

Rustomjee®

Date: November 14, 2024

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Sub: Q2 FY24 - Earnings call Transcript

Dear Sir/ Madam,

We are enclosing herewith a copy of the transcript of the Company's earnings conference call which was held on November 11, 2024 with respect to un-audited Financial Results with limited review for quarter and half year ended September 30, 2024. The transcript is also being uploaded on the Company's website i.e. www.rustomjee.com under the Investors section.

This is for the information of your members, and all concerned.

Thanking You.

Yours faithfully,

For Keystone Realtors Limited

Bimal K Nanda
Company Secretary and Compliance Officer
ACS - 11578

Encl.: As above

KEYSTONE REALTORS LIMITED



“Keystone Realtors Limited Q2 FY25 Earnings
Conference Call”

November 11, 2024



MANAGEMENT: **MR. BOMAN IRANI - CHAIRMAN & MANAGING
DIRECTOR, KEYSTONE REALTORS LIMITED
MR. CHANDRESH MEHTA - PROMOTER DIRECTOR,
KEYSTONE REALTORS LIMITED
MR. PERCY CHOWDHRY – PROMOTER DIRECTOR,
KEYSTONE REALTORS LIMITED
MR. SAJAL GUPTA - GROUP CFO, KEYSTONE
REALTORS LIMITED**

MODERATOR: **PRITESH SHETH – AXIS CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Keystone Realtors Limited Q2 FY25 Earnings Conference Call hosted by Axis Capital Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pritesh Sheth. Thank you and over to you, sir.

Pritesh Sheth: Thank you, Joshua, and welcome everyone to the conference call. Apologies for the delay.

We have with us the Senior Management from Keystone Realtors or Rustomjee Group. The management team is headed by Chairman & Managing Director – Mr. Boman Irani. We also have the Promoter Directors – Mr. Chandresh Mehta and Mr. Percy Chowdhry; Mr. Sajal Gupta – the Group CFO is also present.

So, without much ado, I will hand over the call to Mr. Boman for his “Initial Comments.” Thank you. Over to you, sir.

Boman Irani: Good evening, everybody. A very happy Diwali and a Happy New Year. May the coming year be great for everybody. I welcome you to our Q2 FY25 Earnings Call Today. I am Boman Irani – Chairman & Managing Director of Keystone Realtors Limited. I extend my heartfelt gratitude to all of you for joining us.

I am excited to share our remarkable achievements for the second quarter of FY25, showcasing our continued growth and commitment to excellence. We are thrilled to report a presale of Rs. 700 crores in Q2 FY25. This is more than double of the Rs. 306 crores of Q2 FY24. That is a phenomenal growth of 129% year-on-year to be precise. In the first half of FY25, our pre-sales has reached Rs. 1,311 crores, up from Rs. 807 crores in the corresponding period last year, making a robust 62% growth on a half-yearly basis. Pre-sales is more than doubled on year-on-year basis, driven by increased sales volume as well as a jump in the per square feet rate of Rs. 17,926 to Rs. 18,685.

The performance underscores the strong demand for our offerings and our ability to meet the market needs effectively. This impressive performance is a testament to our strategic vision and reflects the unwavering trust our customers place on us. This signifies the strength of our brand. Our collections remain steady at Rs. 552 crores in the Q2 FY25 and Rs. 1,037 crores in the first half of FY25 resulting into a collection efficiency of about 80%. This is in spite of the increased pace of our new launches. We are confident of our strategy to further enhance collection efficiency and demonstrate our ability to generate strong cash flows. We successfully have launched three new projects in Q2FY25, Verdant Vistas A&B Wings, which is in Urbania, our Thane project, and Belle Vie which is a whole new area where Rustomjee has got into plotted

developments in Kasara. These projects encompass a total sale area of 2.49 million square feet. And the estimated GDP of these projects is Rs. 2,040 crores. This brings us to the total launches of five projects in half year, FY25, and the estimated GDP of these launches is Rs. 4,057 crore. We have launched two thirds of the projects in terms of GDV of the whole year guidance already. And we are only talking about the first half. Also, we would like to highlight that we have sold 23% of the GDV of projects launched in Q1 FY25 and the overall average of 15% sold of the launches done in half year FY25. We are very confident of meeting our guidance for the entire year and maybe to all our good luck you will surpass it.

