Date: **17.02.2025**

To,

The General Manager, Listing Operations Department of Corporate Services **BSE Limited** P. J. Towers, Dalal Street, Fort, Mumbai- 400 001 **Stock Code: 532891**	**The Manager,** Listing Department, **National Stock Exchange of India Limited**, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai- 400 051 **Stock Code: PURVA**

Dear Sir/Madam,

Sub: Transcript of Earnings Call

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

We write to inform you that the transcript of the earnings call held on Friday, February 14, 2025, on Un-audited Financial Results (Consolidated and Standalone) of the Company for the quarter and nine months ended December 31, 2024, is enclosed herein.

This is for your information and records.

Yours sincerely
For **Puravankara Limited**
SUDIP CHATTERJEE
Digitally signed by SUDIP CHATTERJEE
Date: 2025.02.17 12:32:20 +05'30'
(Sudip Chatterjee)
Company Secretary & Compliance Officer
Membership No.: F11373

"Puravankara Limited

Q3 FY '25 Post Results Conference Call"

February 14, 2025

MANAGEMENT: **MR. ASHISH PURAVANKARA -- MANAGING DIRECTOR– PURAVANKARA LIMITED**
MR. ABHISHEK KAPOOR – EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER – PURAVANKARA LIMITED
MR. DEEPAK RASTOGI – GROUP CHIEF FINANCIAL OFFICER – PURAVANKARA LIMITED
MR. NEERAJ GAUTAM – DEPUTY CHIEF FINANCIAL OFFICER – PURAVANKARA LIMITED
MR. VISHNU MOORTHI – SENIOR VICE PRESIDENT (RISK AND CONTROL) – PURAVANKARA LIMITED
MR. RAJAT RASTOGI – CHIEF EXECUTIVE OFFICER – WEST AND COMMERCIAL ASSETS
MR. MALLANNA SASALU – CHIEF EXECUTIVE OFFICER – PROVIDENT HOUSING LIMITED

MODERATOR: **MR. ABHISHEK LODHIYA – MOTILAL OSWAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day, and welcome to Puravankara Limited Q3 FY '25 Post Results Conference Call hosted by Motilal Oswal Financial Services. 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. Abhishek Lodhiya from Motilal Oswal Financial Services. Thank you, and over to you, sir.

Abhishek Lodhiya: Thank you, Yusuf. Good evening, everyone. On the behalf of Motilal Oswal Financial Services Limited, I would like to welcome everyone to Puravankara Limited Q3 FY '25 Results Call today. As always, we have from the management, Mr. Ashish Puravankara, MD; Mr. Abhishek Kapoor, Executive Director and Group CEO; Mr. Deepak Rastogi, Group CFO; Mr. Neeraj Gautam, Deputy CFO; Mr. Vishnu Murthy, Senior VP, Risk and Control; Mr. Rajat Rastogi, CEO, West and Commercial Assets; Mr. Mallanna, CEO, Provident Housing Limited.

I would now like to hand over the call to the management for their opening remarks, after which we will move on to the Q&A session. Thank you, and over to you, sir.

Deepak Rastogi: Yes. Good evening, everybody. I'm Deepak Rastogi here. I thank you for joining the company's earnings conference call to discuss the performance of the third quarter and 9 months ended financial year '25. The results and a comprehensive presentation available on the stock exchanges. We hope that you have a chance to review the same. Before we begin, let me thank our host for today's earnings call, Motilal Oswal.

Now moving on, let me first start by giving you some brief highlights on the sector performance and outlook, followed by our financial and operational performance for the quarter. India remains the beacon of growth and opportunity, with our balanced foreign policies, India is a strategic player in the global geopolitical and economic landscape. These factors have continued to propel the momentum of the country's real estate sector, reflecting the broader optimism surrounding the country's economic future.

India's residential real estate market gained new heights in 2024, achieving a 12-year high in annual sales and is recording steady growth across major cities, with a final quarterly performance accelerated by the seasonal festive demand. This growth propelled annual sales over 300,000 housing units for the second consecutive year, while there is a Q-on-Q growth of 7% in housing unit sales during Q3 of financial year 2024-'25.

We witnessed a clear shift towards premiumization, the evolving buyer preference driven by aspiration for an enhanced lifestyle and confidence in Indian economic trajectory. The office real estate market has sustained its record-breaking momentum with annual transaction volumes surpassing 72 million square feet, the highest on record to an all-high absorption of 79 million square feet in 2024.

