SURAJ

May 13, 2024

To
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (East) Mumbai – 400 051

NSE Symbol: SURAJEST

To
BSE Limited
Phiroze Jeejeebhoy Towers
21st Floor, Dalal Street
Mumbai – 400 001

BSE Scrip Code: 544054

Dear Sir/Madam,

Sub: Transcript of Analyst/Investors conference call held on May 9, 2024

Ref: Pursuant to Regulation 30(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

With reference to our letter dated May 2,2024 intimating you about the conference call with Analyst/Investors which was held on May 9, 2024, please find attached the transcript of the aforesaid conference call.

The above information will also be available on the website of the Company i.e. www.surajestate.com

The company would like to clarify on a question asked in the earnings call on 9th May, 2024 with respect to finance cost for Q4FY24.

The finance cost for Q4FY24 includes a sum amounting to Rs 11.00 crores towards redemption premium to be paid at the time of redemption of NCDs in future. Assuming the debt levels shall be maintained at the level of 31st March 2024 being Rs 425 Crores, the estimated annualized interest cost works out to Rs 60 crores for the financial year ending 31st March 2025.

We request you to kindly take the above information on record.

Thanking you,

Yours faithfully,

For Suraj Estate Developers Limited

Kapoor

SURAJ ESTATE DEVELOPERS LIMITED MUMBAI

Shivil Kapoor
Company Secretary & Compliance officer
ICSI Membership No.: F11865

"Suraj Estate Developers Limited

Q4 FY'24 Earnings Conference Call"

May 09, 2024

MANAGEMENT: **MR. RAHUL THOMAS - WHOLE-TIME DIRECTOR - SURAJ ESTATE DEVELOPERS LIMITED**
MR. SHREEPAL SHAH - CHIEF FINANCIAL OFFICER – SURAJ ESTATE DEVELOPERS LIMITED

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the website of the company on 9th May, 2024 will prevail.

Moderator: Ladies and gentlemen, good day and welcome to Suraj Estate Developers Limited Q4 FY24 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involves risks and uncertainties that are difficult to predict.

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. Rahul Thomas, Whole-Time Director. Thank you and over to you, sir.

Rahul Thomas: Good morning and I welcome everyone to our Q4 FY24 Earnings Conference Call. Along with me, we have our CFO, Mr. Shreepal Shah and SGA, our Investor Relations Advisors. I hope all of you have gone through our investor presentation uploaded on the exchange and our company website. Since this is our maiden call, I would like to give a brief overview of our company and the industry followed by a review of the financial performance of the company during the quarter and the year ended March 24.

Suraj Estate has been actively involved in the real estate business since 1986, specializing in the development of real estate across the residential and commercial sectors in South Central Mumbai region. The residential portfolio is strategically located in the markets of Mahim, Dadar, Prabhadevi and Parel, which are sub-markets of South Central Mumbai, where we have established a significant presence.

We are now expanding our footprint into the residential real estate development in the Bandra sub-market. Our focus lies on value luxury, which is 1 and 2 BHK compact homes in prime locations of the city. The second being the luxury segment, which caters to the clientele up to 2, 3, 4 BHKs, including duplex and penthouses and the commercial segment, which is built to suit commercial offices.

Our expertise lies in the redevelopment of tenanted properties under DCR 33(7) and society redevelopment under 33(7B) of the DCPR 2034. Given that most land parcels in South Central Mumbai market are redevelopment projects, the core competence of our company lies in tenant settlement, a crucial element for unlocking value on such land parcels. The company identifies cessed or non-cessed properties with existing tenants, ties up with the landlords of such tenanted properties by entering into a development agreement or an outright purchase through a conveyance deed.

Since incorporation, we have successfully completed 42 projects with a developed area of more than 10 lakh square feet in South Central Mumbai region. We have also developed custom spaces for leading institutions, including National Stock Exchange of India, ICICI Bank, Saraswat Bank, Union Bank of India and Clearing Corporation of India Limited. In addition to the completed projects, there are currently 13 ongoing projects with a developable area of more than 20 lakh square feet and a saleable RERA carpet of more than 6 lakh square feet, corresponding to a sold and unsold value of INR1,350 crores in the ongoing portfolio.

Furthermore, there are 18 upcoming projects pipeline already acquired by the company, approximately of a carpet area of 9 lakh square feet. To discuss further on the market opportunity, talking about the MMR region, it stands as the India's second largest real estate market.

