ELDECO

Date: 17.02.2025

Department of Corporate Services
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

The Manager, Listing Department
The National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, C - 1,
Block G, Bandra - Kurla Complex,
Bandra (E), Mumbai – 400051

BSE Scrip Code-523329

NSE Symbol- ELDEHSG

Subject: Transcript of Earnings Conference Call held on Thursday, February 13, 2025

Dear Sir/Madam,

This is with reference to the intimation dated February 5, 2025 made by the Company about the Earnings Conference Call scheduled for Thursday, February 13, 2025 at 3.30 p.m. IST. A copy of Transcript of the conference call held with the Investors/Analysts is enclosed herewith.

The aforesaid Transcript is also being made available on the Company's website at **www.eldecogroup.com**

You are requested to take the above information on record.

Thanking you,
For **Eldeco Housing and Industries Limited**

CHANDNI VIJ

Digitally signed by CHANDNI VIJ
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Chandni Vij
Company Secretary
Mem. No. : A46897

"Eldeco Housing & Industries Limited
Q3 & 9M FY25 Earnings Conference Call"
February13, 2025

MANAGEMENT:	**MR. PANKAJ BAJAJ – CHAIRMAN AND MANAGING DIRECTOR** **MR. MANISH JAISWAL – GROUP CHIEF OPERATING OFFICER** **MR. SANJAY AGGARWAL – GROUP PRESIDENT, ACCOUNTS AND TAXATION**
MODERATOR:	**MR. ABHISHEK BHATT – E&Y INVESTOR RELATIONS.**

Moderator: Ladies and gentlemen, good day, and welcome to Eldeco Housing and Industries Limited Q3 and 9M FY25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Bhatt from E&Y Investor Relations. Thank you, and over to you, Mr. Bhatt.

Abhishek Bhatt: Thank you. Good afternoon, everyone, and thank you for joining us on the call. Before we proceed to the call, let me remind you that today's discussion may contain forward-looking statements that may involve known and unknown risks, uncertainties and other factors. It must be viewed in conjunction with the business risk that could cause the future results, performance or argument to differ significantly from what is expressed and implied by such forward-looking statements.

Please note, the results and presentation are available on the exchanges and on our company's website. Should you need assistance to receive them, you can write to us and we'll be happy to send them over. Today, we have on the call, the senior management of Eldeco Housing and Industries Limited, which is represented by Mr. Pankaj Bajaj, Chairman and Managing Director; Mr. Manish Jaiswal, Group COO; Mr. Sanjay Aggarwal, Group President, Accounts and Taxation. We'll begin with the highlights of the quarter, followed by Q&A.

Now I would like to hand over the call to Mr. Pankaj Bajaj for his opening remarks. Over to you, sir.

Pankaj Bajaj: Thank you. Good afternoon and thank you for joining us today for our Q3 FY25 earnings call. I'm pleased to report that this quarter has been a quarter of steady achievements for us across all major metrics of our business, including land acquisition, approvals, fresh bookings and deliveries. During the 9MFY25 period, our average realizations were INR6,465 per square foot and are at the highest they have been historically, driven by steadily rising realizations in our luxury project, Eldeco Trinity.

During the Q3FY25 period, our operational margins were modest, primarily due to the preponderance of revenue recognition from Imperia Phase 1. Imperia Phase 1 is a low-margin project, but Imperia Phase 2 is a much higher margin project with the weighted average being closer to the historical margins. When you look at the 9 months FY25 performance, it is clear that our performance has improved across all metrics. During this period, our collections were INR178.5 crores, making a year-over-year increase of 108%.

The sales booking value has increased by 107% year-on-year, reaching INR279.7 crores. The area booked was 432,621 square feet, growing by 34% year-on-year. Our construction spend has increased by 68% compared to last year, amounting to INR105.1 crores. We have successfully delivered 228 units within the first 9MFY '25, nearly doubling the delivery count from the same period last year.