Separately, as mentioned earlier, we are excited to announce our foray into the plotted development with our first acquisition of Kasara land, which was in the Q2 of FY25. We have already launched this within 15 days of the acquisition and launched it in the same quarter of the acquisition itself. The 88-acre land parcel in Kasara is nestled amidst scenic beauty of the mountains, it's a strategic addition to our portfolio, catering to the growing demand for second home away from the metropolitan hustle and provides all our consumers the added investable opportunity into land, which is one of the most important and growing segments. The Kasara project comprises of about 500 plots ranging from 2,000 to 7,000 square feet each, totaling approximately 1.5 million square feet. The project has received significant interest from prospective buyers and we are very enthused by the initial response, given that there's a tremendous amount of infrastructure growth taking place towards and beyond Kasara, this promises to be a great project. This venture aligns perfectly with our business model at Rustomjee. Plotted developments usually offer quicker cash flow cycles. They enhance profitability and the return ratios to the company. The first plotted development exemplifies the company's commitment to tap into this high demand segment, ensuring a steady and robust growth.

We plan in the future to continue expanding our ability to give our consumers land through plotted developments and in various other micro markets in and around the MMR area itself. In terms of business development, Q2 FY25 has seen Rustomjee add three new projects with a combined GDP of Rs. 1,333 crores. Of these three, two are redevelopment projects, reinforcing our leadership and further solidifying our position as the prime developer of prime choice for redevelopment. Overall, we have added four projects in H1 FY25 with an estimated GDV of Rs. 2,317 crores. This is about 58% of our guideline for FY25 already achieved in the first half year itself.

Further, in the last 30 months, we have added about 17 projects that is averaging about two projects every quarter. These 17 projects have an estimated GDP of Rs. 15,300 crores. Out of these 14 projects are in the redevelopment space. Further, in line with our guidance, 12 of these 17 projects lie in the mid-mass and aspirational category that we serve. This has been as per our strategy to continue our expanding in these segments which are the highest and fastest growing segments in real estate for the MMR region. These strategic developments reflect our commitment to growth and leadership in this sector. I am confident that we are well equipped to not only add new projects but turn them around to bring them to life quicker. The redevelopment

opportunity in Mumbai is immense as we all know. And as the most preferred redevelopment company, we are strategically positioned to ride on the current momentum.

With a strong balance sheet and being sufficiently well capitalized, we are fully prepared to seize this opportunity. Besides project additions, launches, presales, and collections, we have also focused a lot on the completion. I am pleased to announce that we have completed two RERA projects in Q2 FY25; Erika at Bandra East and Bella, the C&D Wing at Bhandup, covering a total construction area of 0.38 million square feet. These completions demonstrate our operational efficiency and dedication to delivering projects before or on time at least.

Given our strong collections, the company has generated operating cash flows of about Rs. 269 crores in the half year FY25. This is in spite of the enhanced space of our new launches. Investments in new projects in the H1 FY25 is Rs. 256 crores. This is a three-fold increase compared to the same period last year. With the increased spends on new projects, we're quite certain that we have built a robust pipeline of projects that are ready for launch.

Moving on to the consolidated key financial numbers. The revenue for Q2 FY25 stands at Rs. 533 crores. Total revenue is up 27% quarter-on-quarter and 8% year-on-year for the H1. EBITDA is up 78% quarter-on-quarter and 116% year-on-year for H1. Profit after tax has also taken a bump up at 157% quarter-on-quarter and 79% year-on-year in this half year. I would like to highlight that pre-sales are a better indicator to look at real estate and our pre-sales as informed earlier have doubled to Rs. 700 crores or more than double I would like to say to Rs. 700 crores from Rs. 306 crores in the quarter two of FY24. With respect to our liquidity, the gross debt stands today at Rs. 448 crores only. And the gross debt to equity ratio is 0.17 at the end of Q2 FY25. This is absolutely as per our guidance given earlier. The net debt is at nil. In this connection, we are also happy to state that our credit rating is "A" with a positive outlook as assigned to us by ICRA.