From 2018 to 2023, absorption in the MMR surge at the rate of 14% annually, propelled by several factors, such as rise in disposable incomes and household savings, a growing preference for higher quality residences and larger living spaces, a reverse migration trend triggered by the lifting of COVID-related restrictions and the return to office mandate, along with the urbanization.

This heightened absorption stimulated a healthy return increase of 15.2% in the supply during the same period. As of December 23, inventory levels dropped to 13 months low from 30 months in December 2018, primarily due to the robust absorption rates in the recent quarters. Concurrently, pricing experienced a 5.2% compounded annual growth rate over the mentioned period, attributed to a shift towards superior quality, branded offerings and a diminished inventory levels.

Talking about the quarter and the year that went by, the residential real estate market in India soared in Q1 of the calendar year 2024, fuelled by persistent high demand. High-end and luxury segments led the charge, while the mid-range maintained its dominance in launches. With the infrastructure boom, improved connectivity and a notable 18% year-on-year absorption rate increase, there is a 31% year-on-year drop in unsold inventory, presenting a growth opportunity for industry players like us.

We anticipate that the demand growth in the MMR region will persist. The projection is based on factors such as enhanced affordability, potential reversals in interest rate hikes, a rise in double-income households led by young working professionals and an ongoing improvement in infrastructure. To dwell a bit on the South Central Mumbai market, in the areas of Mahim, Matunga, Dadar, Prabhadevi and Parel, the micro-markets we enjoy, 8% share in all redevelopments in the South Central Mumbai market.

SCM stands out as one of the robust markets within the MMR region, owing to various factors. Firstly, the area boasts a significant presence of high-income individuals and a fluent customer base. Secondly, it is known for its premium and super-premium positioning in the real estate sector.

Thirdly, the trend of nuclear families is prevalent, further contributing to its appeal. Lastly, it serves as a prime micro-market for families seeking to upgrade their residential accommodations. Even amidst the recent launches of new projects in the SCM market, we have successfully moved our inventory by leveraging our extensive range of offerings across various budget segments, coupled with our adeptness in pinpointing the ideal product-market alignment.

A notable characteristic of the SCM market is the limited availability of vacant land parcels. Therefore, any developer seeking to enhance its footprint in the SCM must opt for redevelopment. This is precisely our area of expertise.

Drawing upon our extensive experience in redevelopment, we have honed the knowledge and adopted the best practices necessary to revitalize standalone buildings efficiently and cost-effectively. This proficiency has propelled us to leadership position within this micro-market. We are focused largely on identifying properties under DCR 33(7), which offers multiple benefits, such as FSI 3 on us getting the MHADA NOC without any TDR or additional costs, relatively low approval costs, and a typical discount of approximately 30% on the land cost.

Unlocking value through our tenant settlement, which has been our expertise, effective tenant settlement stands as a pivotal aspect of our redevelopment endeavours. With a proven track record out of 42 projects we have undertaken, we have rehoused more than 1,011 tenants free of cost and reconstructing their residences without any financial burden.

Although the minimum threshold for tenant approval and consent stands at 51%, our brand reputation, commitment to quality development, and punctual delivery have consistently garnered near unanimous support, securing near 200% approvals for most of our projects.

There are more than 19,000 such properties in the island city of Mumbai, which are 50 years old and above, and out of which 16,000 of these buildings are in urgent need of redevelopment, indicating a huge untapped potential. Further, there is a huge scope of society redevelopment under DCR 33(7)B, which also falls under our expertise.

A few material updates for the quarter. During the quarter, under review, we have successfully reached an amicable resolution in a pending litigation with OLV and OLPS Society, which represents a significant positive outcome for us. As per the agreed terms, we have commitment to a payment of approximately INR47 crores to the landowner, along with the provision of additional flats measuring 35,500 square feet to the OLV and OLPS Society.

This settlement leaves us with a built-up area of more than 10,800 meters, including fungible FSI for sale, equating to a GDV of INR350 crores. Additionally, we have secured development rights of a land component spanning over 4,790 meters, including five existing buildings, which comprises of rehousing of 108 tenants/occupants.

The estimated FSI required for rehousing these occupants is 6,680 meters, leaving us with a balanced built-up area for sale of at least 6,460 meters with a GDV of approximately 225 after surplus area is handed over to MADA. This favourable resolution represents a significant milestone for our company, reaffirming our commitment to excellence in the real estate sector and providing us with a sales potential of INR350 crores.

