expected to contribute to continued pricing pressure.

In conclusion, Q2 FY'25 has been an overall good quarter, driven by stellar performance by real estate business, and we are, therefore, strategically expanding our real estate portfolio.

With that, I will now conclude our opening remarks and we can start the question-and-answer session. Thank you.

Moderator:

The first question is from the line of Karan Khanna from Ambit Capital.

Karan Khanna:

K.T., just a couple of questions from my side. Firstly, on the NCR portfolio, in 1Q FY'25 presentation, you had mentioned that the launch of Delhi Mathura Road project was planned for this fiscal year. But in the 2Q presentation, this is not featured in FY'25 launch pipeline. So could you elaborate on the reasons for this delay?

And secondly, the presentation also doesn't talk about the Noida land parcel you have taken under development. So could you provide more insights into this project as well in terms of, terms of arrangement, revenue sharing, etcetera, between the company and Lotus Group? And what can be the anticipated development potential for this project?

K. T. Jithendran:

Good afternoon, Karan. Yes. The first one, a question on India Hume Pipes, though we are trying to launch this project in this quarter, but it looks unlikely because we're not able to make enough progress on the approval. So it looks difficult for us to launch this project in this financial year because of the approval issue in New Delhi. It may take more time. That's why we have put it out of guidance. And that's as far as the India Hume Pipes is concerned.

As far as Noida, we have signed a binding agreement, and there is certain preconditions precedent, which the JV partner has to fulfil. So until that is completely complied with, we are not talking or disclosing the other commercial details of the project. Once we cross that bridge, then we'll be happy to disclose all the other details because it becomes relevant only once those preconditions are met.

Karan Khanna:

Just a follow-up. By when do you expect these terms to be complied with by the partners?

K. T. Jithendran:

Our expectation is that before December, we should be able to do this.

Karan Khanna:

That is helpful. The second question on Worli, you have about 2.5 million square feet of development potential besides Niyara Phase 1, 2, and 3, and now you have also acquired 10 acres of land parcel from the Wadia Group. So with the optionality with Century Bhavan, so how are you planning, strategically planning the launches in this micro market?

And how should we assess sales momentum in the micro market based on the expanded land portfolio? And as a follow-up, when do we expect the launch of Birla Niyara Phase 3, any specific milestones or considerations that could influence this timeline?

K. T. Jithendran:

Yes. So, Karan, we have a pretty strong inventory in Worli and it's a very valuable inventory. It's a very strong market. Inventory levels are at a very all-time low. I think it's a good place to accumulate good assets at very good valuation that we have been able to accumulate. What we are planning is that we would definitely be aiming to launch Tower C, which is the last phase of Niyara, next financial year.

Simultaneously, we're also thinking of launching this this newly acquired asset of 10 acres, at least 1 phase of that. The others like the 2.5 million, which the adjacent land, that may take a couple of more years to get launched. And we will think about Century Bhavan and how to time that because that is still under plans.

Karan Khanna:

Sure. My last question, given where the leverage is, you're at about INR 4,000 - INR 4,500 crores. Going forward, how are you thinking about business development? And likewise, where do we see this number settling at in terms of leverage given the construction and the upcoming development pipeline that you have?

K. T. Jithendran:

Yes. So, if you look at our current acquisitions, we have acquired this year about INR 21,000 crores worth GDV with an investment of only INR 1,500 crores. So I think we will keep looking at value accretive, good value projects whenever we get an opportunity, either through JDAs or through such very good valuation we get at outright or deferred outrights. That will continue to be our strategy. On the debt position, I'll just...

Snehal Shah:

Karan, Snehal here. Basically, I mean, let's look only at the stand-alone level, our gross debt is about INR 3,581 crores, if you see. And there is a cash balance and other liquid investment of about INR 600 crores. So, we are roughly around net debt of INR 3,000 crores, and we can easily borrow another INR 2,000 crores if required. That is one part. So we don't look at the subsidiaries borrowing because in any case, their borrowings don't come into the calculations of the standalone borrowing covenants that we have.

And for the construction finance, etcetera, I think we already have lines for most of the projects, except that because of very good sales velocity, we are able to finance the construction costs so far, out of the collections that we receive. That is not a problem over there. So I don't see the borrowings increasing in the subsidiary. So we have enough firepower at the moment if required to invest in more properties, more projects, if required.

Moderator:

The next question is from the line of Raj Rishi from DCPL.