As we progress through Q2 of FY25, I am pleased to share significant advancement in our commitment to environmental, social and governance principles. We have continued our engagement with internal and external stakeholders. We carry out comprehensive surveys. Our dedication is further reinforced to a sustainability and inclusivity, which is the call of the day. Our transition to Green Tariff in Mumbai suburban project is well underway. Our proactive approach to renewable energy adoption during construction phases is fully going on. Additionally, we are implementing rigorous data verification and validation processes for all our projects. This is to align with our BRSR report commitments under Principle 6 and focusing on Health and Safety Principle 3. We are digitizing data input from all departments for our BRSR report, and we continue conducting scope three calculations for the purchase goods from our vendors and from those that provide our services further. We are particularly observing critical suppliers like the steel and cement suppliers to our business. As part of our sustainability initiatives, I am happy to state that we have initiated a near net zero project for energy, water, and waste with our first plotted development project, the Belle Vie in Kasara. This, as you understand, will add great pride to those that live over there. Moreover, we have completed our sustainability report for FY23-24 and are establishing our ESG goals across various functions for the future. Training sessions on IGBC green building certification are being conducted for our sales and project teams to enhance their understanding of the benefits and communicate these to all our customers to give them a sense of pride

when they buy a Rustomjee home. Our initiatives further cement our commitment to a sustainable future and we wish to position Rustomjee as a leader in the responsible real estate development space.

Very importantly, a safe working environment is always top of our mind. Our goal is clear, zero fatal accidents. We are excited to share that our project, Bella, has achieved 1 million safe man-hour working. Our Paramount F wing project has achieved 0.5 million safe man-hour working. And Erika project has received an impressive 1 million safe man-hour working, all with no lost time injuries or fatalities touchwood without any incidents.

Our performance in Q2 FY25 reflects our robust growth strategy, commitment to project execution and dedication to maintain our leadership in the market. As we continue to build on the significant momentum I am confident that we are poised for a strong year ahead. Our sustained and robust performance in the half year FY25 positions our company as we have mentioned in the past at the inflection point, marking an era of significant growth ahead. We remain committed to delivering substantial value to our stakeholders and positioning ourselves as the most sought after developer in the industry.

Our commitment to excellence has been recognized and I am happy to state that we have received various prestigious awards, including India's Top Builders 2024 in the national category at the CWAB Award, Maharashtra State Best Employer Award at the 19th employer brand awards. Our ultra luxury project, Rustomjee Ocean Vista has been awarded the ultra-luxury project of the year at the reality plus excellence awards. We have been celebrated for building the skyscraper of the year and accolade for our Rustomjee crown. Lastly, we were also recognized with the transformation excellence award for our project at Bandra East by the Times Redevelopment Award. All these are important because they continue to point that Rustomjee is moving in the right direction on so many fronts which is so, so important for us as a real estate developer. I am happy to state that these awards are all part of our team's efforts, and I hand over all these awards to our team's dedication and ability and we wish to continue setting new benchmarks in the real estate sector.

As we move forward, once again, I would like to say, we remain dedicated to creating superior value for all our stakeholders and capitalizing on all the opportunities ahead.

I once again thank you for the continued support, and I look forward to addressing questions if any. Thank you.

Moderator: Thank you so much. We will now begin the question-and-answer session. First question is from the line of Yash Chandak, an individual investor. Please go ahead.

Yash Chandak: My first question is on the Avinash CHSL, which was mentioned in last presentation as well as this one. So, can you please paint some light on the deal as to exactly what kind of project it is and at what stage we are?

Boman Irani: Thank you, Yash, and thank you for clarifying that you are an individual investor. Yash, Avinash is a project which is situated in Andheri. You are aware of the location, right?

Yash Chandak: Yes, I am aware.

Boman Irani: Thank you. The Western Suburb has always been a strong growth area for Team Rustomjee and we continue to fortify our position out there. We are in the process of trading DAs with the society as of right now. The 79(A), which is a part of the process that is required has already been done and we have been chosen as the developer. The further progress will be DAs will be exchanged when the DAs are finalized. That is when we will enter the project and start for the approval works. In the meanwhile, I am happy to state that as per what we mentioned earlier, our company is already in the process of drawing up plans, sharing them with the existing members at the same point of time working out the entire requirements for BMC approvals, so that by the time we are ready to sign our DA or on signing of the DA, we are in a position to be able to put up the plans for approval and thereby moving that at a faster speed than what has happened in the past in that area.