In line with our business expansion strategy, we have also acquired a freehold land at measuring 1,073 square meters of LJ Road, Mahim, West Mumbai. This redevelopment project involves seven tenants/occupants who have vacated their premises rendering the plot vacant. After accounting for the FSI required for rehabilitating these tenants/occupants and the surplus area to be handed over to MADA, the estimated balanced carpet area is approximately 30,000 square feet with a GDV of INR120 crores.

During the year, under review, we have successfully launched a new value-luxury/luxury project called Suraj Lumina at Veer Savarkar Road, Mahim West. The said project lies under Regulation 33(7) of the DCPR. The project complies of 35 units, including both 2BHK with a carpet area ranging from 575 to 622 and 3BHKs with a carpet area of 882 square feet with a total carpet area of 22,376. The GDV estimated from this project is close to INR100 crores. The project is expected to be completed by December 28.

Just to give you a perspective of our ongoing projects, out of the 6 lakh square feet, we have already sold 4.89 lakh square feet and have collected INR1,171 crores, with a balanced receivable of INR719 crores to be collected. The unsold inventory of 1.21 lakh square feet from the ongoing projects have an estimated GDV of approximately INR631 crores. The sold and unsold receivables totaling to INR1,350 crores from the ongoing is expected to flow from FY'25 to FY'29.

We have 18 upcoming projects with an estimated carpet area of more than 9 lakh square feet. 67% of this comprises of value-luxury projects, 21% belongs to the value-luxury and luxury projects and the balanced 12% is the commercial segment for sale. The estimated carpet area for sale from these upcoming projects is estimated at 9 lakh square feet. We estimate a price of INR50,000 to 55,000 per square feet on this portfolio. We plan to launch seven new projects with a carpet area of 2.68 lakh square feet with a total GDV of INR1,150 crores for the financial year 24-25.

Our focus continues in enhancing our market position in South Central Mumbai pursuing our differential product offerings in our value-luxury segment expanding our land reserves in the SCM and other MMR regions selectively developing commercial projects in the SCM region, redeveloping projects through the asset-light model.

With a favourable economic landscape, we have strategically positioned ourselves to capitalize on the burgeoning opportunities. At Suraj, our dedication lies in delivering world-class luxury projects that surpass expectations. With a proven history of delivering top-tier projects, we are prime for an ongoing success and expansion within the real estate sector.

With this, I would like to hand over the call to our CFO who will run you through the financial highlights. Thank you.

Shreepal Shah: Thank you, Rahul. Good morning, everybody. I will now run you through the financial highlights of the year ended March 2024. On the operational front in FY24 in the residential segment, we have achieved pre-sales of 1,07,136 square feet versus 1,03,044 square feet in FY23 translating to a sales value of approximately INR483 crores versus INR437 crores in FY23 indicating year-on-year growth of 10.5% in the residential segment.

Further, in FY24, there were no pre-sales in the commercial segment versus INR197 crores in FY23. Collections for FY24 stood at INR316 crores versus. INR346 crores in FY23. Focus during the year was on selling luxury projects which reflects in the improved realization of INR45,074 per square in FY24 versus INR42,420 per square feet in FY23.

Talking about the financial performance the total income for FY24 grew by 35% to INR415.7 crores verus INR307.9 crores in FY23. EBITDA for FY24 grew by 54.3% to INR236.4 crores versus INR153.2 crores in FY23. Operating margins stood at 56.9% versus 49.39% in FY23 which is an increase of 710 basis points over the previous year.

PAT for the year stood at INR67.5 crores versus. INR32.06 crores in FY24, a growth of almost 111% year-on-year. During the year we have repaid high-cost debt to the tune of INR285 crores from the IPO proceeds in the month of December 2023. Further additional INR23.5 crores of unsecured loan was repaid from the gross collection proceeds. Our net debt as on March 24 stands at INR315 crores versus INR565 crores in the previous financial year March 23. With this, I would like to open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. We have our first question from the line of Krish S Bhatia from Anand Rathi. Please go ahead.

Krish S Bhatia: Good sir and thanks for taking the question. Just one question from my side. What is the update on the Bandra project and when do you intend to launch these?

Rahul Thomas: So with regards to Bandra we have already received our concession approvals from the Municipal Commissioner for the first phase. However, since we are planning to amalgamate a few more plots we plan to launch this later in the year FY24-25. It will be towards the end of the year or early next year.

Krish S Bhatia: Okay. Thank you and all the best.

Moderator: Thank you. We have our next question from the line of Amit Agarwal from Nuvama Wealth. Please go ahead.

Amit Agarwal: Hi, thanks for taking my question. What I heard was the collections this year on a year-on-year basis were lower. Can you give reasons for that? Why were the collections lower?