There is a strong momentum in leasing activity during October to December quarter of '24 with the record quarterly space takeup 22.2 million square feet. This robust performance led to a 10%

Y-o-Y jump in the office leasing during Q4 of 2024 and an 8% Q-on-Q increase in absorption. Technology sector drove highest leasing activity, followed by Flexible Space operators and BFSI.

The recent changes in the union budget and RBI reducing repo rates by 25 basis points to 6.5%, marking the first rate cut in the last 5 years, which would actually stimulate economic growth and is expected to make loans, including those for homes and vehicles more affordable, potentially boosting consumer demand in the real estate sector and provide incentive to India's real estate industry.

We expect that coming years are poised for robust growth driven by country's economic performance and rising demand across residential, commercial and industrial segments. Increased urbanization, infrastructure development and favorable government policies are boosting homebuyer confidence.

Now I will actually move to the company's financial performance and operational highlights. So during Q3 of '25, our sales were INR1,265 crores, where sales volumes were 1.43 million square feet. Customer collections for Q3 increased by 6% Y-o-Y to INR993 crores. Similar numbers for 9 months of financial year '25, the customer collections improved by 19% Y-o-Y.

It is important to note that collections have increased significantly, growing from around INR350 crores per quarter during financial year '22 to a current quarterly run rate of approximately INR1,000 crores. Average realization for the quarter has also increased by almost 16% Y-o-Y to INR8,847 per square feet because of the mix of inventory, while Puravankara and Provident saw 29% and 7% Y-o-Y increases, respectively.

Our sales for the quarter across projects were led by Provident, which saw massive growth of 76% Y-o-Y and the sales were INR737 crores on account of consistent sales in ongoing projects and successful launch of Ecopolitan Phase 2, while Purva maintained its sustenance sales velocity, achieving 29% increase in realization.

The geographical contribution for 9 months period for this financial year, 60% was contributed by Bengaluru, followed by Chennai at 16%, Mumbai and Pune were at 11% and Kochi at 9%, respectively. Increase in sales from Mumbai and Pune is indicative of growing presence in Western region. New acquisitions and redevelopment projects in Mumbai with GDV of approximately INR9,200 crores plus is expected to contribute to the market share in the coming quarters.

Our launch pipeline for the company is robust with approximately 12.63 million square feet of the new planned projects with non-Bengaluru projects now accounting for 47% of the share of ongoing and 73% of planned projects. Mumbai and Pune together constitutes 50% of the planned projects, indicating our robust pipeline in West India.

On business development front, we have done land investments of approximately INR1,236 crores during the 9 months of the financial year. We have done business development close to 7 million square feet with GDV over INR12,000 crores during this time. This strategic investment strengthens our development pipeline, positioning us for sustained growth and value creation. Our operating cash flows for the 9 months stood at INR3,209 crores, up by 14% Y-o-Y.

Coming back to the Q3 performance for this quarter. Our total revenue was INR334 crores. EBITDA margins for the quarter were around 10%, while we had a net loss of INR94 crores. For the 9 months ended for this financial year, our total income increased by 16% Y-o-Y, while the total comprehensive loss was approximately INR99 crores. The presales value for 9 months was INR 3,724 crores.

The sales and marketing expenses and overheads incurred for the presales have been entirely charged to P&L as per Ind AS Standard 115. While we have reported a loss of INR99 crores for the 9 months for the financial year under Ind AS, under the percentage of completion method, we would have actually reported profits for this particular period.

Similarly, like last year for the financial year '23, '24, we had reported under Ind AS a PBT of around INR68 crores versus under percentage of completion method, the profits were actually at INR160 crores for a similar period. Further, we are expecting occupancy certificates for the projects like Capella, Atmosphere, Oakshire and Adora De Goa in next 2 quarters with total salable area of 3.95 million square feet with total GDV of INR3,200 crores, out of which the sold value is INR2,550 crores.

Coming to our debt management. Our net debt stands at around INR2,824 crores as on 31st of December '24 with a net debt equity ratio at 1.58. Our cash and bank balance was INR736 crores, which indicates strong liquidity profile, ensuring stability and operational continuity. The debt per square feet has increased vis-a-vis the previous quarter, primarily due to capex towards commercial development and land acquisition for future growth and deferment of projects launch due to delayed approvals.

However, we remain committed to optimizing financial resources by continuously working to reduce debt per square foot for under-construction project. And we are also focused on maintaining optimal financing structure, including raising equity through QIP, AIF, platform level funding, etcetera.

