

16.02.2022

To

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

Sub: Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended- Conference call update

Further to the conference call held on February 11, 2022 at 5.30 pm. to present and discuss the financial results of the company for the quarter and nine months ended December 31, 2021, please find attached the transcript of the conference call.

This is for your information and records.

Thanking you

Yours sincerely

For Puravankara Limited

Bindu D
Company Secretary

PURAVANKARA LIMITED

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AN ISO 9001 COMPANY



**“Puravankara Limited
Q3 FY2022 Earnings Conference Call”**

February 11, 2022

**MANAGEMENT: MR. ASHISH PURAVANKARA - MANAGING DIRECTOR
MR. VISHNU MURTHY - SENIOR VICE PRESIDENT, RISK
& CONTROL
MR. ABHISHEK KAPOOR - EXECUTIVE DIRECTOR,
CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL
OFFICER
MR. NIRAJ GAUTAM - EXECUTIVE VICE PRESIDENT,
FINANCE**

**ANALYST: MR. AYUSH BANSAL - EMKAY GLOBAL FINANCIAL
SERVICES**

Moderator: Ladies and gentlemen good day and welcome to the Puravankara Limited Q3 FY2022 Earnings Conference Call hosted by Emkay Global Financial Services. We have with us today Mr. Ashish Puravankara, Managing Director, Mr. Vishnu Murthy, Senior Vice President, Risk and Control, Mr. Abhishek Kapoor, Executive Director, Chief Executive Officer and Chief Financial Officer and Mr. Niraj Gautam, Executive Vice President, Finance. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ayush Bansal from Emkay Global Financial Services. Thank you and over to you Sir!

Ayush Bansal: Thank you. Good evening, everyone. I would like to welcome the management and thank them for this opportunity. I shall now hand over the call to Mr. Niraj Gautam for the opening remarks. Over to you Sir.

Niraj Gautam: Thank you Ayush. Good evening and warm welcome to all of you. I hope you and your family are staying safe and doing well. Thank you for joining us for Puravankara Limited third quarter FY2022 earning conference call. My name is Niraj Gautam, I am Executive Vice President Finance of Puravankara Limited. The quarter presentation and financial results ended December 31, 2021, have been uploaded on the stock exchanges. I will start with a brief update on the business and highlights for the quarter and nine months following that my colleagues and I would be delighted to answer any questions and you may have and suggestions that you would like to give us.

The union budget presented earlier this month promises to be a growth-oriented and future-forward budget that is expected to develop the country's economy, infrastructure, and logistics. The thrust on capital expenditure which saw a substantial hike of 35.4% from Rs 5.54 lakh crore in FY22 to Rs 7.50 lakh crore in FY23, will play a significant role in boosting the overall economy, and that will create a backdrop of opportunities for the real estate sector. The announcement towards investments for urban planning and encouraging the states to adopt unique land parcel numbers will deliver structural changes that will help unlock the sector's long-term potential. Allocation of Rs 48,000 crores towards the PMAY program shows the Government's determination to boost affordable housing. The central Government's thrust towards digitizing land records will bring transparency and ease of doing business.

The residential market has been recovering with a strong sales momentum in the last few quarters, the resurgence of homeownership is continuing even after the second wave of

COVID in markets like Bangalore, Mumbai. The government interventions through waivers and stamp duty concessions improve the demand further.

In terms of our performance for the quarter, we have completed the quarter with a steady momentum in sales. During the third quarter of FY22, Our Sale value has jumped to Rs. Six hundred sixty-six crores increase of 17% on a year-on-year basis and 12 % on a quarter-on-quarter basis. The area sold stood at 0.99 million square feet, up by 9% compared to 0.91 msft in Q3 FY21 and Q2 FY22. The Sale realizations have also improved to Rs.6,727 per sq. ft. This is an increase of 7% compared to Q3FY21 and 3% compared to Q2 FY22. We sold 690 units in this quarter which is an increase of 4 % compared to the previous year and a rise of 10% on a sequential basis.

Coming to the financial performance for the quarter. Consolidated revenue for Q3FY22 was INR 246 crore compared to INR 304 crores in the previous year's corresponding quarter. EBITDA for the quarter was INR 86 crore compared to INR 116 crore during the same period last year. Total comprehensive income for the quarter stood at INR 1.65 crore compared to a total comprehensive income of INR 12.75 crore during the corresponding quarter in the last year.

In terms of our performance of Nine months, we sold 1616 units corresponding to the volume of 2.32 msft. Sale value grew to Rs. 1,576 crores, which is 9% higher than Rs.1,449 crores on a year-on-year basis. The sale realizations improved to Rs. 6,795 per sft. from Rs. 5,989 per sft. last year improved by 13%. We have achieved a good improvement in profitability metrics. In terms of our financial performance, for the Nine-month period: our total revenue from operations stood at 1060 crore compared to INR 714 Cr for the similar period previous year; implying a year-on-year growth of 48%. EBITDA stood at Rs. 576 crores compared to INR 263 Cr for a comparable period the previous year, implying year-on-year growth of 119%.