Shreepal Shah: The collections are in line with the - last year we had done two transactions in the commercial segment which was INR197 crores which this year is not there. So, slightly a dip is there in regards to the collection for the commercial segment.

Amit Agarwal: And is that the reason why the operating cash flow is also only INR9 crores as against INR188 crores in FY23?

Shreepal Shah: So the operating cash flow was because a lot of expenditure was incurred on the project this year. So, a lot of projects are at advanced stages of construction. So, material amount of money went into development of the project and also we have infused some money towards the upcoming projects like the settlement of dispute.from the Marinagar plot, which we already utilized some money there. And two of our projects, Ocean star and Palette, we got full potential approval up to Palette up to 50 storey and Ocean star up to 42 storey. So, some amount of capital has gone into the approval cost and other construction related costs which are for our 13 projects.

Amit Agarwal: Okay, sure. That's all from my side. We will come back later. Thank you.

Moderator: Thank you, sir. We have our next question from the line of Anant Mundra from Mytemple Capital. Please go ahead.

Anant Mundra: Hello. Good morning, sir. Thank you for the opportunity. So, my first question is, what would be our revenue and EBITDA margin guidance for this year and the pre-sales guidance as well for FY'25?

Rahul Thomas: With regards to the pre-sales, we are targeting a pre-sales of INR850 crores for the financial year 2024-25. And to answer your question on the margins, I think our margins will be intact as lands are already acquired by the group. So, our margins will be intact for the upcoming projects.

Anant Mundra: Okay. And sir, anything on the revenue number?

Shreepal Shah: On the sales part, we are expecting to close sales in the range of INR500 crores to INR525 crores for FY'25. This is the sales recognized to be recognized.

Anant Mundra: Correct. And sir, in the pre-sales, what would be the breakup between commercial and residential?

Shreepal Shah: So, we are targeting pre-sales of INR850 crores in FY'25 of which we are expecting INR200 crores from commercial segment and balance INR650 would come from the residential segment.

Anant Mundra: Okay. And the commercial segment also has similar margins as compared to the residential segment?

Shreepal Shah: Yes, more or less the margins are same.

Anant Mundra: Okay. And sir, out of the…

Shreepal Shah: Residential because specially the commercial segment, the land which we have bought is a vacant land where the land cost is huge, as compared to the redevelopment projects. So more than the segments it is more of the nature of the projects which we have acquired.

Anant Mundra: Okay. And sir out of the current gross debt that we have, how much of the debt would be high-cost debt that would be say around 17%, 18%?

Shreepal Shah: So, presently around INR80 crores-INR90 crores is high-cost debt.

Anant Mundra: Out of the total gross debt?

Shreepal Shah: Yes.

Anant Mundra: And at every point of time in our balance sheet, we will have this high-cost debt always because we will be executing a lot of projects. So, will this always be there on the balance sheet?

Shreepal Shah: No. This high-cost debt was taken for the land acquisition stage. So, it will not continue. A portion will always be there because we need money for the growth capital. So, a certain portion would be there. But otherwise, we are having interest rates in the range of 10% to 12% range which we have recently got. So, over a period of time, we propose to reduce the construction funding.

Rahul Thomas: Hi. Thank you. I think the call got disconnected. We are happy to continue with the questions.

Moderator: We have our next question from the line of Ritwik Sheth from One Up Financials. Please go ahead.

Ritwik Sheth: Hi. Good morning, sir. So, a few questions from my end. So, firstly, what kind of launches are we looking to do in FY'25?

Rahul Thomas: We expect to launch 7 new projects. As discussed on the call, we have a total GDV of INR1,150 crores which would be coming out of these new launches. And this will be spread across 7 projects.

Ritwik Sheth: Okay. So, all this will be launched in FY'25?

Rahul Thomas: Yes.

Ritwik Sheth: Okay, great. And are we looking to start our BD journey? Like kickstart our BD journey in a big way? What kind of BD can we expect in FY25-26?

Rahul Thomas: So, like I said earlier, we have already actually acquired one in the recent quarter. So, that is a continuous process. But having said that, to launch what we already have, having said that, in Bandra, there will be a few more business development proposals which we will be analyzing. So, that would be our focus, which projects which are close to our current projects where you can just amalgamate and increase the potential. So, that would be the immediate goal.

Ritwik Sheth: Okay, got it. So, okay. And what kind of money, capital, we are looking to deploy in the business development side?