- Raj Rishi:** Any plans to raise resources at the project level?
- K. T. Jithendran:** Resources, are you referring to funds or what? Equity? No need at this point of time, but we may be open to some private equity investments if there are the right partners, we're open to that for further expanding our business development portfolio.
- Raj Rishi:** Okay. And in the previous call, I think you had said in 3 years' time, easily you could cross INR 10,000 crores. So could you comment on that?
- K. T. Jithendran:** Annual sales, right? That's what you are meaning, right?
- Raj Rishi:** Yes.
- K. T. Jithendran:** Yes, yes. So we stand by that.
- Raj Rishi:** And the real estate scenario over the last few months and years has been very robust, right, especially in the area you're addressing. So what's your assessment for the future, like from here onwards to the next whatever you can foresee?
- K. T. Jithendran:** So Raj, as we look at the inventory levels, etcetera, in all the 4 major markets where we are operating and all the micro markets that we are looking at, it looks like a very good bet for the coming few years. Inventory levels are still pretty low. Number of players are less, supply is less, comparatively less. Supply has increased in some markets, definitely. But still, I see there is a very good leeway for strong branded, trusted brands, players, etcetera, to have a good run for at least the next 3 to 4 years.
- Raj Rishi:** And what kind of price movement do you see in the markets you operate? Like what is your perspective?
- K. T. Jithendran:** Difficult to predict, Raj. So, in our calculations, we take about 5% per annum sales increase. But largely, we take a call just before the launch, what's the market position and accordingly price the project.
- Raj Rishi:** As of now, you don't see the prices going down from whatever levels they are at?
- K. T. Jithendran:** No, we don't see that at all.
- Moderator:** The next question is from the line of Pinaki Banerjee from AUM Capital Private Limited.
- Pinaki Banerjee:** Sir, there's a news article last week that you have opened your first international office in Dubai to cater to clients in the Gulf region. So sir, can you throw some light on this matter and how much revenues are going to expect in the future from this region?
- K. T. Jithendran:** Dubai office. Yes, so we had actually opened the Dubai office last year as a part of a strategic expansion for sales, and I'm very happy to say that our recent launches, we had substantial bookings from Middle East. So I think we're very happy with that and the revenues are growing

pretty strong. And we may be open to strategically opening offices in other international regions of growth also.

Pinaki Banerjee: Okay. Sir, my last question is just a hypothetical one, sir. Actually, you have just changed your name from Century Textiles to Aditya Birla Real Estate. And going by your current presentation, you have shown that the optimism is more towards the real estate than your pulp and paper business. So sir, do you have any plans to actually demerge the business to unlock value in future?

Snehal Shah: At the moment, Pinaki, we don't have any plans at the moment. The reason why we changed the name, there are 2 reasons: One is to give the connotation of being part of the Aditya Birla Group, that is the Aditya Birla part. And second is to provide a focus on the investors that we are focusing more on the growth of the real estate business. Because most of our fresh capital allocation, whether through borrowings or in case tomorrow, we raise any money through equity, will be only towards the real estate business. And the paper business has to sustain itself on its own internal cash flows.

Moderator: The next question is from the line of Dixit Doshi from Whitestone Financial Advisors Private Limited.

Dixit Doshi: Sir, so our balance sheet as of September, does it reflect the deal that we have done with Bombay Dyeing? So the land is part of the inventory and if we would have taken some loan that is also part of the loan that we're showing in this balance sheet or it...

Snehal Shah: Yes, it is, Dixit.

Dixit Doshi: And sir, this booking value, if you can give us a breakup the project-wise of the booking value?

K. T. Jithendran: Yes. Those bookkeeping questions, we can take later also.

Dixit Doshi: Okay. Okay. No problem. And if you can help us, till date, how many Niyara Phase 2 units we have sold?

K. T. Jithendran: Niyara Phase 2. Yes, means Silas. Silas, we've sold about 77 apartments.

Dixit Doshi: Okay. And sir, in the segmental result, we see that we have around 9% to 10% EBITDA margin that I can understand is because of the head office expenses, which...

K. T. Jithendran: Yes. Our project margin has been about 30%.

Dixit Doshi: Yes. So if you can help us what kind of head office expenses and at the annual...