We are also conscious of the increase in input cost, construction cost is 40% to 45% of our sales price and an increase in sales price mitigates the consequential impact. On the business development front, we are continuously evaluating opportunities in cities where we are present. We are delighted to update you that we have invested in M/s White Oaks partnership firm to acquire 85% of development rights of 11.25 acres of land in Bangalore KIADB area. The estimated development potential of this project is 1.40 million square feet.

Secondly, we entered into a joint development agreement for a premium residential development of 3.85 acres of land in Magadi Road, Bangalore, the estimated development

potential of this project is 0.54 million square feet. Both these projects are under design and approval stage, and we will be launching these projects in the next two to three quarters.

On our debt management front, we are pleased to update you that we are continuously optimizing our debt and reducing our cost of debt. We have reduced our average cost of debt to 10.51% from 12% a year ago, our net debt at the end of Q3 FY2022 stood at Rs.1857 Crores compared to Rs.2372 Crores at the end of Q3 FY2021, the net debt and equity ratio stands at 0.89 compared to 1.25 a year ago.

On cash flow management front, we are consistently generating cash surplus from our operations. Our operating inflows almost doubled and stood at INR 1656 Cr in 9MFY22 compared to INR 848 Cr for the 9MFY21. We generated an operating surplus of INR 754 Cr during the period.

The balance collection from our sold units stood at INR2278 Crore on December 31, 2021. The value of our open for sale inventory is INR 4,652 crores. As against this, we need INR 2,692 crores to complete our all inventory open for sale. It will result in an operating surplus of INR 4,239 crores. Besides this, we have not opened for sale inventory in existing projects with an estimated surplus of INR 1,993 crores.

On the new launch front, we want to update you that we have launched two projects during the quarter Tivoli Hills, a premium plotted development project in Bangalore and Palm Vista affordable premium residential housing project in Mumbai. We are focused on the launch pipeline; we have 22 projects with a development potential of over 18 million square feet in our launch pipeline in the next three to four quarters. All these projects are at various stages of approval, the process will have on track for their scheduled launch timelines.

We are encouraged and excited by the trend emerging from the quarter, we are also preparing the organization for a new and sustained growth trajectory and gaining market share across our key residential markets. The return to Mumbai, the expansion in this market, the sustained launch program across our key markets in all our three brands, all these augurs well, importantly we have taken concrete steps to ensure cost optimization, contact management and operational efficiency. All these are likely to bear fruit in the coming quarters and indeed years ahead. With this, I conclude my remarks. Thank you all for joining the conference call. We are now happy to answer any questions that you may have.

Moderator:

Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Ritesh Sheth from Motilal Oswal. Please go ahead.

- Ritesh Sheth:** Good evening. Thanks for the opportunity. Firstly, on the launch side so very strong pipeline for FY2023, so there was a couple of projects which are pushed out from Q3 launch to Q4 okay, so overall in terms of launches how confident are we in terms of launching these projects because there are few of your peers are facing issues in terms of approval so just wanted to check you know how many launches, we can see coming in next couple of quarters?
- Ashish Puravankara:** Thank you for your question. I think on a ballpark basis generally we are confident that at least 90% will be launched over the next three to four quarters, if I must break them into buckets, almost 40% of the projects listed here for launches have already got approval and have either got RERA or waiting for RERA approvals, so that 40% bucket is done, other 30% we already got approvals and applied for RERA right. The balance is what is in the approval stage, so this is that statistics. Fairly confident of at least hitting a 90%, 95% number in the next three to four quarters.
- Ritesh Sheth:** Right and these Sound of Water 2 and Purva Zentech Business Park were delayed for some RERA delays or just...
- Ashish Puravankara:** As we speak Sound of Water 2 has already been launched as we speak Purva Zentech Business Park is already launched.
- Ritesh Sheth:** Okay, great, thanks and my second question are on your land bank in Chennai, so I see a four million square feet kind of a reduction in future land bank potential so has that land being monetized to someone or how is it?
- Ashish Puravankara:** This was the land that we had bought on Sriperumbudur on the Bangalore, Chennai highway, we monetized that land last quarter.
- Ritesh Sheth:** Okay for how much consideration if you can share those details?
- Ashish Puravankara:** About Rs.59 Crores we received the money.
- Ritesh Sheth:** Okay, fine and my last question is on your partnership with Keppel Land so how we are going to explore this partnership, because I think we were planning for some commercial developments as well and we were looking for some private equity partners or someone.
- Ashish Puravankara:** As far as our commercial development is concerned, we have a potential of about 6.5 million square feet of commercial space already available with the company for which we have started the projects and now are looking for sort of platform partners, JV with Keppel currently we had one commercial project and we have a residential project with which Keppel Purvankara had given on joint development to provident housing which is ongoing

which is done well. The commercial project we took a call two quarters ago to exit that, so Keppel is taking over that entire commercial project.