Yash Chandak: So, if I am right, this project will take roughly what, 2 or 3 quarters to launch?

Boman Irani: So, launch, Yash, depends largely on when the DA gets signed. After that, within nine months, we should be in a position to launch. I think that project is partly affected by some amount of CRZ. And because of that, it might take a tad bit longer, but the way we are working, we're trying to keep it within nine months, that is three quarters of signing the DA.

Yash Chandak: And next, you said that you have fulfilled most of the guidance on sales and media and everything. So, I just wanted to know, like going ahead what kind of threshold do we have whenever we sign a new deal? Like, basically, I am trying to understand your capital allocation policy, sir. Like, what kind of IRRs do you have when you look for a plotted project or for a housing development project or for a project which we have 100% profit or where we are jointly developing with someone? So, are there any thresholds in terms of IRR or profit margins?

Boman Irani: Yes, I think what we mentioned earlier also that we look at about 35% of gross margins on a project, which would make it in the region of 21% or thereabouts in terms of the IRR. But more important than that Yash, it is important to stress on, we are very focused on location as well as asset class. So, mid-mass and aspirational continues to be our focus area and we believe that or other all the reports point towards this being the largest segment of growth. At Rustomjee we have always told you we'll continue to be asset light in our acquisitions, and redevelopment is where we continue to be asset light. Also very important to tell you that we are focused on infrastructure growth in particular areas, which is going to be the key differentiator in the future because infrastructure will play a very, very great part in the way projects and people will continue to want to be. And again, our sustainable development is a way of not only taking care of the project itself, but also the neighboring areas which will allow us to become the further strengthened ourselves as the preferred developer by those going in for redevelopment.

Yash Chandak: Just a small clarification before I get out of the queue. I am I right to understand that if the project falls within mid or aspirational category where we are planning to be the leader or we are the

leader rather. We are okay with slightly lower IRRs just to ensure that we are the leader in the segment or we remain the leader. The fact of the matter lies that we have got strict guidelines in which we continue to function and we have been extremely successful with them. Of course, on a case-to-case basis, the project is extremely well placed, extremely attractive for something that may be a future benefit which we can envisage. And even if the numbers reflect a little bit, a tad bit lower, we are definitely interested in looking at it. However, I would like to tell you that we have a strong internal IC and our board guides us extremely well and has a big say in what it is that we are looking forward. So, far, our strategy has been extremely successful and we continue to innovate by learning and that is how we have grown.

Moderator: Thank you. The next question is from the line of Pritesh Sheth from Axis Capital. Please go ahead.

Pritesh Sheth: There's a few questions. First, on the contribution from new launches. So, we have had Rs. 2,000 odd crore of launches this quarter. I think you mentioned some number in your initial comment. But just to clarify, 23% of the launch inventory in Q2 was sold in the quarter. So, what's the number there? If I have I understand it correctly.

Boman Irani: So, Pritesh, yes, 23% of the launches that have taken place over Q1 and Q2 have been sold. Like I mentioned, the projects that were launched with Thane, Belle Vie both of these, Ocean Vista and our 180 Bayview, all of these have led to the total GDP of these projects about 4,057 and we achieved the sale of about 23% on them.

Pritesh Sheth: Okay, so roughly Rs. 800 crores – Rs. 850 crores of our Rs. 1300 crore first half sales came from new launches?

Boman Irani: Yes, that's the way to look at.

Sajal Gupta: The exact number, Pritesh is Rs. 618 crores, which was launched in the quarter one, 23% of their sales has been sold already.