Snehal Shah: There is some more clarity, you need to understand is, that the EBITDA margins are overall and we are not recognizing the EBITDA of the real estate business because it is from an accounting perspective, we can only recognize EBITDA once the finished goods are handed over to the customers. So that is a bit of an anomaly for us because, and yes, of course, the corporate expenses are growing in line with the growth of the real estate business. HO corporate expenses

are not going up. It is the expenses of the real estate business, which are going up in terms of corporate overheads, which is in line with our budget, and it is in line with the growth that we are planning.

Dixit Doshi: Okay. Okay. So I understand that we book revenue when we deliver the project. So, the sales that we have booked today, those projects would have been delivered, but the cost is also booked at the time when the sales is booked, right?

Snehal Shah: Correct.

Dixit Doshi: So that's why I was trying to understand. So the only factor, which dilutes the EBITDA margin could be the HO cost, right?

Snehal Shah: HO cost has been there. Were you talking about HO as a parent HO or HO of real estate?

Dixit Doshi: Of real estate, sir?

K. T. Jithendran: And also on the launch costs of the new projects, when we launch, the sales, marketing costs, all of that gets expensed out.

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

Biplab Debbarma: Sir, I have 3 questions. First is on the FY'25 guidance that we have earlier guided around INR 7,000 - INR 8,000 crores. Are we still sticking to our guidance, looking at slippages in approval?

K. T. Jithendran: Okay. Yes. So if you're going to put all questions, then it's fine, but if we wanted to answer that, yes, we are still going by that guidance.

Biplab Debbarma: Okay. Second question is on where do we stand regarding project launches in Wellesley Road, Sarjapur, and Thane? I mean what is the current stage of approvals for these projects?

K. T. Jithendran: So Wellesley Road, Pune, we are planning to launch this quarter. December is what we're planning to launch. We are well on our way in terms of approvals. Sarjapur will be in Jan Q4. And Hindalco will be more likely in March of Q4.

Biplab Debbarma: Okay, great. So we are on track in these 3?

K. T. Jithendran: Yes, we are. We are.

Biplab Debbarma: And the third question is for Snehal sir. Sir, for the paper business this year, what do you think would be our EBITDA margin in FY'25? And in terms of cash flow, will you be able to generate at least INR 300 - INR 400 crores of net cash flow from this business?

Snehal Shah: Biplab, the answer is negative on the cash flow. I don't think we expect to generate any cash flow this year because half year is gone. And there has not been a significant inflow of cash from the paper business. The outlook does not look very good, but we hope that it will be better in the second half, but we don't expect profits to probably reach even 50% of what we did last year.

- Moderator:** The next question is from the line of Himanshu Zaveri, an individual investor.
- Himanshu Zaveri:** Yes. I would like to know -- do you think the real estate prices have peaked as of now in Mumbai and where we have most of the important portfolio? And we should go a little bit now on volumes too, as price appreciation from these prices looks difficult now onwards?
- K. T. Jithendran:** Yes. Thanks for that question, Himanshu. Yes, I mean, we have always looked at volumes all times. All of our launches, if you have noticed that we have been able to garner very strong volumes. And we stand by that idea. As far as prices are concerned, I think, there is -- the markets, as I mentioned to you earlier, as mentioned earlier in this call that the inventory levels are still pretty low. Handovers are very low.
- So I think there is still quite a bit of upside left in the markets, especially Mumbai, Bangalore, NCR, all of these markets, I think there is a good amount of upside still left. Supply/demand gap is still quite wide. Number of players are also fewer. There's a lot of consolidation in the industry. Demand seems to be very strong. And so if the product is good, backed by a strong and reliable brand, I think, there is a very good upside still left in the market. That's my belief.
- Himanshu Zaveri:** I particularly was asking about the Niyara project because I think we are already around -- selling around the INR90,000 square feet, right? So do you think the prices can still go up from here on? That's what my question.
- K. T. Jithendran:** I think as we progress in our construction and the project gets closer to completion, there is still quite a bit of room for appreciation. I'm largely looking at the developments around there's going to be a business district coming next to it. Top-notch hotels, 5-star hotels coming close to that. There is a second access coming behind the project. So lots of new stuff that's coming. So the value accretion from here is going to be phenomenal. So I think there is a very good strong upside still left in this project..
- Himanshu Zaveri:** And the new land, which we acquired, it is just next to Niyara, right?
- K. T. Jithendran:** Yes, it's touching Niyara's boundary. It's a part of the Niyara, it was always ours, but anyways, there was a dispute...
- Himanshu Zaveri:** So that is also going to be full residential like...?
- K. T. Jithendran:** Yes. So largely, it will be residential, but we will look at other options also. We're still on the drawing board figuring out what has to be done.
- Himanshu Zaveri:** And premium only, right? Like 3, 4, 5...
- K. T. Jithendran:** We haven't taken a call. It will be a separate project. So to say from that point of view, the positioning and all depending on market conditions, we will think about it.
- Himanshu Zaveri:** And the same thing you feel is for the NCR market also because there also the pricing is very, very strong, right?