Rahul Thomas: If it's a society redevelopment, there's no upfront land cost. So, it would be more from an asset light model. So, I think that's what would be our main focus area right now.

Ritwik Sheth: Right. Like, can we expect to deploy INR150 crores-INR200 crores on an annual basis, given our current pre-sales run rate and cash flow? Or would that be meaningfully higher? Just wanted your thoughts on that sir.

Rahul Thomas: I would not want to put a particular figure in mind, but yes, it will be a continuous process. But as I said, lands, we are trying to see how we can get the best deal in lands today. And we'll continue to keep that thing. But I think close to the figure is what I could say would be a good estimation.

Ritwik Sheth: Okay. And so, you mentioned, given a detailed project-wise and value-wise breakup in the presentation, can you just help us with, the construction cost for the ongoing project, spending construction cost for the ongoing projects, and the total construction cost for the upcoming projects that you have mentioned?

Shreepal Shah: Overall project cost can be in a range of INR600 crores, in the entire ongoing portfolio. This is balanced to be completed. It will include development and other costs as well.

Ritwik Sheth: Right, right. In the ongoing projects and in the upcoming?

Shreepal Shah: Upcoming we will, when, guide you during the, quarters where we come up with more projects when the plans are further finalized.

Ritwik Sheth: Got it, got it. No problem. Okay. And just one clarification to the previous question, I think then the line got cut off on the gross debt and high-cost debt and the interest cost. So, what will be the interest cost in FY '25? And what will be the gross debt reduction in FY '25, if we can share that number?

Shreepal Shah: So, FY '25 we expect to maintain the same debt levels considering the seven project launches are there. We would require some capital for that. So, there will be repayments, there will be disbursements which will be taken. So, we will try to maintain the debt level in for FY '25. And the blended average cost can be considering the range of 14% odd for FY '25.

Ritwik Sheth: For FY '25. And can this be expected to come down given our return ratios have slightly become better from 14% towards 10%? Is there a trajectory that over the next two years that we are targeting and what number would we settle at over two, three years?

Shreepal Shah: So, we target 12% to 13% range, 12% range in the next one year. For FY '26, we can target that. This year, since we will require a lot of capital for the upcoming projects and land stage acquisition money is also taken. So, we can consider 14% for this FY '25.

Ritwik Sheth: Right. And just, sorry, just one last question. What kind of money we require to launch these seven projects in FY '25?

Shreepal Shah: So, that would be in a range of INR150 odd crores.

Ritwik Sheth: Okay, INR150 crores to launch these projects.

Shreepal Shah: Yes.

Ritwik Sheth: Okay, sir. Okay, that's it from my side. All the best and thank you, sir.

Moderator: Thank you, sir. We have our next question from the line of Anant Mundra from Mytemple Capital. Please go ahead.

Anant Mundra: Hello. Yes, thank you for the opportunity again. Sir, what is our plan on the land reserve? We have about seven land reserves. So, are we planning to monetize that or we want to develop it? And if we want to develop it, then what could be the potential sales area that we could get out of that?

Rahul Thomas: So, the land reserves would not be our immediate priority because we already have about 9 lakh square feet apart from that to be launched. Having said that, the land reserves have an inherent value already. So, as you can see, it's about 10,000 square meters. So, we can estimate a capital of at least a 1 lakh square feet, but that would not be coming immediately on the table. We want to first launch the 9 lakh square feet and then move into that.

Anant Mundra: And sir, what is the nature of these land reserves? Are they redevelopment or vacant or slum or what is it?

Rahul Thomas: It is basically redevelopment. Some part would be redevelopment, some part is the slum, yes.

Anant Mundra: Okay. And sir, coming back on the high cost debt point, are there no other means of funding available to us given that we are now a listed company that we have to keep relying on this 17% to 18% high cost debt ? So, isn't there some other resource means available to us right now given that we are a listed company and our balance sheet is well capitalized?

Shreepal Shah: The quantum of debt is going to be reduced gradually because the temporary capital we require for land acquisition and once we start the project, the cash flow kicks in and that debt is taken for a shorter tenure. So, if you see other construction finance projects, so we are getting 11%, 12% rate also.

Anant Mundra: So this is a very short, like this is for less than one year, is that fair to assume?

Shreepal Shah: Yes, 1-1.5 year you can consider.

Anant Mundra: Okay. And I missed out on the earlier participant that asked that, I mean, so whatever sale receivables that we have from the current ongoing project, are they enough to fund the construction expense that we have on the current ongoing project?