Pritesh Sheth: And just in general understanding, the approval environment right now in the industry. few of our peers down south are facing challenges in terms of approvals, delays, etc. What's the environment been in Mumbai in terms of launches? I mean, you have had good quarters of launches, but in general, where those delayed versus what you would have initially expected it to be? And with upcoming elections in Maharashtra, how do you see that impacting your business plans in terms of approvals

Boman Irani: I will take your last question first, Pritesh, and thank you for asking it. Look, I think development pace which is there as of right now is a certainty and we do not see this slowing down. Consumer demand is a reality and it is extremely strong. We have mentioned this before, but consumers are looking at the MMR market with great hope given the huge pledge on infrastructure, a huge boost given to infrastructure development in this area. So, we do not see this slowing down. Yes,

it's true during elections most of the officers concerned, etc., are busy with a lot of other things, but it's a matter of about another, I would say, 10, 12 days. So, really, one should not look at real estate with such precision of about 8, 10, 12 days. There's always an opportunity to make it up. There are some hiccups that are being faced overall with regards to what they call the approval processes. And some of these are at the central level, mainly being environment. And I am happy to state that CREDAI is working very strongly to get clarifications on these given by the environment ministry. Like I mentioned, elections are a period when most of the things will not move really fast. So, after the 23rd, we should see some amount of good news coming in from Delhi also.

Pritesh Sheth:

And with the Rs. 950 odd crore of cash right now sitting in the balance sheet, a large part of that is obviously from the capital raise that we had last quarter. How do you think of deploying that into the growth? What's the timeline and how strong the pipeline is on ground to add those projects?

Boman Irani:

Thanks for that question also, Pritesh. First I would like to state that it is very important to be bottom line focused as much as your topline focused. And that is something that we at Rustomjee strongly believe. Second, I don't want to put any timeframe on myself for deployment of this capital, but one thing is certain, our BD teams, the way they've been working in the past and the way we'll continue working in the future will, according to me, be that we'll be able to given our asset light models etc. unless we got and out and really acquire something, we could have this dry powder, suffice us for at least the next year, year and a half. I would like to state out there, most mistakes that people have made is when they're sitting on cash, they get tempted to urgently deploy it. Thankfully, as I mentioned earlier, we have got a strong board that guides us. And we have learned to be patient to wait for the right deal. As we have seen in our 28 years, there is no point really hurrying things up. It's only when we evaluate the impact on the bottomline of these projects do we enter them and take on them? So, I would say a year and a half or so to deploy this, but again, I am not giving any assurances. If the right proposals come along and if we have to purchase something, we will, but our strategy to continue remaining asset light is what is keeping us in the money as of right now.

Pritesh Sheth:

And just one last on Thane commercial piece. We had media articles quoting your interview, stating that you are looking to venture into datacenter as well. What's the kind of opportunity and the specifics that you want to share to this platform in terms of your ambition to do data center developments?

Boman Irani:

Rustomjee as we mentioned, we continue to be a largely residential player. At the same point of time, we continue to expand our or rather keep going into the depth of what all it is possible to continue doing in MMR area alone. We have identified two or three opportunities. One of them plotted developments we have already put on the floor. The other that we have identified and we are fortunate to have a very strong partner called Keppel Land who's doing our Dhani development with us. Their datacenter arm has tied an MOU with us. But like I mentioned earlier, I am happy to work for nine months before I launch it. I am happy to work for two years

before I launch it, but we hope to not ever get our company into a position where we move ahead and then have to step back. So, towards that, it is better that we explore the opportunity to its fullest after and only after doing all the on-ground research. Happy to state out here, a lot of ground has been covered and we may not only restrict ourselves to Thane, but even go beyond, but as of right now, very difficult for me to give you a timeline whether I will launch it in the next quarter or the quarter after that, but definitely work in progress in the right direction. And as a whole new area, not only in terms of for us, but as an industry overall, there aren't going to be very many players. We'd much rather consolidate, get ourselves up to a particular size and strength, and then go in at a stronger or faster level then. So, more planning and then execution will be the better way to do this.

Pritesh Sheth: And just to clarify, once you do it, you will just probably sell the land to the Keppel's data center arm or you will do the construction warm shell piece and then hand it over. What's the kind of strategy you are looking at?

Boman Irani: Very clearly, we aren't someone who will sell out just like that. And that is why we want to be sure that if we do this, it is a long-term venture of ours, which means that we should be involved in the entire development and even up to a particular point, maybe the management of, of course, a smaller share, because that is a very specialized part of the job, but even then have a smaller share, even in the management of the datacenters. That is the plan at least as of right now.

Moderator: Thank you so much. The next question is from the line of Harsh Pathak from Emkay Global. Please go ahead.