We are excited about next 15 months, which will see increased velocity in acquisitions and new launches in line with the growth plans of the company and also the country. We want to highlight our strong growth trajectory over the last 3 years. Our sales growth has grown at CAGR of 57%, while collections have increased at a CAGR of 58%. The area delivered has expanded at a CAGR of 47%, reflecting our commitment to execution excellence.

To conclude, we continue to be optimistic about the sector considering the demand-supply gap and the rapidly growing economy. We are strategically launching the projects in our focus markets with a strong pipeline of already launched projects and further planned launches as well as ongoing business development.

Thank you for patiently listening. We can now open the floor for the question-and-answer session.

Moderator: First question is from the line of Ishita Lodha from Svan Investments.

Deepak: Deepak this side.

Moderator: Mr. Deepak, your voice is breaking.

Deepak: Am I audible now?

Moderator: Yes. You're audible now.

Deepak: Congratulation, Mr. Rastogi for new…

Moderator: Mr. Deepak, your voice is breaking again.

Deepak: Am I audible now?

Moderator: No, sir. it is not clearly audible. It is breaking in between.

Deepak: I will join back in the queue.

Moderator: Next question is from the line of Chintan Mehta from Puniska Family Office.

Chintan Mehta: My question, can't we recognize the purchase of land cost in -- for many years, 5, 10 years, that kind of we need to only recognize in upfront?

Abhishek Kapoor: What do you mean by recognize it? These are land investments which go into our inventory and investments. so sorry, I didn't follow the question. Please come again.

Chintan Mehta: Can't we amortize for the 5, 10 years or until we exit the -- project?

Abhishek Kapoor: No, no. So basically, this is raw material for us as a real estate development company. And as we go along, we are not expensing it out of the P&L. I think when Deepak was referring to cash flow and debt he meant was there is a substantial amount of investment that has been done from cash flow perspective in land.

And obviously, as and when as per accounting standards, the cost is booked when we deliver the project because this is a project completion method of accounting. So that's how it operates. I'm not sure if I've answered the question.

Chintan Mehta: Okay. And sir, subcontract cost, it is for the -- only for the project which we delivered or it is for the entire -- in particular quarter time?

Neeraj Gautam: So subcontracted cost is for the projects which have been delivered. No, it includes subcontractor cost and subcontractor cost, which is coming on the face of financial statement. It reflects the kind of construction activity we are doing and amount we have incurred in our ongoing projects. That also includes the cost of the inventory, the inventory which we realized during the period.

Chintan Mehta: Okay. Understood. And sir, I have a question regarding the land asset. We mentioned we have close to around 27.23 million square foot. This is the total land bank we have, not the developable area, correct?

Abhishek Kapoor: Area under development currently is about 33 million square foot and land bank is about 27 million square foot.

Chintan Mehta: Okay. So if I need to arrive at saleable area, I need to multiply with FSI, correct sir?

Neeraj Gautam: This is the saleable area. FSI, correct. FSI is different in different geographies, different locations and our length are spread in different part of country. And the easier understanding of the user of this statement, we have applied the applicable FSI and publishing the data, which is saleable area.

Chintan Mehta: Okay. Sir, just I mean, any real estate company post that in which area or which geographical part they own the land? For example, South Bangalore, North Bangalore. How much acre they own? So if you can arrive or share that data on presentation? That could be great help to us.

Abhishek Kapoor: Sure, we can do that. As of now, Page 17 of the ICP consists of city-wide distribution and brand-wise distribution. If you need any further details, you can write to us separately and we can answer it.

Chintan Mehta: And sir, what is the peak debt we are targeting that maximum debt which we go to?

Deepak Rastogi: Sorry, what is it? What we are targeting?

Chintan Mehta: Peak debt number.

Abhishek Kapoor: Peak debt number. So as I said, and we have been maintaining that. From the residential debt perspective, our target is always to maintain at INR1,000 a square foot and under of area under development. That's the target with which we work. Now if you refer to Slide 21, it shows that debt per square foot on residential and land currently is at about INR910 per square foot.

Now eventually, debt is a factor of the quantum of business that you do. And how we look at it is what kind of surplus are you able to generate with the debt that you currently have. So if you look at -- while our debt is at INR2,800 crores and if you look at our slide of surplus, the surplus is including the new launches, which we have shown is of INR14,000-plus crores, which means there is more than adequate cover in terms of the surpluses coming in from this debt.

Chintan Mehta: Okay. And sir, typically construction cost in Bangalore is [inaudible 0:19:22] for example, Bangalore per square foot construction cost in Mumbai?