Ritesh Sheth: Okay and would we like to extend this partnership to our upcoming commercial projects with Keppel or?

Ashish Puravankara: For our six-and-a-half million existing portfolios of commercials we are talking to other international funds.

Ritesh Sheth: Okay. Thank you. That is, it from my side and all the best. Hope to see many strong launches for next year. Thank you.

Moderator: Thank you. The next question is from the line of Dikshit Mittal from LIC Mutual Fund. Please go ahead.

Dikshit Mittal: Good evening. Sir just to confirm that you have indicated launch pipeline of 18 million square feet, and you mentioned that 90% will be launched in three, four quarters or may be lower than that?

Ashish Puravankara: Yes, I mentioned three to four quarters.

Dikshit Mittal: Okay, because if we see the current last five, six or maybe this quarter also, the launch has been pretty muted like if you compared to other players in the similar region in terms of launches as well as sales so there is a muted performance, so any particular reason for that and how are you confident that in maybe in next four quarters you can launch around 18 million square feet?

Ashish Puravankara: That is where I had given some color, yes in the past two quarters there were a few delays in approvals, because of COVID various other reasons etc, but like I gave approximate percentage to get some idea of this launch pipeline almost 40% of the projects have already gotten approval, we have applied to RERA and some they have already got RERA in fact two projects listed in here are already launched as we speak today. There is a balance 30% those approvals have come, and we have applied to RERA and then the balance is where they are still working on approvals, basis that statistics we are fairly confident that we should minimize a 90% number in the next three to four quarters.

Niraj Gautam: Just want to add to what Mr Ashish said besides the two launches which we have done in the quarter, Tivoli hills, 1.4 million square feet plotted project and Palm Vista, we have taken two projects to the market- Orient Grand and the Tree Heaven as we speak.

Ashish Puravankara: Under the Puravankara list number one and number two have already been launched, number three we have approvals in place, we are going to be applying for RERA under Purva land the number five has already launched.

Dikshit Mittal: In terms of delay in approvals is the company specific issue or because we are not seeing that kind of delays in other companies in the similar regions?

Ashish Puravankara: I do not know what other companies are doing, but I think it is a general issue because of COVID, a lot of officers who are responsible for approvals were on COVID duty and therefore certain approval and committees are not sitting so I think according to me it was an industry issue, there is no specific concerns on any of these projects which is unique to the company.

Dikshit Mittal: Okay Sir and in terms of sales velocity what kind of sales do you expect in terms of after this launch in how many years do you expect to monetize?

Ashish Puravankara: So typically, the residential projects have a life cycle on an average of four years, plotted development has an average life cycle of 18 to 24 months.

Dikshit Mittal: Okay and this 18 includes commercial also right 6.5 that you mentioned?

Ashish Puravankara: Out of the 6.5 what we have just taken started construction on is under Puravankara you see number five that is the only one that we have taken to market because we had existing LOIs etc for that project. I would say the balance six million square foot is currently in the approval stage for which we are looking for fund sort of international fund JV partners to build a commercial platform.

Dikshit Mittal: Okay and Sir lastly if I see the launch pipeline in Provident you seem to be very aggressive so any reason that because it is the kind of low-price offering compared to Puravankara in terms of premiumization, so any particular reason that you think demand in that project or is it most conscious strategy?

Ashish Puravankara: I think one is the way we look at it is these are two independent companies run by two independent heads, they are both trying to grow the business as best as they can. Having said that yes Provident considering the ticket sizes, you tend to see a little bit higher volume than the luxury, value-wise they probably will be the same or the luxury may be a little higher in terms of total value of sale, but in terms of number of units you will see a higher number in Provident.

Dikshit Mittal: Thank you.

Moderator: Thank you. We will move on to the next question that is from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.

Bajrang Bafna: Thanks for the opportunity. Sir I just want to break, you have open for sale close to five million square feet and then not open for sale is again close to five million square feet and then you are talking about some 18 million square feet is the launch pipeline going ahead so just to ask on this front that we have been pretty slow in terms of sales velocity in last three quarters, but what sort of number that you are looking at for let us say FY2023 we might be closing this year at 3.5 million square feet hopefully, but next year what is the target in terms of sale that you put up for yourself?

Ashish Puravankara: One correction in that when you say 18.12 is the developable area so that is the developable area to just give a sense of how large the projects are. The saleable area of that is 13.16 million so it is not 18.12 point one. Point two, on a sustainable basis from our ongoing projects under construction we have demonstrated, we are able to hit a run rate of anywhere between 3 to 3.5 million square feet. Now the minute you add launches to that right during the launch and again if you see the last four years in eight out of ten launches, we have been able to sell anywhere between 35% to 50% of the project in the first quarter, so the quarters where you start seeing these launches coming you will see a big bump up.