Shreepal Shah: Yes, it is enough because the sales receivables are INR718 crores against which we have a balance cost to complete of around INR600 odd crores. But there is an unsold inventory which is about INR631 crores, which will take care of the ongoing debt which we have.

Anant Mundra: All right. And the INR150 crores of capital that we will need to launch the 7th project, for that we will not have to rely on any form of high cost debt, for that we will use our construction finance. Is that a correct assumption?

Shreepal Shah: Majorly, it will be construction finance, but some portion would be there, maybe for the commercial, start a commercial plot, you may require some debt, which is maybe 14%-15% types.

Rahul Thomas: These are mainly for approval cost.

Shreepal Shah: Approval related cost, which bank cannot fund. It is more of TDR and FSI related costs like additional FSI, which cannot be funded by RBI. As per RBI circular, banks cannot fund those costs.

Anant Mundra: Okay. So, these costs, generally when you launch a project, after launching that project, when can we avail a bank financing after six months, one year?

Shreepal Shah: Maybe 1.5 years we can avail bank finance.

Anant Mundra: So, initial 1.5 years, either we do it through our internal approvals or we rely on high cost debt?

Shreepal Shah: Yes.

Anant Mundra: And our sole reliance on high cost debt is NBFC?

Shreepal Shah: In case of land acquisition, it can be AIFs.

Anant Mundra: AIFs, okay. Alright, that's it from my end. If I have any more questions, I will come back and ask you. Thank you.

Shreepal Shah: Thank you.

Moderator: Thank you, sir. We have our next question from the line of Tushar Sarda from Athena Investments. Please go ahead.

Tushar Sarda: Yes, thank you. For the opportunity. I was wanting to understand your interest cost because from this quarter also it is INR25 crores. So, annual run rate comes to around INR100 crores on INR400 crores kind of volume. So, it's almost 25%. If you can just explain what is the actual interest cost?

Shreepal Shah: So, we recently have taken loans, increased our loans. So, because of which the funds have not yet been deployed as on 31st March, which will be deployed in this particular quarter. That's why you're feeling the interest was little high in quarter 4.

Tushar Sarda: No, I didn't follow. You have taken loan recently, right? So, then the actual at the end of the period, loan amount will be higher than the average cost would have been even lower. This is coming to almost 25%. Am I missing something?

Shreepal Shah: So, we have taken one loan from AIF at 17%, which is INR60 crores we have drawn from AIF for acquisition of the plot for Mahim. Recently, we acquired the plot at Mahim, which is 1,073 square meters land, which is expected to have a sales value of INR120 crores, for which we have availed high cost debt. So, it's pertaining to that particular project.

Tushar Sarda: My question is your quarterly cost is INR25 crores, right for the Q4. As per your presentation on page 6, finance cost is INR25 crores for Q4. So, this comes to annualized INR100 crores run rate and your debt you have reported is around INR400 crores, right? So, that comes to gross debt reported is INR426 crores. So, this comes to 25% interest cost.

Shreepal Shah: Sir, there are few high cost debts which are running as on 31st March, which will be most likely repaid in this particular financial year. So, during the year…

Tushar Sarda: What cost? High cost you are saying 17-18%. I am getting a computation of 25%. What am I missing?

Shreepal Shah: Sir, there are processing charges, bank charges and other things also which are allied to the finance.

Tushar Sarda: They can't be so high. If you can give the breakup of that 25%. What is processing? What is actual interest cost? Because these numbers don't add up.

Shreepal Shah: We will come back to this around the numbers.

Tushar Sarda: Okay. Thank you.

Moderator: Thank you, sir. We have our next question from the line of Ronald Siyoni from Sharekhan limited. Please go ahead.

Ronald Siyoni: Yes. Good afternoon, sir. And congratulations on good numbers. On the previous question on interest cost also, I had one clarification that the interest cost had substantially come down from 47 to 25 during the quarter. So, what has led to the substantial reduction despite gross debt remaining at the same level as seen earlier ??

Shreepal Shah: So, this is because the loans were repaid in December 26 after our listing. So, the impact of that has been coming in fourth quarter. That's why the interest costs have reduced from the third quarter to fourth quarter because we have repaid around INR300 crores plus debt in quarter three FY'24.

Ronald Siyoni: And this INR200 crores commercial sale which you are expecting, that forms the part of ongoing or upcoming projects?

Shreepal Shah: These are upcoming projects, sir.

Ronald Siyoni: Upcoming, right. So, overall, if we expect for INR50 crores to INR300 crores from ongoing projects, yearly sales, then you would be expecting more than 50% to 60% sales rate in the upcoming project to meet the INR850 crores target. Is it true that such a high sales target you are expecting around 50% to 60% to come from upcoming projects?