Abhishek Kapoor: So construction cost differs from market to market and area to area. In Mumbai also, it would differ should it be in a market like a Thane or in a market like Virar or Borivali versus what would be in south of Mumbai. So it could be anywhere between INR7,500 to INR8,000 a square foot on saleable area, going as low as INR3,500 a square foot area in distant suburbs, depending on the height, type of product, specifications, etcetera. So that's the general range if you're asking about the Mumbai market.

Chintan Mehta: And sir, for the Bengaluru?

Deepak Rastogi: I'm sorry?

Chintan Mehta: For Bengaluru.

Abhishek Kapoor: And for Bangalore, Bangalore would be anywhere between INR3,200 a square foot going up to INR3,800 square foot on saleable area.

Moderator: Next question is from the line of Deepak Purswani from Svan Investments.

Deepak Purswani: Congratulations, Mr. Rastogi. And sir, I just wanted to check it out a couple of things. Firstly, from the debt point of view, currently, we have a net debt of INR2,800 crores, and it is showing that in the next 1 year, we have a repayment schedule of INR1,071 crores.

And I'm looking at the operating cash flow before the land investment, this 9 months, we had close to INR250-odd crores. So just wanted to get a sense what is our broader plans to manage -- in terms of the debt management over the next 1 year, especially this debt repayment part over the next 1 year? How should we look from the broader point of view?

Abhishek Kapoor: So currently, if you look at our quarterly collections is about INR1,000 crores a quarter. And with the launches which we are expecting, there are about 8 launches which are lined up in next -- between this quarter and next 2 quarters. Between these launches, we are expecting that the cash surplus will increase significantly and the cash collection will increase significantly.

And of course, I think somewhere in the presentation, we've also mentioned the way forward in which we are looking at different methods of capital raising in terms of equity, which includes QIP, platform level and project level, which is on Slide 31, AIF and of course, the commercial platform. So there are multiple levels at which we are looking at increasing our equity.

At the same time, significant increase we should see in our cash flow collections as the launches come through, which have largely been delayed on account of planned sanction approvals, which has been the industry situation, largely on account of elections last year.

So we would expect that this should more than adequately cover. And as I mentioned earlier, if you see the surplus slide which is given, the cash surplus out of the new launches and existing projects itself is about INR6,600 crores. From the commercial platform, it's about almost INR1,950 crores. And with the new launches will be another INR5,700 crores. So that more than adequately is just a matter of time as you start seeing that money coming in. This is surplus. So obviously, the collections are higher.

Deepak Purswani: And secondly, sir, if you can also throw some light on the launch pipeline? How has been our launch pipeline in last 9 months? And how should we look into it in the Q4? And which are the projects which are at the RERA-ready at the current juncture from the launch point of view?

Because we do understand there was some approval-related issue. But where do we stand in terms of the launch point of view at the current juncture? Which are the key projects which would be coming up for the launch in the next 6 months, specifically in the Q4?

Abhishek Kapoor: Right. If you see Slide 19, it mentions the launches, which is expected in this quarter and the next quarter. And some of the launches which we are expecting in this quarter are Bellandur, Grand Hills, Mundhwa, Thane, these are launches which are expected in this quarter, including Hebbagodi, but these 1 or 2 may spill over to early Q1.

But having said that, most of these launches you will see in next 2 quarters coming. And other than that, a couple of additional projects will come in. Mallasandra will come in the next quarter for sure. Cityspire will come in. we're expecting Bouganvilla to come in.

So what we're expecting is, in addition to this, there are a couple of other projects which are there in the pipeline. I think we will announce more projects by 31st of March, which will get added for the next year's plan. So we have a very robust pipeline and an extremely robust pipeline of acquisitions, which will continue to help us maintain and create the momentum for further growth, which I think we will -- when we talk in April quarter, I think you will get a better sense of it in terms of what more we will add in the next year. But currently, what visibility we have, we have shared on Slide 19, which is about 12.63 million square feet.

Deepak Purswani: Okay. So sir, my question was more majorly related to the -- in terms of the -- out of these launch pipeline, how much are currently RERA-ready, which are about to launch in the next 15, 20 days?

Abhishek Kapoor: As I said, currently, you have another 50 days to go in the year. Currently, Mundhwa, Grand Hills, Thane and Bellandur have visibility. Hebbagodi may come in this quarter, we'll have to see.

Deepak Purswani: Okay. Okay. And secondly, sir, in terms of the 9 months, what are the key projects which have been launched? And what has been the contribution in the presales from the new launches in these 9 months?