Bajrang Bafna: Okay, so can we expect when you are working with let say 13 million square feet launch pipeline in next one year almost 40% to 50% is possible next year or should we work with a lower number?

Ashish Puravankara: It is all in phases right now. For example, some of the projects over here. What we are stating is the size of the entire project. Now for example if you look at under Puravankara project number four Windermere right, now the total square footage of that project is 2.17 million square feet, now you cannot expect that we will be opening up the entire 2.17 million square foot I do not think anyone does that, so we will end up opening 700000 or a million square foot as the first launch of that you can expect 35% to 40% to be sold within the first quarter max two quarters. So, you have to apply the filter of phasing.

Bajrang Bafna: Got it. Can we expect this run rate of one million square feet which you are establishing for let us say Q3 so close to four million square feet plus is a sellable target for us next year with an average realization of close to maybe the similar number Rs.7000 per square feet, would that be a right assumption to go ahead?

Ashish Puravankara: I would say that is a fair assumption yes.

- Bajrang Bafna:** Okay and in terms of Sir operating margins you already commented on the opening remarks that 40%, 45% is the construction cost that you can work with, but broadly what sort of operating margins that you are comfortable with these projects on an average basis?
- Niraj Gautam:** Once you see operating margin all the costs of the project and the sales price, we are comfortable with 25% to 30% of the operating margin that is with where we work.
- Bajrang Bafna:** 30% plus correct yes?
- Niraj Gautam:** Yes 30% plus Puravankara projects, the provident projects 25% to 30%..if you go to plotted development projects margin will be slightly better than the residential projects.
- Bajrang Bafna:** Okay and Sir average period you have already commented four years for the residential and maybe two years for the villas and all on an average, so if we go I think I would really appreciate that last quarter we have requested that if you could provide some more details on your launch pipeline I think in this presentation you have included lot more details than as compared to previous quarters, but if you could also give us a sense that what sort of timeframe for the completion the exact timelines for each and every project I think we have already quoted for each and every project and the completion timelines if we can get a sense on that perhaps it will be more beneficial for us?
- Niraj Gautam:** Like we met last time we will again interact and do some more deliberation offline on more granular details .
- Bajrang Bafna:** Okay, great. Thank you very much and all the best for your future success.
- Moderator:** Thank you. The next question is from the line of Varun Dia from Dimensional Securities. Please go ahead.
- Varun Dia:** Firstly, I wanted to know if you could give some outlook on the plotted line in terms of margins and revenue?
- Abhishek Kapoor:** The total potential here is about 2.3 million square feet that we have typically as Niraj mentioned earlier the margin is anywhere between 30% to 35% in plotted development and we are looking at in terms of topline we are looking at somewhere around 1000 Crores from this 2.3 million square foot.
- Varun Dia:** Okay and you launched one project in Mumbai so would you see the average realizations going up?

- Abhishek Kapoor:** There are two projects in fact in Mumbai, one is in Chembur that obviously the realization is higher and the other one we are just in the process right now, we just launched which Niraj spoke about a little while back called Palm Vista obviously that one is aligned with the typical realization which is around Rs.6500 square foot but yes Chembur will obviously have a much higher realization.
- Varun Dia:** Okay and one more thing your land bank is around 48 million square feet, so I wanted to just know is anything under litigation or what are your plans for the development?
- Abhishek Kapoor:** Off that 48 million as you can see we are already on 13 million square foot, the rest of the lands there is a mixed bag of subsequent phases which will come in and also there are lands wherein we need clearances to be done and conversions to be done and so on and so forth so those will take some time and therefore the phasing of the launch, but to answer that question these are all lands paid for so I think when it is only a question of ensuring the clearances come through, the approvals come through and then we do the launches.
- Varun Dia:** Okay, got it. Thank you.
- Moderator:** Thank you. We will move on to the next question that is from the line of Tirath Muchhala from Elusividya Advisory. Please go ahead.
- Tirath Muchhala:** Thanks for taking my question. Firstly, congrats for releasing a good amount of capital from the sales of land.
- Niraj Gautam:** Right.
- Tirath Muchhala:** One was about the sale to Godrej that we did how we expect more cash to come soon and how much would that be?
- Niraj Gautam:** There is another Rs.170 Crores expected to come from that transaction that is dependent upon the getting the additional FSI approval for the project which is under process we have already applied for the plan approval and as soon as approval comes and FSI is loaded, we will get the money from Godrej.
- Tirath Muchhala:** Do you think that is a reasonable thing to happen or might be difficult?
- Niraj Gautam:** It is a reasonable thing to happen, it is per the government norm of additional FSI .it is very the basis because we agreed to sign the contract. The moment we fulfil that condition they will transfer the balance consideration.