In terms of new projects, Q3FY25 was a period of consolidation and preparation. We have launched a new wing within Eldeco Latitude 27 project. We have received map approvals for Eldeco Hanging Gardens and Eldeco Skywalk. These projects are poised for launch as soon as we secure the RERA registrations for them. We have strengthened our land bank with additional acquisition of 7.3 acres during this quarter.

Now moving on to our financial performance. The consolidated total income was INR38.1 crores for Q3FY25 compared with INR24.5 crores in Q3FY24, a growth of 55% year-on-year. Total income in 9MFY25 period stood at INR106.1 crores against INR70.7 crores in 9MFY24, a growth of 50% year-on-year.

The consolidated EBITDA for the quarter was INR9.3 crores with an EBITDA margin of 24.4%. EBITDA for 9MFY25 was INR29 crores with an EBITDA margin of 27.4%. The company's consolidated profit after tax stood at INR5.8 crores in Q3FY25 as compared to INR8.1 crores in Q3FY24. Net profit during 9MFY25 stood at INR18.3 crores as against INR22.2 crores in 9MFY24.

With this, we can open the floor for questions if there are any.

Moderator: Thank you very much sir. The first question for today is from the line of Tanisha Jain from Accendo Capital Management. Please go ahead.

Tanisha Jain: Sir, my question is in FY26, 2 projects are lined up for launch. So, can you highlight me the cash flow which can be generated from these 2 projects? As the total square feet from this launch is sizable near to 5 lakh square feet.

Pankaj Bajaj: Yes. So, Tanisha, we are expecting a realization of about INR6,000 per square foot at launch in both these projects. So, state multiplication will give you INR360 crores of gross development value. But these 2 projects we already received approval for. Let me add that we have disclosed 3 more locations where we are aggregating land. And in one of those locations, we have already completed our aggregation. So, I think there'll be another big launch during the year. So we'll disclose that in the next quarter, apart from this INR360 crores.

Moderator: The next question is from the line of Abhishek Agarwal from Prithvi Finmart. Please go ahead.

Abhishek Agarwal: I just had a few questions. Like what is the launch pipeline for FY26? And what is the potential revenue that it can generate? I have 2 more questions. May I ask all of them?

Pankaj Bajaj: Let's go one by one. So, the first one, I just answered Tanisha, that the pipeline is Hanging Gardens and Skywalk. And between them, they have about 5 lakhs to 6 lakh square feet of saleable area at an average realization of INR6,000 a square foot, that's INR360 crores. Then there's another location which because we have not yet applied for approval, so, we are not disclosing it fully, but that's a much bigger launch. That will come towards the second half of the year, which will be much bigger than this.

Abhishek Agarwal: Okay. Got it, sir. And sir, so on a sustainable basis, what could our realizations be on an average?

Pankaj Bajaj: You mean realization or sales?

Abhishek Agarwal: Realization, sir. Realization.

Pankaj Bajaj: Per square foot?

Abhishek Agarwal: Yes, sir.

Pankaj Bajaj: So, I think INR5,000 to INR6,000 will be the new normal. It used to be, if you remember, till last year, it used to be INR3,500. And now because of Trinity, that number is much higher. But the new launches are poised at INR6,000, Hanging Gardens and Skywalk. The one I'm alluding to later on in the year will be slightly lower, let's say, INR5,000. So weighted average should be around between INR5,000 to INR6,000 depending on the mix that we launch in the coming year.

Abhishek Agarwal: Okay. Noted, sir. And sir, one last question from my side. And sir, given our projects, what kind of a cash flow generation can we expect by, let's say, FY27?

Pankaj Bajaj: So, cash flow in terms I can give you very broad numbers. In our books, we have about INR275 crores, which we have already received, but not recognized as revenue. We have about 9 lakh square feet of inventory, which is unsold. And then this new inventory is getting created. So, over the next 5 years, we have a clear visibility of about cumulative INR2,000 crores at the moment.

Abhishek Agarwal: INR2,000 crores. Okay. Got it.