Harsh Pathak: Now my question is on the redevelopment space where our focus remains. So, in the MMR market there have been many players entering the redevelopment space and even outside of MMR there are larger players in markets like Bangalore who have entered the MMR space and tapping the redevelopment market. So, how do we in this scenario plan to protect our share or maybe because I understand there have been a lot of locations where Rustomjee as a brand has done a few projects and maybe we stand a chance to capitalize on that and include more projects in the vicinity. So, how do we stand a chance to protect our share in this area?

Boman Irani: Harsh, it's such an interesting thing. On the one side, people consider other developers stepping in to the Mumbai market as a possible threat. I look at it as an advantage because they bring with them a healthy competitive spirit. And quite honestly, it is better to have well capitalized, large developers in the same kind of activity so that there is no kind of knee-jerk reactions taken. So, I look at it as a possible opportunity at all points of time. Having said that, your question was, is there any worry, if I was to coin it separately with regards to all these players coming in from outside of the city to enter redevelopment etc. Two reasons I don't lose any sleep on this. One is we are there in most of the trades and we let a trade go only if we believe it does not fit our principles or our investment philosophy, right, and the returns to match. So, maybe some of them are paying an entry costs to come into the Mumbai market. Good luck to them. Second, I don't worry because we are a preferred developer. At all points of time, we have seen societies veering

towards us. And when we say no, it is a very good reason. But we do not bother because the size of the redevelopment market is so huge that there is no girth to the opportunities that will come. As a matter of fact, if I can say this, we only scratched the surfaces right now. The larger societies, the more prestigious locations are still opening up to the opportunity going forward now. So, we have got plenty of headroom or play available in this business. And the more good developers that come in actually validates what we have said initially, that this is possibly one of the best types of development to get into. Having said that, I've also said that everybody is working on what knowledge they have. We are thankful that we are in this space with 22 years of experience with us. So, that is a huge thing, to be able to have the knowledge and the experience of this business. We are able to calibrate, I would like to say a lot better than most of the other developers that would be getting into this space right now. And it is something that will continue for a long time. I don't think in the next 20 years also we'll see the end of redevelopment in Mumbai city. And if we take the history of cities around the world that have been built and rebuilt, Mumbai will also write down an entire chapter, if not the whole book, on redevelopment someday in the future. So, plenty of opportunity. I don't lose sleep over as many developers wanting to enter this space.

Harsh Pathak:

Right sir, but any bargaining advantage that the society get in this scenario because my question is more pointed to the areas where we have already done some development and we stand a chance to capitalize more on that opportunity, more premiumization or something like that or going on scale. So, I was more asking from that part?

Boman Irani:

You are right. Sometimes all that glitter suddenly becomes gold in the eyes of certain societies. That does make our task to show them the light becomes a little more, I would say, more time consuming, just to say it nicely. But we are okay with that. We have understood long back, long, long years ago that redevelopment is a people association project. It is not really something that money alone can get done. So, of course, it helps to have deep pockets, but at the same point of time, more importantly, it is a people connect development. So, we have always monitored the projects that we have not got. And we have kind of studied them over a period of time. And I am happy to say so far there is no regret on our side with regards to the projects that we have not taken after being in the fray because we don't believe those projects will make the kind of money and as I already told you some people may be making a play as an entry into this beautiful market of ours called MMR and it's okay for them to pay the price. But we are already established as developers out here and those that at least go by our track record can see that we have housed more than 2000 families already and that is no mean feat and these are not SRAs, these are actually redevelopments where we rehoused purchasers of the earlier property into their new homes and not only rehouse them but rehouse them to their full delight, not only satisfaction, to their full delight with regards to the product and the type of project that we have completed. So, that is where we are and even today of the projects of the 17 projects that we have acquired, Harsh 14 are in redevelopment space. So, that itself should tell you that, we have got a very good run rate with redevelopments itself.

Harsh Pathak: Understood sir and any thoughts outside MMR and how do we see growth over the medium term?