- K. T. Jithendran:** Yes, NCR also demand is very strong. If you look at the recent launches of the few players that have lands there, every launch has been a sellout and every launch has been pretty strong. Prices have been very, very strong. So I expect that momentum to continue.
- Himanshu Zaveri:** Correct. And now we also have quite a few parcels where we can...
- K. T. Jithendran:** Yes, we're pretty excited about that.
- Moderator:** The next question is from the line of Krishna from Ashika Stock Broking.
- Krishna:** So my one question is that I quickly wanted to understand the consumer mix. How much of it is driven by investors and how much is driven by our first time users for the residential projects?
- K. T. Jithendran:** Yes, a difficult call to make, Krishna. We don't know how many of them to the extent possible, in our sales, we would like to believe that they are all actual users, but the very fact that willing to wait until the product is delivered, there is also an element of investment coming in there. What we try to do is that all of the projects, as soon as 10% is collected, we do the stamp duty registration, then GST, etcetera.
- We have some rules saying that you can't sell for 3 years or at least until 50% of the payments are made. So despite that, if you see people coming in, we really don't care whether they're investors or actual users because all we care is that they are all long-term players. They are seriously interested in buying this and they're not flippers. So from that point of view, I think we are getting pretty strong traction..
- Krishna:** Okay, got it. A follow-up question to that. Like you mentioned that you set up an office in Dubai, and we also plan to set up offices abroad. So what percentage of the sales or bookings, do we see from these?
- K. T. Jithendran:** Yes, as of now, we are seeing about 20%, 25% of these bookings coming from international markets.
- Krishna:** Okay. And any specific project or market that it comes for?
- K. T. Jithendran:** For both our Niyara Phase, Silas, we had very strong response from both Singapore and Middle East and U.S. And now in the recent Bengaluru launches also, we saw very strong traction from all these markets, Singapore, Middle East, U.S., U.K..
- Krishna:** Got it. So one more question. If you could just mention the total sales that we have done, like the collection, how much of it is coming from home loans? What is the percentage of collections from home loans?
- K. T. Jithendran:** Yes. I don't have that number offhand, Krishna. Maybe we can give it to you. But the projects right now, these launches have been very recent in Bangalore. So, there is not. I mean, it still takes time for people to go and fetch home loans. But if you look at Silas, there's been very few people have taken home loans. The product at Worli, very, very few, hardly anybody had so far

went for home loan. But generally, I look at the other -- the Bangalore market, we see 60%, 70% people taking home loans.

Krishna: Okay. Got it. And one last question, if I may ask. How do you see the competition in the NCR region, given there are a lot of new players entering and also existing players having a hold in the market?

K. T. Jithendran: NCR is a very broad market. If you look at Noida, there's hardly any supply, hardly any new projects launched, very few projects are being launched. There's virtually no supply. There's huge demand. Demand far outstrips supply. People are waiting for the right projects to come. There are a lot of stuck projects and half done projects because of which there is a lot of unmet demand. So, there's a very distinct leaning towards stronger dependable branded players.

If you look at Gurgaon, again, the number of players has dwindled a lot from what it used to be. There may be a slight increase from what it used to be last year or year before last. But if you look at the overall picture in the last 10 years, it has drastically reduced. The number of land availability is also drastically come down. So in both these markets, I see a very strong opportunity for growth.

Moderator: The next question is from the line of Chirag Sureka from UTI Mutual Fund.

Chirag Sureka: So in terms of the land acquisition, which we did in Worli, I think where we mentioned the land cost was around INR1,100 crores. Have we made the full payment or is it a sort of...?

K. T. Jithendran: We have made the full payment, Chirag. Full payment has been made.

Chirag Sureka: And for the other acquisitions, is there any component of pending land payments?

K. T. Jithendran: No. Others anyway is our own land, so there's no question of any land...

Chirag Sureka: Okay. And sir, in terms of debt cap, like previously, we have been guiding that we'll try and keep it about 1x in terms of leverage. So are we continuing with that stance? Or is there a relook in terms of because of the growth opportunity?