Pankaj Bajaj: But that's over 5 years. Your question was for FY27, but I've answered till FY 2030. But that's not counting any new projects that we might add. This is what we already have in hand.

Moderator: We have our next question from the line of Priyank Gupta from Guardian Advisors.

Priyank Gupta: I would just like Pankaj sir to give some comments on the execution side as to how is the execution going. That is all.

Pankaj Bajaj: So Priyank, everything is on schedule. There's no red flag on the execution side. We are progressing as per schedule, except Trinity where we took 3 months longer than we would have hoped for in the basement stage of the project because of the high-water table in that area. But now we are out of the basement stage, and it should progress smoothly. By and large, no red flags. Execution is not that big a challenge.

Apart from a general comment that there is general labour shortage in the industry now because of all the schemes which are being rolled out in the hinterland in Bihar and Jharkhand and Orissa where labour usually comes from. So labour is gradually becoming a challenge. But as of now, everything for us is going as per schedule.

Moderator: The next question is from the line of Kunal Tokas from FVC Group.

Kunal Tokas: Okay. So a quick confirmation first. You mentioned that with the 2 launches, we should have a GDV of INR360 crores next year plus another project, which is much larger. You have also stated that you want to reach annualized sales for more than INR400 crores. Can that be expected in the next year?

Pankaj Bajaj: Yes, why not.

Kunal Tokas: All right.

Pankaj Bajaj: So, the INR360 crores, just to clarify, we're going to launch these 2 projects of INR360 crores and the third one also. But that does not mean that they will all get booked on the day of the launch. That is the life cycle development value of these projects. But to say that we will get an annualized figure of INR400 crores of fresh bookings every year and including the next year, yes, that's a fair expectation.

Kunal Tokas: Okay. And have we deployed the INR120 crores debt facility that we took?

Pankaj Bajaj: Yes, that's where the new land acquisitions have happened from.

Kunal Tokas: And any plans for taking on more debt?

Pankaj Bajaj: There's nothing on the horizon right now.

Kunal Tokas: Okay. Are you continuing to see some more demand for premium properties in Lucknow?

Pankaj Bajaj: Yes, there is a general trend see, we've been in Lucknow for more than 30 years. And typically, the market was constrained and our growth was constrained by the purchasing power in the market. It continues to remain a price-sensitive market. You won't see the per square foot prices that you see in NCR or in Bombay or elsewhere. But having said that, it has seen a significant jump in its proclivity towards premium products.

So, in our own case, our per square foot realization weighted average across project used to be in the mid INR3,000. And this year, it's mid INR6,000. So that shows the trend towards premiumization. It's not in INR15,000 or INR25,000, which is in Gurgaon or elsewhere. So, we are still talking INR6,000, INR7,000, INR5,000 that range, but much better than earlier.

Moderator: The next question is from the line of Karan Premchand Gupta from CAVI Capital.

Karan Gupta: Pankaj, can you just talk a little bit about the market situation in Lucknow right now, what you're seeing on the ground with regards to other developers as well as sales velocity?

Pankaj Bajaj: So, I think Lucknow personally, so Eldeco Group works in a number of cities, as you know, but this company works only in Lucknow. So, from my experience and where I sit, Lucknow is a supply-constrained city. I think the city can absorb much more than the numbers show right now. I think the data that we have, the annual absorption in Lucknow is about 2,000 to 3,000 units in a year.

I think it can easily double or even go more if the right amount of supply came in. The supply is not coming in because of so many issues. There are difficulties in land aggregation, getting approvals, etc, etc. So that's the case with most developers. There is no, you would hear of stalled projects in, say, Noida or even Gurgaon because the market turn, etc, etc. No such thing happens in Lucknow. If you are able to start a project, there are people who would want to buy because the supply is so short.

And that is only increasing with the investment that the state government has done in the infrastructure of Lucknow. If you visit Lucknow, it is at par with any of the top Tier 2 cities of the country. The airport is fantastic. The local road infrastructure is fantastic. The social infrastructure has really gone up a couple of notches with the top end hospitals, malls. So, it has everything to grow as the next big thing.