Abhishek Kapoor: Look, so for the last 9 months, I can tell you that we have higher sales from sustenance out of about INR3,700-odd crores, INR3,200 crores have been from sustenance. This is the highest ever we have done in sustenance. Last year, we were at about INR2,800 crores in sustenance. The gap has largely been at about INR500-plus crores has come from new launches.

The gap has really been in the new launches, and we are expecting to catch up with this gap, as I mentioned earlier, largely on account of procedural delays and the government approvals, which has been the case with the industry for this financial year. There has been a supply side constraint. I mean if you look at the industry data also, you'll realize that there has been more absorption than supply. And I think that trend kind of continues till we all are able to bring in more supply, which I think will normalize in the next in the coming 2 quarters after.

Deepak Purswani: Okay. And finally, sir, I mean, from the trajectory point of view, we have been highlighting that this growth trajectory will continue. But from the overall perspective, if I were to look from the 9-month perspective, this time, we are somewhere close to INR3,800 crores. And last year, we did a sales of INR5,900 crores. So how should we see this trajectory now from the overall perspective of the financial year as a whole?

Abhishek Kapoor: So as I said, it's -- so INR3,800 crores, it's in and about similar number of what we were at last year. I think we were at INR3,966 crores. And so it's not very far from where we were 9-month period. Obviously, the last quarter, as I mentioned, we are expecting these four launches. So that will add value in terms of the presales number. And some of this, as I said, will spill over in the next quarter or the quarter after.

And from the way we are looking at it, the growth trajectory will continue. If it was not for the delay in planned sanctions, I think we would have had a very, very robust growth in this financial year as well. Having said that, I think we will definitely beat the industry average. That's our goal and target with which we are working.

Deepak Purswani: Okay. And sir, from the investment point of view, we had also raised the capital from the HDFC fund as a whole. If you can give -- please provide us an update how much capital has been deployed out of this? And how should we look from the deployment point of view over a period of time?

Abhishek Kapoor: About INR417 crores is already deployed. The balance capital, which is a little over INR700 crores is expected to be deployed before June of this year. That's the target with which we are working. A lot of active deals are currently at final stages. Of course, due diligence, and I'm sure you will hear about it, it takes its own time. I think we are in that process. Hopefully, within the next 90 days, you will start hearing more and more deals. But definitely before June is the target to deploy the entire capital.

Deepak Purswani: Okay. And then, sir, finally, on the demand environment front, we have seen especially in your core micro market, which is the Bangalore, there has been a price hike -- in double-digit price hike over the last 9 months or something of that sort. How do you see the absorption trend going ahead in that particular micro market?

Abhishek Kapoor: So you're right. I think from price appreciation point of view, we have reached a steady state. Absorption has been very, very robust. As I mentioned earlier, we have seen the highest ever sustenance sales. And largely, the prices have also gone up because of the supply side flat, right? We have not been able to bring, the industry has not been able to bring enough supply to the market. And hence, the supply is literally somewhere between 7 to 9 months in the Bangalore market, for example.

But across the country, we are still currently looking at less than 12 months supply in general on an average. And what we are expecting is with the new supply coming into the market, we would expect an inflation plus 2%, 3% kind of average incremental price appreciation, unlike in the past where it was also on account of increased cost of -- input costs of construction, etcetera. But we would expect that it will be a steady state.

We're continuing to see significant demand in the market, and I'm sure you'll hear about it as and when we do our launches. On ground, there is a lot of anticipation and requirement and need for housing in all of these markets, somewhere Deepak covered the point that about 71 million square foot of commercial office has been leased out in the country this year. That's a clear indication of multiplier effect in terms of employment and the economy, and we believe that this demand is going to continue.

And add to that, consolidation will continue, and I'm sure Puravankara is going to be in a very good position to capitalize on that consolidation. So we believe that the demand is definitely there. Price appreciation will be possibly in inflation plus 2% or 3% industry average. Of course, different micro markets may have exceptions.

You may have certain markets where you will see very high price appreciation because of lack of supply. In certain markets, you will see relatively low price appreciation because there is too much supply. So those factors could be in different projects and micro markets. On an industry average, that's our position.

Deepak Purswani: And from the margin perspective on the...

Moderator: May we please request you to rejoin the question queue for the follow-up question. Next question is from the line of Harsh Pathak from Emkay Global.

Harsh Pathak: So I have a few questions. First is, I guess, in the current quarter, we have so far launched two projects, one in Bangalore, the Ecopolitan and one in Pune, Keshavnagar. So how has the response been on these two projects?