Boman Irani: So, Harsh, again you know as an entrepreneur I am always with one eye open and I am looking at projects outside of here, but quite honestly I see MMR itself growing in size. I mean I would like to say that even Palghar Boisar I consider at least in my head as MMR area and you know something that that has got a great future growth and we are already entering that market like I mentioned in the past, we are in no hurry to launch out there but definitely we are growing our reach in that market or growing our knowledge of that market. And having said that, someday I have said that Pune and Mumbai will be sister cities, so who knows, we will even look at everything that is coming in between. But as of right now, very happy to state that MMR is keeping us fully occupied, fully well driven to continue growing in this market. So, focus is entirely here, we keep studying proposals, but nothing that is going to come up at least in the absolute near future.

Harsh Pathak: And any growth guidance that you may like to give?

Boman Irani: We had mentioned at the start of the year that we will do a Rs. 3000 crore top line. As I have mentioned that you know, 13-11 that we have already achieved this 43% last year, we had reached the 40% mark and we have surpassed our guidance. We are confident that we will surpass our guidance for this year, maybe delighting our investors.

Moderator: Thank you so much. The last question is from the line of Devansh Dhruv from Equentis. Please go ahead.

Devansh Dhruv: I wanted to get the idea of our collection. So, our pre-sales number have grown by around 129% year-on-year, but our collections have been flat. So, can I, can you share something on it?

Sajal Gupta: Yes, Devansh. The collection efficiency is 80%. As you would have noticed that we have launched quite a few projects. We have launched almost five projects in the first half of the year. The total value of these projects is about Rs. 4,000 crores. So, obviously that we have been able to lock in the sales, but the collection will come based on the construction milestone as we achieve over the next three years or so. The standard collection efficiency is about 85%. But given the heavy weight of the launches in the current year, the collections will be coming progressively. So, we are very hopeful to have a better collection in the period to come to the kind of a sales that we have achieved.

Devansh Dhruv: And one more question. So, on the area sold, so basically last year in the same quarter and this year in this quarter, our area sold has tripled, but the pre-sales haven't gone marginally up that way. So, is it because I realize average realizations have been low due to our projects in Kasara and Thane?

Sajal Gupta: Average realization has only gone up, which is from Rs. 17,900 to about Rs. 18,700. And the second thing I think you rightly mentioned that we have launched the Kasara during this period and as the case may be that the plotted development per square feet realization will always be lower. If I remove the Kasara and I look at the realization, the realization basically has moved significantly from about Rs. 17,000 to Rs. 25,000 a square feet.

Moderator: Thank you. The last question is from the line of Prem Khurana from Anant Rathi. Please go ahead.

Prem Khurana: I had three questions generally on with the way we approach the business. So, first one was, essentially, whenever we look at new acquisitions, whenever we acquire a new project. So, what sort of sales velocity do we envisage for the first year of launch? Why I ask this is, essentially, when I look at what's been there with us in this year, first half, we have done around Rs. 4,000 crores worth of GDP launch. And what we have been able to sell is 15%. So, if I were to adjust for the fact that you have done some of these launches in Q2, Q1 launches have done around 23% sort of sales velocity in the first six months. So, are these numbers in line with your estimates or lacking or leading versus your estimates? Whenever you wonder what sort of sales do we envisage in the first year of launch?

Boman Irani: Prem, basically, as we have informed in the past also, Rustomjee sells close to around 30% of its launch area or value within, by the time we reach plinth, which is let's say give or take 6 to 9 months. Our launches we are extremely happy with. As a matter of fact, this is the fastest 100 when we launched our Thane project. At the same point of time, our project 180 Bayview has seen tremendous success. We're totally in line with our guidance. As a matter of fact, we'll even cross that a little bit more. I've not said earlier, but I would like to state that quarter three and quarter four generally are the quarters in which maximum sales take place. That is the cyclical nature of our business. And that is what we have proven last year also, we were at Rs. 800 crore approx. in the first half and we went up to 2,266 by the time we closed the year. So, likewise, we are 13/11 right now, and we hope to cross the Rs. The 3,000 crores guidance that we have given, rather comfortably cross it, and then delight our investors a lot more with the way we end the year.

Prem Khurana: If I understand you correctly, you look at almost 30%-odd sort of number, and by the time you have reached the plinth, does it mean once you reach that 30% mark, you will take the price up to kind of try and optimize the margin or maximize the margins? And you would continue to sell if there are buyers influx?