Only I wish that we could throw more supply in this market. There's no reason why we could not, I have indicated a number of INR400 crores per year as a new normal in Lucknow. There's no reason why we should not be able to double it if we can get the supply with the approvals.

Karan Gupta: And so the projects that you have currently ongoing and with the inventory, have the sales been as per your expectations or above below? Shall we just talk about that also a little bit?

Pankaj Bajaj: So, sales have been above expectation in terms of velocity in all our projects. As you've been tracking our investor presentation, we managed to sell out most of our inventory on launch. It never used to happen in Lucknow earlier. Lucknow was a sustained sales market where the entire inventory would get booked over the life cycle of the project.

But now we find that about 50%, 60% of the inventory gets booked very shortly after launch, except Trinity, which is we always knew it was going to be a slow selling old school kind of project, which is where the inventory we expect to sell over the life cycle of the project. So, in terms of offtake, absorption, immediate acceptance of your product, I think this is the best marketplace that Lucknow has ever been in. That's why we are confident of our launches in the coming year. We have 3 big ones lined up. So, we are pretty confident about those.

Karan Gupta: Great. And then Q4 of FY24 was a big quarter for you in terms of bookings.

Pankaj Bajaj: We had launched Imperia 2 there. So, this year, we already mentioned we've not had any big launch. So, we are awaiting RERA approvals for 2 of our projects. So, they should hit the market in next 2 to 3 months, both of them. Then there's another one where we have not even received approval. So, RERA comes after we get the local municipal approvals. So, the approval process in that big project is going to take about 5 to 6 months, then RERA approval.

So, we are talking about the big Imperia 2 kind of launch or even bigger sometime around Diwali this year. So that's going to be a big thing for the company. But luckily, we have the entire land with us, and everything looks solid. We've done the planning. We are going to be applying for approval shortly. So strictly speaking, last year the last quarter was an abnormal kind of quarter because we had the Imperia 2 launch where everything got sold.

Moderator: The next question is from the line of Ninad Sabnis from Sabnis Financials. Please go ahead.

Ninad Sabnis: I heard a very interesting comment in your previous answer that about the sales velocity and the absorption, which is getting done in Lucknow is unlikely of what you have seen before. So continuing on those lines, I saw in your presentation that we have a massive track record of a lot of projects already delivered and completed in Lucknow.

So, talking about the broader micro market in Lucknow, what are the growth fillips you see? And any major infrastructure developments which are happening, which is sort of expanding or improving the city? And I also feel like one of our competitors, Omaxe is also planning to develop or grow in the city. So how do you see the scenario for Lucknow market developing over the next 3 to 5 years?

Pankaj Bajaj: So, I've already answered this in part earlier. As I said, from a real estate development point of view on the residential side, it seems to me that Lucknow is a supply starved city. So, whether it is Omaxe or any other national player who comes in, in fact, it is better because that will help develop the market even more. I have already answered in one of the earlier questions,

I think the amount of residential real estate that the city can absorb comfortably is more than double of what is being supplied right now by the local developers, including us. And the reason is that we don't have enough land to supply them with service land.

And the underlying reason for Lucknow is I think it has turned an inflection point in terms of infrastructure. You have to physically visit Lucknow to believe it. The airport is one of the finest in the city. The road infrastructure. There is already a ring road, and they made another ring road, which has opened up. It is expected to open up a lot of new land for development. There's a metro, social infrastructure, 2 of the biggest malls, LuLu Mall and Phoenix Mall are there.

There's a big hospital, education centre. So, it has everything going for it, apart from being the administrative hub of the most populous state of the country. So, in fact, I'm amazed at the low level of real estate numbers in Lucknow. There's no reason why it should not be double from here, and that is what we are going to be working. So, we ourselves are going to be working on doubling our numbers from where we are.

Ninad Sabnis: So, is this more like existing population looking for an upgrade or there's a decent amount of influx of population also shifting into Lucknow?