Snehal Shah: We're comfortable. Right now I think, we are 0.7 or something on a standalone. We are looking at it on a stand-alone basis. I think, we are 0.7 or something as of today and we maintain that we will be around 1 at the most.

Moderator: The next question is from the line of Vivek Ramakrishnan from DSP MF.

Vivek Ramakrishnan: Chirag just asked a lot of my questions. So let me ask another question then. In terms of Niyaraa 2, you said you sold 77 -- I think 77 out of 148. Do you see the sales momentum as per your projections? And looking into the medium term, the question is this. I understand that you're bullish on the market and you are acquiring and you're raising debt for that. And what is the point where you would say, I mean, what is the art of science that you're going to use to say that, okay, this is -- from now on, we'll go for self-sustaining cash flows. Those are my 2 questions.

K. T. Jithendran:

Yes. So the first question on Niyara sales, yes, I think we have done much better than expected. We didn't expect such a strong sales momentum. So I think this has been a positive surprise for us. And of course, there has been a little lull in the first quarter because after a strong sales initial launch, and being the last quarter, Q1 being a little bit of election, etcetera, there was a kind of a slowdown, but it is again picking up now. I see the momentum again picking up..

I don't know what the question clearly was, but I think, if it is self-sustenance, means, I think, there's a lot of collection that we are expecting from these projects going further down based on the progress and milestone billings. But more importantly, I think, there is so much potential for growth. There is so much demand, so we would like to really take full advantage of that.

So we'll keep looking for growth opportunities. Self-sustenance will happen whenever that happen, but I think we don't want to miss out on the growth opportunity. So whenever there is a right project at the right valuation, and we think there's the right demand, we will always look for the capital resources to acquire that. So that's not going to be a constraint.

Snehal Shah:

Vivek, Snehal here. To answer your question specifically, quite honestly, for our launch projects, we are already self-sustaining ourselves. So we are in a negative working capital situation. After providing for all corporate overheads, etcetera, and all that stuff, we are still yet to reach a position where we will have free cash flows, which will fund the growth capital level. Right now funding for the construction of our launch project is not a problem.

We are already positive on the operating cash flows. And only when most of the project come into fulfilment, probably that is a time when we'll start having free cash flows from the real estate business, and we expect that till then keep on funding the growth capital of the real estate business further. I hope that helps you.

Vivek Ramakrishnan:

Yes, that does. Perfect. In fact, I think you mentioned that last quarter also at 67%, 60% sales you are self-sustained for a project. If I can just ask one more question. In terms of execution of projects are you facing any challenges due to the availability of labour, any of these issues affecting the real estate players? Or is it all going as per plan?

K. T. Jithendran:

So Vivek, as things stand today, everything is fine. Broadly all of our execution is on plan, within budget, no issues there. But if the market continues to grow along with the infrastructure growth, the Indian economy continues to grow, we may have to look for more contractors, more skilled labour, mechanization of construction, modernization of construction, modular construction, etcetera. Because the kind of demand, which we expect both in real estate and in infrastructure construction, the availability of good contractors could be an issue and further downstream, the availability of skilled labour could be an issue. So we may have to find solutions for this in the long run.

Moderator:

The next question is from the line of Akshay Ajmera from Nirzar Securities LLP.

Hitesh Doshi:

Yes, I'm Hitesh Doshi here. Congratulations on name change of the company reflecting Aditya Birla Group. So sir, my only question is that, can we have a breakup of this INR 43,000 crores GDV of Bombay in which INR 10,000 crores is ongoing and INR 33,000 crores -- because there

is some confusion is that, does it include the Kalwa land total potential or part of it? Does it include the 10 acres of employees quarter land in Worli? And does it include Wadia land we have acquired? And my second question is that the 10 acres of Mr. Wadia's land, which you acquired recently, what FSI we will get? What kind of carpet area we can sell out of that?

K. T. Jithendran: So, Hitesh, Thane is about INR 7,600 crores in a conservative basis. And this new acquisition in Worli is about 2.6 million square feet. So that's INR 14,000 - INR 15,000 crores. INR 14,000 crores is what we have currently assumed on a more conservative basis looking at the kind of supply. Then we had the INR 20,000 crores from the previous -- Worli, 30 acres. So, INR 20 crores plus INR 14 crores, INR 34 crores. Plus, INR 7 crores, so that's INR 43 crores. So, INR 43 crores, INR 43.5 crores is definitely there on a conservative basis.