Abhishek Kapoor: Both the projects response has been quite good. Ecopolitan phase 2 is sold out. In fact, and as far as Keshavnagar is concerned, we have had over INR100 crores of sales at launch. And we're seeing very, very good and increased traction in that market.

Harsh Pathak: Great. So how big would this launch be? I mean, each of this, Bangalore and Pune?

Abhishek Kapoor: We can't share that data separately in detail, if you don't mind.

Harsh Pathak: Sure, sure. That's fine. And the second is on the approval side. I guess in the first half, we had seen approvals move very slowly. But how have things picked up? I mean, from the last 2, 3 weeks of December, we have been starting to see some approvals come through. But how is the situation now?

Abhishek Kapoor: It definitely improved. Somebody earlier on the call asked what is the pipeline looking like and I did mentioned -- you mentioned Ecopolitan and Mundhwa. I also mentioned Grand Hills and Hebbagodi and Thane and Bellandur. These are projects that we are working on, which we see visibility of. And then, of course, the rest of the projects we are seeing possibly remains favorable in the next quarter.

But overall, there is a much better momentum on the approvals. But given the number of sanctions and approvals that real estate deals with, and then you do still have certain situations where you may have certain authorities not functioning, changes in committees, etcetera, Chairman getting appointed. So those are individual certain things that happen. But overall, yes, you're right, there has been a much better momentum on the planned sanctions.

Harsh Pathak: Right. And sir, coming to the West region. So I think we already have a couple of projects, Pali Hills and Breach Candy, maybe this would be on the luxury side. So how is the demand shaping up? And when can we see these launches coming up?

Abhishek Kapoor: So from the new project perspective, we have 4 projects, which is Thane, Apna ghar, Pali Hills and Breach Candy. Thane, we are expecting to launch in this quarter. Apna ghar and as well as Pali Hills and Breach Candy, we are expecting between the September and December quarter to take it to the market. But our target is that within this calendar year, on or before December, we should take all the projects which we have taken in Mumbai to the market.

Harsh Pathak: That's great to hear. So I visited the Pali Hills project. I mean the location is superb. But are we seeing, I mean, demand traction there because we are seeing a lot of fuss around the luxury segment. So how -- what dynamics are you hearing on the ground for this project?

Abhishek Kapoor: Look, fortunately, each of these projects, and we can get into a detailed discussion, like example, Pali Hills is extremely unique in itself because it's 2.5 acres, the largest project -- largest land parcel in that market. All the projects, I'm sure you're aware since you are from Mumbai is largely 0.5 acre at best, short than an acre, which is a 2.5-acre project. And that gives us an opportunity to really create a large community.

And for example, Juhu doesn't have any large communities. And whenever 1 or 2 projects have come where you have created large communities, you've commanded a premium of more than 40% to 50%, in fact, equivalent to Juhu and higher than Juhu. So we expect that this market -- this particular project in Pali Hills will see significant demand given the scale and size of the project and that market is possibly the largest. That is one.

Secondly, very interestingly, the residents themselves have shown keen interest in buying homes here, not only getting what they have already got, but buying. So we see that interest. There are already a lot of people who have heard of the project, reaching out to let them know as and when we do the launch and similarly, at Miami again, this is next to Breach Candy Club and overlooking to see, again, something which is very premium because every unit will have sea view, and it's a very, very prime location.

Lokhandwala, again, very similar in the sense there isn't any project of this scale and size in that market. The only other project is one project, which is SRA project. So in that sense, and the previous project that was launched there in the same area was sold out 100%. So we're very confident about what we expect in the Apna ghar market. And of course, Thane is a brilliant location. It's right to One Hiranandani Park. Again, you will see that the numbers should look good in all of these projects.

So from the demand perspective, the strategy of acquisition has worked very well in terms of choosing the right project in the right location. So we're very, very confident about pushing through these -- expecting good robust sales from these projects.

Harsh Pathak: Great. Just last 2 bits from my side. So one is we are targeting to take the land bank to 45 million square feet over the next 2 to 3 years. So how is the project visibility and especially since we are focusing more on the West region. So what kind of projects are we targeting? I mean, in terms of locality in the Mumbai and Pune, if you can throw some light there?

Abhishek Kapoor: So when we say 45 million, it's not just the West. Substantial acquisition will also happen in the South between Puravankara, Provident and Purva land. Of course, West will continue to remain focused. But West is not about volume of square footage, especially Bombay. Mumbai will be more about value. Of course, Pune, we will definitely bring in more acquisitions, but much larger volume of acquisitions will happen in the other parts of the country in the Southern market specifically.