Boman Irani: For the longest time, the fallacy in the minds of, at least I would like to say, unorganized developers has been that you can improve everything by improving the prices. I think all companies should work on a business plan and at least as an organized developer, we have a business plan when we start a project and we try not to deviate from it because the deviation comes with its own price to pay. And if you really ask me, as Rustomjee, our internal thinking is more that velocity is a premium rather than just an appreciation on prices. Having said that,

yes, we have a definitely step-wise ladder in which prices are increased, but this has got nothing to do with just the demand going up, etc. It is to actually validate those consumers who have taken a higher risk at the start as we all understand. At the start of the project, you are probably not through anymore today, but the highest risk is at the start of a project. And then as the project is nearing completion, your risk is reduced. So, obviously the price that you pay for it is a higher value. Having said that, we are fortunate to stay within the parameters of our business plan, give or take 5%.going up or going down. So, yes, we will increase prices, but they will have nothing to do with only the demand going up and crazily increasing it because that is a surefire way of killing demand. We would much rather do it in the scientific method of calculating what the risk reward should be and accordingly then raising the prices for that particular project.

Prem Khurana:

Again focusing on under-writing, so whenever we acquire a project, what sort of land to launch timeline do we tend to kind of begin? I mean since FY23 we have done acquisitions worth around Rs. 150 odd billion in terms of GDV potential and what we have launched till this time is around Rs. 30 odd billion which is 20% and this also includes our Kasara launch which was a quick launch. So, technically if I were to adjust for that, I mean the number is up 20% so it's been some time but the launches seem to be taking a little longer. So, generally, what sort of timelines do we work with whenever we are underwriting a project? I understand you don't put in much, because most of these are redevelopment projects, but generally in terms of effort that you put in, you would have assumed some number in terms of by this time I would be able to launch it. Do we see any deviation versus your target launch timelines and what sort of deviation would this be, if any?

Boman Irani:

So, very interestingly, I can tell you, you mentioned that redevelopment usually takes longer time, not really. What takes time is the approval if the project is a CRZ-affected proposal and Yash asked me about Avinash and I said there's a CRZ implication on that. So, that usually takes away 3 to 4 months. As of right now, I've told you environment also has played a role. There is an order that is restricting all developments within the 5km zone from National Park. So, that is not a grey area, but as of right now, it's frozen all kinds of approval processes for those projects that fall in that area. So, obviously, anything that we have acquired in that area, we'll have to be patient and wait. But fortunately, given the geographies that we are present in and that's across the MMR, we are fortunate enough to be able to continually have something in our pipeline to launch. And redevelopment actually are a very well thought of strategy like I've mentioned in the past. By the time, a proposal is ready to be signed, that is after we have been chosen as a developer, the DA usually takes about 3 to 4 months given that there are tax planning considerations, consumers' individual requirements or existing members' individual requirements which all have got to be taken care of because they are all like our landowners. So, in that period of 3 to 4 months we are pretty well decided as to what the project approval plans need to be like. Once we put those up, it takes us about 2.5 months to get to going for environment clearances or CRZ clearances after which is about six months more in which time, after which we give notice to vacate to the members. And within generally 60 days' time, they all vacate after which we demolish the building and go for the CC after which it takes a month

for RERA. Generally a year to 13 months is what we program ourselves for redevelopment projects. As far as the plots that we buy, I mean there's a lot more luxury for time because there is no ticking meter other than the price that you paid for the plot. There isn't like a rent that is increasing month-on-month etc. So, they allow us to plan a little better. But even over there, we have tried to work towards keeping the time short. Sometimes the time increases because of the changes in let's say, a policy that allows for better exploration of the potential of the project, which is what we have seen in one of the cases. And sometimes civil aviation heights do take longer. Like I mentioned today, there isn't the flexibility for me to go ahead and launch one of my projects because I really want to add RERA define exactly what that project will be. It's a high-end project at RERA. I want to define what that project will be and only then take it to a launch. But I have the luxury of holding on because there's got no meter ticking over there.

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

Boman Irani: Gentlemen and ladies, on behalf of the Rustomjee management, I thank you for joining us today. In case of any further queries like I've already mentioned, please feel free to reach out to us. We wish to continue delighting our consumers as well as our investors at all points of time. We are totally dedicated and focused towards your needs. Thank you.

Moderator: Thank you. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.