Hitesh Doshi: Okay. So this include entire potential of the Hindalco land or is this partly...

K. T. Jithendran: Yes. It's full potential.

Hitesh Doshi: Okay. Full potential. And even the 10-acre of the employee quarter you can do ready in this.

K. T. Jithendran: Yes, yes. All that's included. That is all included.

Moderator: The next question is from the line of Akash Gupta from Nomura.

Akash Gupta: Sir, my first question is with respect to Niyara. I was just seeing your sales. So Niyara sales were weaker on a quarter-on-quarter basis. So I wanted to understand why is that so? Because Oberoi's project, Three Sixty West had a pretty strong momentum even in the second quarter.

K. T. Jithendran: So I can't speak about -- maybe that's a ready possession, ready to move in. As you know we had an extremely strong -- a super strong launch where there was a lot of excitement, and most of these people picked up during that period. So obviously, after such a strong response, there is always going to be a little bit of lull.

All I can assure is that it's again picked up momentum now. We are having a very strong response. There's a huge amount of interest again generated. And this is expected, it comes in bits and spurts. Initially, with the launch time, there is momentum, but our momentum was much higher than what we expected.

Then of course, that's followed by a little bit of lull. And now again, it picks up in the festive season at the year-end. Q3, Q4 is largely when this momentum picks up for various obvious reasons. So we are not at all worried because what we had expected as our business plan, we have already covered all of that during the launch season itself.

Akash Gupta: Okay. Okay. And just wanted to understand, this quarter, our residential EBITDA margins came in at roughly 11%. So what was the project level margins for this quarter?

K. T. Jithendran: 30% for all projects.

Akash Gupta: 30%? Okay.

- K. T. Jithendran:** Yes.
- Akash Gupta:** Okay. And I heard during the call that one of our projects was delayed to the next financial year. So I just wanted to understand, based on our current launch pipeline, what projects are we planning in the third quarter? And what projects are we planning in the fourth quarter?
- K. T. Jithendran:** I had mentioned a little earlier that we are planning our Wellesley Road, which is Sangamwadi in Pune this quarter. Then we are looking at Sarjapur in Bangalore, another phase of Trimaya in Bangalore next quarter, Q4. And also, we're looking at Thane project, the Hindalco land project launch in Q4. And to make up for IHP, we are trying. We are not too sure to launch the Sector 31 Barmalt project also. We may be touch and go. We may be able to do it. We may not be to do it, but we are trying to get that also in the next quarter.
- Akash Gupta:** And despite the delay in launches, are we still sure to reach our guidance of INR 7,000 crores to INR 8,000 crores in presales?
- K. T. Jithendran:** At this point of time, Akash, we are reasonably confident.
- Akash Gupta:** Okay. Okay. And sir, just one final question. On the consolidated level, we were looking at debt of roughly INR 4,000 crores this financial year, and we are already at roughly INR 4,500 crores at 1.1x net debt to equity at a consolidated level. So I just wanted to understand like towards the end of FY'25, how are we looking at net debt to equity at a consolidated level?
- Snehal Shah:** So Akash, I think I answered this question at the beginning of the call. Maybe you're looking at a consolidated basis, I think you should probably look at a stand-alone basis, which is more important. And I think we are still sticking to the point that we will be around 1 as far as the debt equity ratio goes. And right now I think we are somewhere close to 0.7, 0.8 or something, anywhere between that. And I think when we were talking about it, we didn't have the Wadia land deal in our calculations. So that has kind of slightly changed the applecart for us.
- But then at the end of the day, it was a very attractive deal, which we could not leave for -- and it is about being in the vicinity of a larger land parcel as well as the attractive pricing that we got. But we are still comfortable. As I said, our net debt on a stand-alone basis is right now INR 3,000 crores. So we can easily -- if required set ourselves to INR 5,000 crores if required on a stand-alone basis, maybe we will be slightly above the 1, but of course, see that we are spending it on some good acquisitions.
- Moderator:** The next question is from the line of Deep Mehta from Bank of India Mutual Funds.
- Deep Mehta:** Congratulations for a very stable quarter, both in terms of presales as well as attractive BD deals. Two questions. First is a clarification, which I would like to ask. We talked about potential fundraise from private equity investors. So we are talking about fundraising the project -- at project level or on at holding company.
- K. T. Jithendran:** At project level.