Tirath Muchhala: One last question was regarding this entire non-residential business that we are trying to develop I think we have gone back and forth on the warehousing platform and now there is something with the asset management company that we were developing and so as investors we struggle with understanding how to value the potential of the non-residential piece so can you guide us on what the concrete plan is or are, we still debating it?

Abhishek Kapoor: No, the concrete plan clearly is the focus on Provident, Puravankara residential, Puravankara commercial which is about 6.5 million square foot, and we are going to scale that up as we sign up the platform and plotted development in Purva Land. These are the four clear drivers of growth for us across the nine geographies that we have presented, so we are very clear in our strategy in terms of what products and what markets we want to enter.

Tirath Muchhala: But for the six-and-a-half million of commercial, are we looking at some kind of an asset management structure or are we going to hold it and what kind of timeline are we looking at?

Abhishek Kapoor: The asset management structure is already in place so we do have assets under management as we speak but as a commercial platform builds up, I am quite certain that business will scale up. The reason it has not scaled up is because we have not so now with the new approach that we are looking at doing, there is a new strategy that has been put in place we believe that business will scale up and as it scales up so will the asset management and as far as the exit is concerned since we are looking at a platform transaction we are obviously going to hold the assets, some of the smaller assets we may not, but most of the assets we will hold as a part of the platform transaction.

Tirath Muchhala: Thank you so much.

Moderator: Thank you. We will move on to the next question that is from the Suraj Nawandhar from Sampada Investments. Please go ahead.

Suraj Nawandhar: Good evening. I wanted to understand your outlook on the debt, we have been continuously reducing it, what is the long-term outlook for the next year?

Abhishek Kapoor: We have been stable as well as our debt numbers are concerned and if you see what we have been able to achieve in a big way has been the reduction in cost of debt especially in the last one quarter over three to four months. We see that further marginally getting better, but the way is really the right way to look at that is the debt per square foot of the square footage in the marketplace, so in that context our debt will continue to reduce because the quantum of square footage we are going to take through the market is going to be

substantial and as the sale proceeds come in obviously and the construction progresses there may be some that may be required for these projects, but having said that I think one should the right context to look at is debt per square foot and that will continue to reduce.

Suraj Nawandhar: Okay. Thank you, Sir.

Moderator: Thank you. The next question is from the line of Amish Gupta from JP Securities. Please go ahead.

Amish Gupta: Thank you for taking my question. Sir, my first question pertains to the land parcels, you already have a good presence in southern part of India, are you looking towards some more land parcels in other parts of the country, or you will focus on these areas itself as in different parts of India or southern part, can you please give a light on it?

Abhishek Kapoor: Yes, so we are very, very focused on south and rest of India and that will continue to be there, our major focus is going to be between Mumbai, Pune, Bangalore, Hyderabad, and Chennai. That is the key driver for us, and we will go deeper in these markets. We believe that Mumbai will give us value per square foot and that is also going to enable us to get higher realization per square foot and add value whereas the square footage will be lesser, Pune again is very much like Bengaluru, so we will continue to scale up our operations there and similarly between Chennai, Hyderabad, and Bangalore.

Amish Gupta: Okay sir, could you please quantify the size of land parcels that will be acquired if you can?

Abhishek Kapoor: That is a very forward-looking statement, but we continue to be in the marketplace, and we will share the details as we go along.

Amish Gupta: Okay, sir I understood. My next question is you launched two projects that is Provident Palm Vista in Mumbai and Tivoli Hills in Bangalore, right?

Abhishek Kapoor: Yes.

Amish Gupta: What is the salable area and what is the kind of traction you are seeing over there in terms of enquiries and bookings?

Abhishek Kapoor: Tivoli is total of 1.4 million square foot, and we have seen very good traction as far as Tivoli is concerned of the launch phase, we have already sold over 60%. As far as Palm Vista is concerned it is about 1.2 million square foot of which the phase one that we have open we have already it is sold a decent number of it and we intend to scale up because we just launched so we are in the process of launch at this point in time and we will see the

numbers go up so very positive in terms of the brand and in terms of the acceptance and a lot of excitement in the market in these launches, so looking positive.

Amish Gupta: That does answer my question. Thank you so much.

Moderator: Thank you. The next question is from the line of Divya Salian from Ford Capital. Please go ahead.

Divya Salian: Good evening and thanks for the opportunity. I have two questions. The first one is off late you have entered the plotted development business, what is the kind of market that you are looking at in size terms?

Abhishek Kapoor: Plotted development, we have total pipeline of about 5 million square feet of which 1.4 million has already been launched which we mentioned in Tievoli Hills and the rest of the projects are very, very visible in terms of launch in fact another project which is Tree Heaven is already under launch. There is one more which is the South Bay which was mentioned earlier is already in RERA the sanctions come so that will go into launch in this quarter itself and the others are already in the sanction stage, so we are very, very bullish about the plotted development because we believe that there is a huge consumer demand and the quality of development and the position the marketplace is way ahead of the market.