Shreepal Shah: Coming from upcoming projects, sir. 200 of commercial and I would say additional 200 from upcoming.

Ronald Siyoni: No, INR850 crores is the target. So, 250 would be coming from ongoing. So, balance around, say, INR600 odd crores would be coming from upcoming. So, this is almost 50% of the INR1150 crores upcoming projects. So, you are expecting around 50% sales rate from the upcoming project?

Shreepal Shah: So, just to clarify, out of INR850 crores, 200 is coming from the commercial segment, which is upcoming project. 250 we are expecting from the residential segment in the upcoming segment. And from the ongoing portfolio, we are targeting INR400 crores.

Ronald Siyoni: Okay. 400 from ongoing. Okay. So, that means you would be exhausting the ongoing not by FY'29, but much prior to that, in 2 to 3 years rather than 5 years.

Shreepal Shah: Yes. There is only a few projects which are going till 29 because recently that project we have launched at Mahim Lumina. That is only going till 29. The rest of the projects we are targeting to finish in the next 2 to 2.5 years, time frame.

Ronald Siyoni: Okay. And lastly, on the margin guidance, which you are maintaining. So, previously, we had a view that it would normalize to 45 odd. So, something of that sort. But now you are maintaining around 55 odd percentage. So, what has changed actually?

Shreepal Shah: Product mix has changed. Value luxury and , luxury segment has been sold very well. There the realizations are a bit better than the value luxury segment. And also, the two commercial deals which we concluded last year has been come into recognition this year as well. So, there also the realizations are better in those two deals. That has boosted our EBITDA margins for this particular financial year as compared to last financial year.

Ronald Siyoni: But that means for FY'25, you would be maintaining the margins or it would be, you know, FY'26 also you can maintain the margins or it would taper down?

Shreepal Shah: Since the land's cost is already funded for, so we propose to maintain the margins.

Ronald Siyoni: Okay. Great. Thank you very much.

Moderator: Thank you, sir. We have our next question from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat: Hi, thank you for the opportunity. I have one question. So, how is the pricing environment you are seeing for the South Central Mumbai region right now?

Rahul Thomas: Sorry, could you just repeat the question?

Pradeep Rawat: How is the pricing environment you are seeing in the region of South Central Mumbai?

Rahul Thomas: So, it depends on the segment we are targeting. If it's a value luxury segment anywhere between, it ranges from 38,000 all the way to 43,000 to 44,000. And if it's a luxury segment, it can go from 60,000 all the way to around 85,000-90,000 as well.

So, it depends on the location where you are, how close you are to the sea. And generally, value luxury, we see, we're playing with velocity. So, we make sure that we, there's not, we keep the price a bit constant. While luxury, we're able to kind of have better realizations.

Pradeep Rawat: Okay. Thank you. And best of luck.

Moderator: We have our next question from the line of Rajiv Rupani, a shareholder. Please go ahead.

Rajiv Rupani: Yes, sir. I have a question. Now our ongoing projects are majorly in Mahim and Dadar area. And if I see your presentation, you've given that average realization is in the range of 35,000 to

45,000 square feet. And currently in the con-call, you have -- from the new projects, you have said that you will get average realization of about 50,000 to 55,000 square feet. So on what basis are you guiding for higher realizations, more than 20% higher realizations from new projects?

Rahul Thomas: So just on a clarification, we have -- the average realization has gone up to 45,000. So I think there's no 35,000 mentioned anywhere. So 45,000 would be the realization which we have achieved this year compared to last year. And why we've taken a higher realization is since Bandra is a very big proposal, the carpet rate in Bandra on Mount Mary Hill will be starting with 1 lakh of square feet. So if you look at it on a blended average, that's why we have given a reasonable guidance of 50,000 to 55,000.

Rajiv Rupani: Okay. And I have a follow-up question. Now our major focus is in Mahim, Dadar. So going forward, the realization in Bandra, Santa Cruz and Khar are much higher. So how many projects could we add going forward in the next two, three years in those areas?

Rahul Thomas: Our focus would be…

Rajiv Rupani: Have you bid for some projects in Khar, Santa Cruz?

Rahul Thomas: No, we haven't bid for anything on Khar, Santa Cruz. We are looking at just acquisition of societies very close to what we already have so that we get a larger footprint. So that would be our prime objective right now.