Pankaj Bajaj: So, these are first-time homebuyers. These are people looking for upgrade and then they are, what you talked about influx of investment from outside. Now on outside, we mean parts of UP, which are East of Lucknow. See, West UP tends to invest or make their home in the NCR region. For Eastern UP areas, Lucknow is the nearest so-called town with metropolitan kind of facilities.

So even we get investments even from as far as Bihar because they like to settle down here, the education institutes are good, the social infrastructure is good. So, a lot of influx from outside, but a lot of intrinsic demand as well. We are selling, Lucknow is absorbing 2,000 to 3,000 units a year. For comparison, Pune is absorbing about 70,000-60,000. And Chandigarh is absorbing

4,000. So, Lucknow, to my mind, can absorb 8,000 easily right now without any further big investment. 8,000 units annually should be a fair number, just to give you an idea of the demand supply gap in the market right now.

Ninad Sabnis: Great. That's very insightful and at the same time, exciting also to know. I have just one more follow-up question. I don't know if you answered already. We have in FY26, we have around 2 projects lined up. So, can you just give me an idea as to the cash flow, which can be generated? And if the total square foot around 5 lakh square feet, can we expect from these 2?

Pankaj Bajaj: Yes. I think if you have a copy of the investor presentation, let me see if I can quickly open it. Yes. So, it's already there, 5 lakh square feet, 5.5 lakh square feet, we can expect from Skywalk and Hanging Gardens. And then there is another one which is in land, which we've given under the section land bank for forthcoming projects for undisclosed location #3, which is 52 acres, which I said that it is going to be a big one for us.

We are hoping that we will get approval, we'll apply, receive the approvals within this year. And towards the end of the year, we'll launch, and this will be a big launch. So, if that comes, then the total number would be close to INR1,000 crores. But right now, we have visibility of INR360 crores. The big one, INR600-odd crores, we have not even applied for approval at the moment.

Ninad Sabnis: Okay. So, this is as per what is mentioned on Page 14 of the presentation as well.

Pankaj Bajaj: Yes, I think it's Page 14. Forthcoming projects.

Moderator: The next question is from the line of Priyam Poddar from Value Equity.

Priyam Poddar: So, 2 questions from my side. One is with respect to our EBITDA margins. So, we see that in the current quarter, it has been slightly be impacted by Imperia Phase 1 project. So just wanted to know from your side, sir, what would be the sustainable EBITDA margins from here onwards for particularly FY25 and FY26, if you can guide that?

Pankaj Bajaj: So historically, our EBITDA margins have been close to 35%-40%. Are you with me?

Priyam Poddar: Yes, yes, I'm there.

Pankaj Bajaj: So in the coming year, hopefully, we can do the revenue recognition of Imperia 2. I can even share the numbers with you. Imperia 1 is a project with low margin, and the margin there is about 17%-odd because we've loaded the club cost and the infra cost on Phase 1 and Phase 2 does not have all these costs.

So, Phase 2 is a much higher margin and a bigger project. There, the EBITDA margin is close to 45%-50%. So, if we recognize that, we are able to get the completion certificate of Imperia Phase 2 in the coming financial year, then our consolidated weighted average EBITDA margin will revert to our mean, which is about 40%.

Priyam Poddar: Okay. Got it.

Pankaj Bajaj: But there is no long-term reason to think that our EBITDA margin is going to fall below what it has been historically. A little bit, yes, because of competitive pressure, 40% could become 35%, 32% in that range. But definitely not what it is shown in this quarter. That's because of a one-off situation with Imperia 1.

Priyam Poddar: Okay. That was indeed helpful. And my second question, that is with respect to our pipeline. We see that we have a really decent pipeline ahead. So, would our average realization for the coming projects could it be similar to Eldeco Trinity range? Or how, if you can just highlight that.