And in terms of square footage, the 45 million square foot will -- majority, if you were to look at square foot, not value, will definitely happen in the southern market. And how we look at each of these markets is we have divided the city into different submarkets where we understand the supply and demand dynamics.

And those are the markets that we are going after across these cities to look at focused effort for each of these categories, Puravankara, Provident and Purva Land, all got differentiated product offering to ensure that we are able to create the scale of acquisitions that we are targeting.

Harsh Pathak: Sure. And one last question. What is the update on the commercial project? When can we see rental start kicking in? And I mean, for both the assets?

Abhishek Kapoor: So we're expecting to complete a total of about 2.2 million square foot in this coming calendar year, which is expected between June and September. As we complete these projects, we expect that a large amount of leasing should get completed by December. But any commercial asset to get fully occupied and have fully stabilized income takes anywhere between 6 to 12 months from date of completion.

So we would expect to see rentals obviously coming in between December and March of the next financial year. And thereafter, I think another 3 to 6 months, we should see completely fully occupied stabilized income in these projects.

Moderator: The next follow-up question is from the line of Deepak Purswani from Svan Investments.

Deepak Purswani: Sir, firstly, I wanted to check it out on the portfolio basis on the -- from the embedded EBITDA margin point of view, how should we look into at the current juncture? What are our the embedded EBITDA margin at the current realization on the portfolio basis?

Abhishek Kapoor: So EBITDA margin, I think we have mentioned in the past will be somewhere between 27% and 30%, of course, barring what we do in a redevelopment project and in a JV. Generally, on an outright basis, somewhere between 27% to 32%, 35%, depending on the kind of product. In fact, Purva Land is a much higher EBITDA margin. Of course, redevelopment will have a lower EBITDA margin. So therefore, on an average, we could easily assume we should target between 27% and 30% of EBITDA margin.

Deepak Purswani: Okay. So considering that in mind, if you can also share your thought process, what are our internal targets in terms of managing the ROE of the company? I mean, how should we look from the trajectory point of view, return on equity from the next 2-, 3-year perspective?

Abhishek Kapoor: Look, I think that's a very different way of looking this, being real estate and being the way the sector is and the way we operate. We don't look at return on equity. We look at our margin on the top line. And the reason I say that is, for example, if I wind up doing a JDA and make an investment of deposit, you can't compare the return, right?

Because you put in a deposit of INR50 crores, but you may have landed up with a substantially higher margin. And therefore, the equity return is very, very disproportionate. And hence, we do not calculate equity return as far as overall business is concerned.

We focus on what kind of sales we're able to do and what kind of -- and your earlier question, which was a perfect question, what kind of EBITDA margin and PBT margin you can target, which our goal is that if you were to look at an EBITDA margin, we'll continuously work towards 27% to 30%. And of course, the ROE will be very, very different in terms of -- in certain cases, will be very exponential.

Deepak Purswani: Okay. So let's put it in this way, what would be the threshold IRR or targeted IRR we are looking based on the -- whatever investment we have made in the last 12 months? And these IRR would be based on the last 1 year realization and we have seen some kind of -- I mean, whatever quoted IRR we would have looked at the underwritten price in the last 1 year, if there is some hike in the realization, where does these IRR stand at the current juncture?

Abhishek Kapoor: So to answer that question, IRR would be anywhere -- I mean, again, it is extremely exponential in JDA. So I'll put that as a disclaimer here when I answer that question. But should it be a redevelopment project or an outright purchase, your IRR will be in high 20s and early 30s. And of course, that is pre-cost of capital. And of course, once you subtract the cost of capital, that's where you arrive on the company's IRR. But that's the target which we work to.

Deepak Purswani: Okay. And sir, sorry, again, harping on this cash flow point again. If I were to look from the debt point of view of repayment schedule of INR1,000-odd crores, if you can also give some sense in terms of -- like you mentioned about there would be improvement in the operating surplus that would be sufficient. But if you can also throw some light in terms of the collection and construction outflow and what are our land payment plans over the next 12 months, that would be really helpful.

Abhishek Kapoor: Okay. Let me answer this question a little more differently. We have a debt slide, which gives a breakup of where the debt is sitting in land or in residential. So if you look at the debt, INR2,200 crores is in residential, right? Out of the INR2,800 crores, this is Slide 22. Okay. If you see Slide 22, there's INR2,192 crores of debt sitting on the residential. Now this is self-liquidating debt, pretty much money going from the project itself, right?

Deepak Purswani: Yes.