Ashish Puravankara: A plotted development has always I think been there at the right time, but fortunately, unfortunately I think that the branded players for some reason was focused on doing apartment building, because plotted development at that point didn't look attractive, A. B, typically plotted development come around the outskirts of cities and if you go back may be 5-10 years these did not have the right infrastructure. All the ring roads, highways, etc being built a lot of the outskirts land typically where plotted development comes out but because of intra the driving time is not more than from city center may be 45 to maybe an hour so therefore you have seen a lot of the big brands get into it. I think it is a large market. In percentage terms as of today as we are tracking it with the data available, I think almost 10% of the prospective apartment buyers are actively evaluating, shifting to a plotted development for a couple of reasons I think the emotion of owning land the flexibility that you can buy land today and build your house over may be two, three years you get that flexibility. Third I think just sheer thing having a horizontal development during COVID people are not allowed to come out of their apartment, in a plotted development you are able to come out, they are able to walk around so I think these factors have contributed to that push in plotted development.

Divya Salian: Okay thanks and how many projects do you have in pipeline on the plotted business and by when these projects would be completed and where are these projects based?

- Abhishek Kapoor:** Total of seven projects across three cities and five million square foot we are talking about and they are based in Bangalore, Coimbatore, Chennai these three markets at this point in time.
- Divya Salian:** Thanks.
- Moderator:** Thank you. The next question is from the line of Arun Mehra from Moneylife. Please go ahead.
- Arun Mehra:** Good evening, everyone. Coming to your launch pipeline Provident accounts for around 42% and Purva Land is 22%, so what would be the ideal mix that you would want to have in the future with which you would be comfortable?
- Abhishek Kapoor:** From the point of view of square footage we will continue to see Provident and Puravankara contribute equally up to about 40%, 40% and about 20% will continue to remain as Purva Land.
- Arun Mehra:** Okay so that will continue?
- Abhishek Kapoor:** Yes.
- Arun Mehra:** Coming to your geographical locations, 45% share is coming from non-Bangalore like outside Bangalore so do we see this number rising down?
- Abhishek Kapoor:** Yes, very much we see this number rising especially for the west as we sign up and launch more deals, more projects, we definitely see it scaling up.
- Arun Mehra:** Okay and this general overall demand environment what would be your thoughts on that, your outlook on that?
- Abhishek Kapoor:** It is very positive; we have seen very positive traction across the market. We believe that this demand is here to say this current interest rate regime as far as home loans is concerned is here to stay and then the government push in infrastructure is definitely going to drive up the economy towards growth so on an overall basis, we believe both housing and in next few months we the few quarters will also see commercial come back so we are very, very, very optimistic that we are in a good upward cycle at this point in time.
- Arun Mehra:** Thank you Sir. All the best.
- Moderator:** Thank you. The next question is from the line of Bajrang Bhafna from Sunidhi Securities. Please go ahead.

- Bajrang Bhafna:** Thanks for the follow up question. Sir, on the commercial projects what is the potential rental income that we are looking at may be from next couple of years perspective so if you could provide some timeline and some rental potential that could be there for the company will be really appreciated?
- Abhishek Kapoor:** So it is a mixed bag as I mentioned earlier but having said that these projects are just starting to construct and some will start during this year so from the point of view of rental income we are not looking at anything less than between three to four years to start completing these projects and starting the income from these projects unless we do start a sale which is very few, but having said that we are looking at anywhere between three-and-a-half to four years to be able to see any rental coming from these assets.
- Bajrang Bhafna:** Okay, but for any ballpark number on that what could be the potential of these projects which you are starting right now, what could be the...
- Niraj Gautam:** One dollar is a reference point. Typically, per square feet is the reference point may be Rs.10 up and down.
- Abhishek Kapoor:** 80 cents to 1.2 dollars.
- Bajrang Bhafna:** Okay, got it and what is the total area which we are going to construct on this commercial site may be in four years timeframe?
- Abhishek Kapoor:** As we mentioned I think over next four years to five years time what we already have in the portfolio will go into production and then we are obviously as we sign up the platform, we will scale up the operations.
- Bajrang Bhafna:** Okay, what could be that number and what is the average cost of construction that will be involved in building that and how we are going to fund that?
- Abhishek Kapoor:** Cost of construction is largely around Rs.3500 a square foot and as far as the construction is concerned it is a mix of equity and debt, our lands are all paid for as we mentioned earlier and with the platform, we will bring in fresh equity into the business as well as the construction finance that is required.
- Bajrang Bhafna:** Okay and any number that you are comfortable to disclose to us in terms of potential in millions square feet for this rental income?
- Abhishek Kapoor:** It is already mentioned, it is already 6.5 million signed up and which is going to go into production over next year-and-a-half 18 months timeframe and then we will add to it.