Pankaj Bajaj: So, Trinity last quarter was as much as INR9,000 a square foot. That's clearly not the average which we are working on. So, our average would be in the range of INR5,000 to INR6,000, closer to INR6,000 as we go forward. But let's say, see our group housing projects, which is Skywalk and Hanging Gardens, they will be closer to INR6,000, but the other big project, which we have not received the approvals, that will be closer to INR5,000. So INR5,000 is where I will keep it at the moment INR5,000, INR5,500.

Priyam Poddar: Okay.

Pankaj Bajaj: Not INR9,000. That is Trinity. Trinity obviously will contribute to the overall weighted average. To that extent, the average might get pulled up. But our majority of our business is in the INR5,000 to INR6,000 range.

Priyam Poddar: Okay. So if I just see the trend as of now for the first 3 quarters of this year, so can we easily state that our average realization per square feet would be in the range of INR6,500 and -- INR6,500 plus or in that range?

Pankaj Bajaj: In terms of fresh bookings, yes. In terms of fresh booking, yes, but not in terms of revenue recognitions.

Moderator: The next question is from the line of Manan Patel, an individual investor.

Manan Patel: Congratulations for good numbers. Sir, the first question is on Imperia Phase 2, you mentioned that there's a chance that you might recognize revenue in FY26 itself. Is that right? Because from the expected completion date, it's like April '27. So, one would expect FY28 to be the year when you will start recognizing?

Pankaj Bajaj: No, no. April '27, we would like to do it much earlier than that, that's our RERA date. But as I answered, I think, Priyank earlier, our execution at site is at a much faster pace. So, we may go for revenue recognition this year, but that will be touch and go. It will be either this financial year. And when I say this, I mean FY26, or it will be FY27.

Manan Patel: Okay. And sir, we have received CC for Eldeco Twin Tower. So, can we assume part of that revenue recognition in Q4 of FY25?

Pankaj Bajaj: Of course, since we got the completion certificate and I think 90% of that inventory is sold out, it must be there in the presentation. So, revenue recognition should happen now.

Manan Patel: Sir, my second question is regarding if I look at our project portfolio right now, most of the projects are like completely owned or outright purchases or that sort. So, given you mentioned in your remarks that supply is a constraint, so are we open to sort of doing JDAs or something like that where the supply like we might increase the flow of supply for us?

Pankaj Bajaj: We are 100% open, Manan, but the local market, the local landlord ecosystem does not seem to be that open, unfortunately. So, there are some markets which are very open and matured in terms of this format, like Bangalore is. I know that Bangalore works a lot on the JDA format. Unfortunately, North India does not work that much on the JDA format and especially Lucknow works even less.

But to answer your question, if an opportunity for JDA comes along, we will be open to it. It's not that we are close to JDAs. That's why we are not getting new projects. We are open to any format. It should make sense for us, should be in line with our business metrics that we usually use to take or reject a project and should check all the other boxes. So, we are open to JDA, yes.

Manan Patel: Got it. And sir, second expansion of that question itself. So again, given the supply constraints, so are there any inorganic opportunities available or if we are open to inorganic opportunities as well given, we have strong balance sheet I understand?

Pankaj Bajaj: No, I'm not aware of any inorganic opportunities in Lucknow because the kind of situation we are facing of scant supply in terms of the rising demand, the same is the case with other developers in Lucknow. Everybody is looking for launchable projects in land. So, it's not that there are a lot of projects which are available in the market.

Manan Patel: Okay. And sir, the last question so you mentioned that you expected velocity of Trinity to be low maybe because of the ticket size. But the new projects that you are eyeing in FY26, so your velocity can be much better there compared to Trinity?

Pankaj Bajaj: Yes. I would expect the velocity in the new projects to be better than Trinity.

Moderator: Thank you. As there are no further questions, I now hand the conference over to the management for closing comments. Over to you, sir.

Pankaj Bajaj: Thank you. I have nothing more to say. We look forward to sharing our progress in the quarters to come. Thanks a lot for your support.

Moderator: Thank you so much, sir. On behalf of Eldeco Housing and Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.