Abhishek Kapoor: Now the land debt, which is about INR889 crores is what really is the only debt we are talking about because INR479 crores is again capex towards commercial development. And as soon as it gets completed within 6 months thereafter, that is pretty much self-sustaining coming from the lease rental. In fact, you can discount it and you can spare a lot of debt and use that excess capital, correct?

Deepak Purswani: Yes, yes.

Abhishek Kapoor: And then you have about INR736 crores of cash and cash equivalent against INR889 crores of land debt.

Deepak Purswani: Okay.

Abhishek Kapoor: Now this INR889 crores of land debt is what we are talking about moving to the residential piece. So the moment this moves, and in fact, what we are taking to the market, if you look at 12-plus million square foot, is far more than adequate to cover. So from the debt perspective, as I said, INR2,200 crores liquidating from the ongoing projects where inventory is already sold.

Money is coming in, it's getting liquidated as we go along. INR479 crores taken care of from the commercial lease rental, INR736 crores of cash equivalent lying against INR889 crores of bank, which is going into production.

So from our perspective, the way we look at it -- and another way to look at it, the same thing is, I think somewhere I mentioned about the cash surplus, which is about INR6,600 crores and about INR4,851 crores from the ongoing open for sale projects. That also more than adequately covers the debt scenario from your perspective.

Deepak Purswani: Okay. So would it be fair to say -- I mean, probably just checking from the broader point of view, let's say, even if there is -- we were planning to raise the fund, even if that does not get implemented over the next 6 to 12 months, we would be sufficiently placed to reduce the debt from the current juncture?

Abhishek Kapoor: Absolutely, we'll be very, very comfortable to reduce the debt because, as I said, INR2,192 crores is going right from the project, which is already under construction correct? The second thing is with these launches, the rest of the debt not only starts getting repaid, but starts providing you further room for acquisition.

So from the debt perspective, I mean, of course, the choice will be us whether we want to square debt, their debt or continue to grow. And this has been a conversation we have had. We continue to grow the business because we believe that the brand able to really perform well and in the consolidation phase, enjoy the premium in the market where we should bring in more and more supply and take more and more market share.

So hence, from our perspective, yes, to answer the question, debt can be easily paid by the ongoing and new launches. But not just that, we are confident we'll be able to go forward and get more liquidity in the system with the launches to be able to continue our new acquisitions.

Deepak Rastogi: Just one more point. The surplus, which we continue to maintain is close to INR14,300 cores, right? So -- and the debt is hardly INR2,800 crores. So whichever way we look at it, the debt is far more lower than compared to the surplus which gets actually generated out of the ongoing residential projects. So we are not really concerned from that perspective.

Moderator: Next follow-up question is from the line of Chintan Mehta from Puniska Family Office.

Chintan Mehta: Sir, if you can -- you have mentioned somewhere that the capital value of commercial projects is INR2,833 crores. It is excluding debt value or the total value of the commercial project?

Abhishek Kapoor: This is the total value of the -- capital value of the asset.

Chintan Mehta: Okay. So you are taking at 10% of the yield of the rental value, correct?

Abhishek Kapoor: Yes, it would be at about 8.5%.

Chintan Mehta: Okay. So we have hold it for the longer time. We are expecting a more square foot realization going forward for 5, 10 years and the capital value will multiply manifold. And I think what our ROIC return would be close to 2020 number, correct, sir?

Abhishek Kapoor: I genuinely didn't hear a thing about what you said. Sorry, but the voice is very muffled. Can you repeat that for me, please?

Chintan Mehta: Hold this commercial project for the many years, correct? We are expecting more square...

Abhishek Kapoor: So the two -- I'll just ask if I got the question now right. You said will we hold the asset. So there are two assets which we are talking about currently, which are under production. One is Aerocity and the other is Zentech. As far as Aerocity is concerned, we intend to hold that asset and build the platform. In fact, we are looking at another acquisition also in Bangalore itself.

On the other one, which is Zentech, which is a JDA, we are evaluating an exit there. And there, of course, we will care of the debt and move ahead. At this point in time, that's the thought process.

Chintan Mehta: Okay. And sir, most of the combined value, we are spending close to around INR1,250 crores somewhere, correct? I have seen it somewhere?

Abhishek Kapoor: Correct.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to the management for the closing comments.

Abhishek Kapoor: Thank you this evening for joining us for this call. And we look forward to hearing from you if you have any more questions. Have a great weekend. Thank you.

Moderator: Thank you. On behalf of Motilal Oswal Financial Services, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.