- Bajrang Bhafna:** 6.5 million square feet?
- Abhishek Kapoor:** Yes, that is already mentioned.
- Bajrang Bhafna:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Abhishek Lodhia from Yes Securities. Please go ahead.
- Abhishek Lodhia:** Good evening, Sir. This is Abhishek. Just want to understand what is the difference between plotted development and apartment with respect to economics for the customer and the pedigree of customers choosing it so basically, I want to understand how much is the customer paying high price compared to the apartment in the same micro market?
- Abhishek Kapoor:** So, the way we look at this and the consumer profile we have looked at, so a lot of them are families, end users when we recently launched our Tivoli project in Devanahalli, these are customers who are looking at buying the land and building it over a period of time. They are not some people who will on immediate basis move in there once the plotted development is completed anywhere between three to five years they will continue to build on their pieces of lands and from the cost point of view if you look at it ,cost of land and ownership of land is very, very big because technically you own the piece of land on which you stay unlike an apartment building where you are in an undivided share or a society share s as it is in different parts of the country so in that sense this is your own ownership of land and it has its own unique h attraction that the consumers have for it, so construction cost really is up to you that you decide what you want to spend so if you technically look at it one is you have the flexibility of spending the construction cost over time and flexibility of deciding when you want to build it and how much you want to build and two is that the construction cost are actuals, you are really not going to pay a margin on the construction cost to anybody, so it gives great amount of flexibility and that has been the insight that we have learned of course it is very important for these customers to look at the right developer so that the infrastructure and the plots are actually there as they have been designed to be, especially including the water supply, the drainage, the power, the quality of roads that you do the quality of infrastructure you do and the common amenities you create that is the important piece which is where the organized players are having an edge.
- Abhishek Lodhia:** Are we also providing with the facility of constructing for them?
- Abhishek Kapoor:** No, we are not providing any facilities.
- Abhishek Lodhia:** Or just selling them?

- Abhishek Kapoor:** Yes.
- Abhishek Lodhia:** Okay, got it sir. Thanks for my answering.
- Moderator:** Thank you. The next question is from the line of Monika Arora from Sharegiant. Please go ahead.
- Monika Arora:** Thank you for giving me this opportunity. If we see other players in the industry in comparison to them our growth has been slow, what is the reason for that Sir?
- Abhishek Kapoor:** For us last three years if you notice has really been so about three years back two-and-a-half three years back we were very heavy on ready to move in inventory so we had enough ready to move in inventory to liquidate, our launches were commensurate to the kind of inventory we had, so you do not want to add inventory when you have significant RTM so really the focus was to liquidate those and if you see that over the last two-and-a-half three years we have brought that down considerably from 2.5 million square foot to almost 400000 square foot today, which basically means that now we have a significant pipeline. Simultaneously as we focused on that, we also built our launch pipeline because as you rightly I am sure understand that projects in real estate take time to get sanctions to get launched go through the RERA approval so it is land goes to conversion etc, etc, so we have been active for a while and now we believe that all our investments which have been made in land are ready to get unlocked as we launch and therefore you will see a different kind of growth path with the organization. When you are looking at RTM it is different when you are looking at new launches it is a different cycle you are embarking on so now, we are on that cycle unfortunately for us we are entering that cycle when the market is doing pretty well, and the growth is there which will enable us to continue and sustain the growth.
- Monika Arora:** Okay and so like I am not very particular I am asking but on a broad basis what is the revenue growth you are seeing for the next two to three years?
- Abhishek Kapoor:** Again, a forward-looking statement and guidance we do not want to give any guidance, but I am sure with the understanding that you are getting from the plan, you can sensitize yourself with the kind of projects.
- Niraj Gautam:** Considering the launch pipeline which we have and open for sale existing inventory and the kind of realization we are making quarter-on-quarter basis, one can estimate what kind of revenue growth, we can achieve in the coming quarters and coming years.
- Monika Arora:** Okay and Sir what kind of impact the third wave had in our business?