- Deep Mehta:** Okay. So no potential fundraise at the holding company level?
- K. T. Jithendran:** No.
- Deep Mehta:** Okay. Very clear. And my second question is regarding our presales guidance for the year. If we have to meet our guidance, we'll have to do significant presales jump in H2. So this elevated H2 will be led by new launches or from sustenance from existing projects?
- K. T. Jithendran:** No, it will be primarily driven by new launches.
- Deep Mehta:** Sure. So my last question was that if you can share the potential GDV of each of the launches, which we are planning in H2?
- K. T. Jithendran:** I'll broadly try to share it. So Wellesley Road, which we're planning this quarter is about INR 1,050 crores. Sarjapur is going to be a very big launch in Bangalore, in Q4, is about INR 2,700 crores. New phase of Trimaya with another 7 lakh square feet will be roughly about INR 700 crores. The last phase of Navya will be about INR 1,400 crores. And Hindalco launch, which we are planning in March of Q4, that is expected to be about INR 1,800 crores, the first phase.
- Moderator:** The next question is from the line of Ishita Lodha from Svan Investments.
- Ishita Lodha:** I have a question with respect to the cash flow statement. So, if I come to presentation, Page 32, I see that the project development cost is around INR 3,441 crores. Now I understand that INR 1,100 crores was spent towards the Wadia Group land acquisition. Then maybe around INR 500 crores for the other business development activities we did in Gurugram acquisition and Manjri, Pune. So, what about the balance INR 1,900-odd crores? Like can you throw some light on that?
- Snehal Shah:** Yes, 1 second. So Keyur, can you -- yes, just a minute, Ishita.
- Ishita Lodha:** Yes.
- Snehal Shah:** Because Keyur can.
- Keyur Shah:** Yes. So we've also acquired land at Sector 71. Then we've made some payments for the land at Sector 31. We've also made payments for the Kalwa land. So all of that is comprised in the cash flow, which you have included therein. And there is also a working capital adjustment factored in the overall. So the gross amount is recorded in project development costs. And that also includes the development cost, which we have incurred on the projects.
- Snehal Shah:** So Ishita, this also includes construction costs incurred on the existing projects that we have launched.
- Ishita Lodha:** Okay. Okay. Got it. Also one other question that I have is on the Walkeshwar launch. I see that 23% has been sold so far. So I mean this seems to be muted versus the other launch -- the response we are getting on the other launches. So is it because it was launched towards the end of the second quarter or can you throw some light on this?

K. T. Jithendran:

So see, it's a very, very ultra-super luxury project in South Mumbai. We have just about 8 apartments. Two are already sold, and we have some very strong follow-ups on the other inventory also. Given the profile of these customers, they take their time, etcetera. But I think we've already done 2 and the pricing has been at INR 150,000 per square foot. So obviously, we can't do a Trimaya here what we did because that's about INR 1 crores average. This is INR 50 crores, INR 60 crores. It has its own characteristics. So, that's as per our plan. So it's going well from that point of view.

If you look at these kind of high luxury sales, if you look at the other big players, obviously, most of them, the bulk of it goes more towards when the product is almost ready or structurally ready, etcetera. Here, we just launched and we already kind of done 2 apartments. We're looking at a few more for the end of this year. So I see, this project is doing very well from that point of view.

Moderator:

The next question is from the line of Biplab Debbarma from Antique Stock Broking.

Biplab Debbarma:

I have 2 follow-up questions. First question is on the project development cost. Out of that, how much was the construction cost in the 1H FY'25? And in second half of this financial year, how much project development cost do we anticipate?

K. T. Jithendran:

Biplab, I suggest these bookkeeping questions, we can take off-line. You can connect and take it from Keyur. We don't want to take others time on this. We can talk more about.

Snehal Shah:

I think broadly we answered, Ishita. So I think you should have got your answer with that. It's very detailed. Each project.

K. T. Jithendran:

Yes, I think, you can always connect with Keyur and take the numbers.

Moderator:

As there are no further questions from the participants, I now hand the conference over to the management for closing remarks.

R. K. Dalmia:

Thank you all for participating in this earnings con-call. If you have any further questions or would like to know more about the company, please reach out to our IR manager at Valorem Advisors. Thank you so much for your time and have a good day. Thank you.

Moderator:

On behalf of Batlivala & Karani Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.