Rajiv Rupani: Okay. And I have one more follow-up question. Now, sir, we are in the Mahim area. So that Navjeevan Society in Mahim, did we bid for that project? Could you just guide us? That's gone for redevelopment.

Rahul Thomas: No. We actually didn't bid. I believe that's already gone for redevelopment with Raymond, if I'm not mistaken.

Rajiv Rupani: Correct. So, one more question. Now, what I know is that all the big developers like Puravankara who were in the South and the Prestige Estates. So can we bid for like a big project like 2, 3 acres project because there is a lot of competition. They have also entered this area, Bandra, Dadar and all. So how's the competition over there?

Rahul Thomas: So the land parcel which we are currently already on in Bandra is to the tune of the size, which you're already discussing. So I think we already -- with that objective, we are able to handle that kind of size. And that's where we -- that's why I said we plan to launch that later this year or early next year because the size of the project has increased.

Rajiv Rupani: Okay. Thank you.

Moderator: Thank you. We have our next question from the line of Pranav Shrimal from PINC Wealth Advisory. Please go ahead.

Pranav Shrimal: Hello?

Moderator: Yes, sir, please go ahead with the questions.

Pranav Shrimal: So as per your guidance, we are approximately going to have pre-sales of INR850 crores. So that's a roughly translate to selling about 1.8 lakh, 1.9 lakh square feet area. Would that be correct to agree?

Rahul Thomas: Sorry, the question is not clear. Can you repeat that, please?

Pranav Shrimal: Yes. So we are targeting INR850 crores in pre-sales, right?

Moderator: Pranav sir, can you please use the handset? Your voice is very muffled.

Pranav Shrimal: Yes. Hello? Am I audible?

Moderator: Yes, sir. Yes, now you are audible.

Pranav Shrimal: So we are targeting INR850 crores in pre-sales. So that would roughly translate to around 1.9 lakh square feet of area. Would that be correct to agree?

Rahul Thomas: Roughly, it's 2.60 lakhs for this year. The new launches or are you saying overall INR850 crores?

Pranav Shrimal: Overall, INR850 crores you're targeting in pre-sales, correct?

Rahul Thomas: Yes.

Pranav Shrimal: So even if we take like a 44,000, 45,000 realization rate that would be around 1.9 lakh square feet.

Rahul Thomas: Right.

Pranav Shrimal: So is that correct to assume?

Rahul Thomas: Yes.

Pranav Shrimal: And secondly, sir, we are also raising INR500 crores. If you could shed some light on that, the purpose of dilution of equity there?

Rahul Thomas: That is just an enabling provision. We have not planned anything as of now, but that's just an enabling provision from the Board and which we are taking and which we will take yearly.

Pranav Shrimal: Okay. So nothing is planned as of now. We are just getting the approvals. It's not raising in this year.

Rahul Thomas: Sorry, I think the line got disconnected. Can we continue with the question?

Pranav Shrimal: Yes, sir. So, Yes, just coming back, we are trying to raise around INR500 crores. So is there any particular reason, like are we planning to expand or what are you planning to do with that fund?

Rahul Thomas: So this is actually just an enabling provision. We haven't really decided to do anything. It's just an enabling provision of the Board. As and when we get an opportunity, it's just more of an enabling provision which we will take yearly.

Pranav Shrimal: Okay. So as of now [inaudible 0:45:44], correct?

Rahul Thomas: Sorry, I couldn't hear you.

Pranav Shrimal: I am locking in the provision. As of now…

Moderator: Mr. Pranav, we are unable to hear you. Can you move to a better place?

Pranav Shrimal: Hello? I will join back in the queue.

Moderator: Now we can hear you. Please go ahead.

Pranav Shrimal: Yes. Also, sir, recently during the last [inaudible 46:14], there was some discussion that you have taken a very high interest loan that was going to be paid off within 12 months.

Rahul Thomas: Yes, we have taken one loan, NCDs from an AIF that is for the Mahim land acquisition. So that only a tenure is five years, but considering the cash flows, we might repay them earlier and refinance with a lower cost in a period of 1.5 to 2 years.

Pranav Shrimal: Okay, got it. Thank you.

Moderator: Thank you. Ladies and gentlemen, that would be the last question for today. I now hand the conference over to Mr. Rahul Thomas for closing comments.

Rahul Thomas: I take this opportunity to thank everyone for joining the call. I hope we have been able to address all your queries. For any further information, kindly get in touch with us or Strategic Growth Advisors, our Investor Relation Advisors. Thank you, everyone.

Moderator: Thank you. On behalf of Suraj Estate Developers Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your line.