- Abhishek Kapoor:** So the third wave really caused disruptions early on somebody on the call asked why the projects get delayed and largely in the industry I think third wave had impact because one officer was felt sick then the other officer then the whole office was shut down for some time and then departments and so on so forth, so what happens is this kind of causes really this time it has been minimal compared to the second wave which was really, really difficult for all of us I think in many ways. First one was of course is complete lockdown, the second was difficult because a lot of loss of life happened and we were not ready with the vaccination and all of that, this one was in that sense there was no loss of life but only disruption was shorter, but very aggressive because you had a lot of people falling sick at the same time and isolating themselves and so on so forth, so things just become slow to move that is the only disruption that happened.
- Niraj Gautam:** Thankfully it was a minimal impact and now pan India basis, cases are coming down and including Bangalore and Mumbai, the market which we are present cases are almost coming to an end t and economy is coming back to normal and we hope that this kind of environment will continue and there will be no impact of the COVID further.
- Monika Arora:** Okay, but just one last question if I could squeeze in, what is your take on the MPC accommodative stance on RE sector and what do you think the stance will remain same in the coming months for what?
- Niraj Gautam:** Commodity prices are you referring?
- Monika Arora:** Yes.
- Niraj Gautam:** As I mentioned in my opening remarks, we are cognizant about the increase in prices, if you look at our construction cost comprise of 40%, 45% of the sales price and for example a 10% increase in the input cost may have an impact of 4% to 5% on margin. This impact is getting mitigated by consistent price increases. if you look at this quarter itself our increase in realization is 7%, so even if it is a 4%, to 5% impact on the margin, it is getting offset by the increase in price and as of now, we do not estimate there will be any significant impact on the margin because of the increasing commodity prices.
- Abhishek Kapoor:** Let me add I personally in my view believe that the margins will improve as we go along because if you just see the overall industry demand supply situation and you will realize that the ready-to-move inventory is pretty much over and the launches are very limited to large organized players or branded and for listed players and that will ensure that they will be continue to be a cap on the quantum of supply you will have while the demand has picked up. With that background I personally believe that the modules will improve as we go along over next one year as the prices continue to go up, but to answer the question yes

commodity prices may have an impact but he the continued demand supply mismatch which we anticipate in next year or so given the past one year and two years in fact one-and-a half two years we believe that there is an opportunity to see some of this in real estate.

Monika Arora: Okay Sir. Thank you so much.

Moderator: Thank you. We will move on to the next question that is in the line of Avantika C from CSP capital. Please go ahead.

Avantika C: Good evening and thank you for taking my question. I just wanted to understand are there any benefits that this budget has for the real estate sector could you throw some light on that if there are any measures that will help the real estate sector?

Niraj Gautam: There is no specific correlation, however, if you look at the government's focus on infrastructure development, the government has announced the increase in the investment in infrastructure to the extent of f 7.5 Lakh Crores that will have a cascading effect on the entire economy and particularly on the real estate sector. Governments continued focus on affordable housing, is proven by the announcement of Rs.48000 Crores for the affordable housing sector. Third, the government also announced that they will collaborate with the state government and formulate a mechanism for the digitalization of the land records as well as the uniform sale deed registration process. I think these changes will have a far-reaching effect on the sector. That is how we are looking at this budget.

Avantika C: Okay that is really insightful. Thank you.

Moderator: Thank you. The next question is from the line of Amish Gupta from JP Securities. Please go ahead.

Amish Gupta: Thank you so much again for taking my question. Sir I have a couple of questions on other expenses, so my first question pertains to the marketing expense what is your marketing expense for the quarter in terms of say percentage of sales and as the sector is on an uptick do you think you know it would go up in the coming quarters?

Niraj Gautam: I will explain to you, our consolidated other expenses for the quarter is Rs.74 Crores, out of this Rs.74 Crores, close to Rs.21 Crores to Rs.22 Crores related to the sales and marketing expenditure, about Rs.40 Crores is related to project and rest are general overheads. other expenses related to the projects are getting inventories and hence it has no bearing on the immediate P&L for the quarter, however, marketing expenditure and overheads has a bearing on the P&L for the quarter. Marketing expenses needs to be looked at as a percentage of total sales booking received for the quarter

- Amish Gupta:** Okay Sir understood, so but then other expenses have almost doubled Y-o-Y and by...
- Niraj Gautam:** As I mentioned to you this includes the project cost, sales and marketing in general overheads, it is doubled because we have taken two big approvals during the quarter in for another Chembur project we had paid this under this scheme of 50% discounted scheme which is state government is announced, we paid up premium upfront about Rs.11 Crores, Rs.12 Crores paid and saved 50% of the cost similarly in one of the projects in Kenvista in Pune there also we paid the premium cost about Rs.7 Crores and saved 50% of premium cost because of the government's scheme which was available up to 31st December then extended to 31st January, so that increased our cost related to the project. Sales and marketing cost has also gone up for the quarter. As we mentioned our remarks we have launched two big projects during the quarter which is in one in Bangalore one in Mumbai beside that the other projects which is in the process of launch there we incurred some expenditures that is what it increased the marketing expenses and the similar quarter a year ago we have not done any launch, we have not done the similar expenditure of approval cost, hence the cost has optically it appears to be doubled however it is not in terms of the sales value, in terms of project cost.
- Amish Gupta:** Okay Sir. That does answer. Thank you so much.
- Niraj Gautam:** If you go through out detail financial statement regulation 33 in the schedule entire breakup all these expenses are s available.
- Amish Gupta:** Yes sure. Thank you.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for the closing comments.
- Niraj Gautam:** Thank you ladies and gentlemen for your attention and time I hope me, and my colleagues have answered all your questions; however, if you have any further questions, we are always available for a call and discussion. Thank you once again for joining this call and wishing you all a very happy weekend thank you.
- Moderator:** Thank you. Ladies and gentlemen on behalf of Emkay Global Financial Services that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.