Arvind SmartSpaces

www.arvindsmartspaces.com

26th May, 2023

To,
**BSE Limited**
Listing Dept. / Dept. of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

**Security Code: 539301**
**Security ID : ARVSMART**

To,
**National Stock Exchange of India Limited**
Listing Dept., Exchange Plaza, 5th Floor,
Plot No. C/1, G. Block, Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051.

**Symbol: ARVSMART**

Dear Sir,

**Sub: Transcript of conference call with Analysts / Investors.**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are attaching herewith transcript of the conference call with analysts / investors held on Friday, 19th May, 2023 to discuss Q4 & FY 23 Results of the Company.

The same is being uploaded on the website of the Company.

Thanking you,

Yours faithfully,

**For Arvind SmartSpaces Limited**

ARVIND SMARTSPACES LTD * AHMEDABAD *

**Prakash Makwana**
**Company Secretary**

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# Arvind SmartSpaces Limited

## Q4 & FY23 Earnings Conference Call

## May 19, 2023

**Moderator:** Ladies and gentlemen, good day and welcome to Arvind SmartSpaces Limited Q4 and FY23 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

**Smit Shah:** Good evening, everyone. And thank you for joining us on the Q4 FY23 Results Conference Call of Arvind SmartSpaces Limited. We have with us today on the call Mr. Kamal Singal - Managing Director and CEO; Mr. Ankit Jain - Chief Financial Officer; Mr. Avinash Suresh - Chief Operating Officer; Mr. Prakash Makwana – Company Secretary; and Mr. Vikram Rajput – Head, Investor Relations. Please note that a copy of disclosure is available on the Investor section of the website of Arvind SmartSpaces Limited, as well as on the Stock Exchange. Please do note that anything said on this call, which reflects the outlook towards the future which could be constituted as a forward-looking statement must be reviewed in conjunction with the risks that the Company faces. I would now like to hand the call over to Mr. Kamal Singal for his opening remarks. Over to you, sir.

**Kamal Singal:** A very good afternoon to everybody. And a very warm welcome to everyone present on this call. Thank you for joining us today to discuss the Operating and Financial Performance of Arvind SmartSpaces for the 4th Quarter and Full Year ending 31st March, '23.

I would like to begin by sharing my thoughts on the real-estate environment and broad highlights of the quarter. We can then look forward to taking your suggestions and questions.

India, as we know, has now become the most populous country in the world. Its non-urban population is also one of the largest in the world now. This population obviously is moving towards city in a very big and quick way making India the fastest urbanizing country in the world in humankind's history. This indicates that the market for urban real-estate will keep growing at a pace which possibly has never been seen or even as this real-estate market is becoming larger and larger we see that there is a huge scope for organized builders to contribute to this demand and supply of course wherein the changed environment post-RERA and GST has meant that the small and unorganized players are finding it difficult to survive under the new regime, regulations, municipal compliance is etc., etc. and there is a renewed opportunity for the organized players in that sense.

This very big churn which is happening in industry and we have been talking about this in the last few calls all the time has resulted into one of the widest gap between what market needs and demands and what is the kind of supply in terms of quality, in terms of quantity, etc., coming from these more qualified competent and organized players in the industry. And this unique situation is giving us an opportunity at Arvind SmartSpaces, we see this as a big opportunity for us, companies like us and businesses like us where the gap between these two things has been increasing at a very fast pace. And this represents a huge opportunity to fulfil for players like us.

At Arvind SmartSpaces, we are differentiated in product, we are differentiated in positioning, and we also feel that we are differentiated in perspective. We not only do different designs, we not only design properties very differently, we also think a little differently. The result of this holistic mindset is the ability to maximize value on every square-feet of land that we consume and we use. We represent coming together of a Company that is basically very conservative, but very audacious when it comes to creativity and designs. We have been talking about it in the past, we are trying to build a Company, which is despite being a very capital-intensive businesses that we are all engaged in, we are building a Company with very light balance sheet comparatively, with no debt at this point in time as we speak and very clearly focused on a business which is very profitable, but at a relatively small balance sheet size. We are operating in a very competitive margin environment, but at the same time we are optimizing and generating a very healthy return on equity the way our business model is structured and the way we are trying to conduct our balance sheet, business and the cash flows.

Coming to the operational performance, we are delighted to inform that the Company has recorded the highest ever annual bookings of Rs. 802 Cr, a growth of 33% over FY22. For the first time, number of units sold crossed 1000 units milestone annually. Brand Arvind continues to resonate strongly with homebuyers across Ahmedabad and Bangalore markets. This is evident from the stellar performance of our new launches including Fruits of Life, Forreste V and Greatlands, which contributed 56% of our booking value for FY23. From a quarterly perspective, we had the strongest ever Q4 bookings at Rs. 244 crore, second consecutive quarter with Sales Value of over Rs. 200 crore.

Our Bangalore presence has strengthened further, contributing 58% to the total annual bookings. Both the phases of Greatlands have received overwhelming response from customers. Bangalore region is shaping up well, and we expect it to get stronger in the coming years with increased launches and business development activities.

Both FY23 and Q4 Collections were the highest ever in the Company's history, a result of efficient execution of the virtuous process of focus on sales, registrations, construction and deliveries. Strong collections and profitability resulted in operating cash flows of more than Rs. 200 crore.

Moving on from operational updates to the financial highlights. In FY23 we reported revenues of Rs. 256 crore, a similar number to FY22. EBITDA for FY23 amounted to Rs. 49 crore. PAT for the FY23 grew 2% to Rs. 26 crore. In Q4 we reported revenues of Rs. 93 crore. EBITDA for Q4 stood at Rs. 20 Cr. PAT for the quarter stood at stood at Rs. 9 Cr. Our Balance Sheet position remains strong. Despite increased investments in Business Development activities our Net Debt remained negative at Rs. (30) crore, on account of significant increase in internal accruals.

As a company, the focus always remains on shareholder value creation. We are happy to share the Board of Directors recommended a final dividend of Rs. 1.65/- per equity share and one-time special dividend of Rs. 1.65/- per equity share, totalling to a dividend of Rs. 3.30/- per equity share of face value of Rs. 10/- each.

The momentum in the Indian housing market continued with rise in residential sales, decline in inventory levels and appreciation in capital values across major cities. Going forward, we are set to expand our portfolio of projects with several launches lined up across a range of micro markets in Ahmedabad and Bengaluru. Our investment program of Rs. 1,000 crore is very much on track and we look forward towards its deployment in business development activities in the coming quarters. FY24 is expected to be year of new launches, project additions and bigger milestones for ASL, we are set to scale up faster while maintaining our financial discipline.

On that note, I conclude my opening remarks and would now like to ask the moderator to open the line for Q&A.

**Moderator:** We have a next question from the line of Bajrang Bafna from Sunidhi Securities.

**Bajrang Bafna:** Broadly, if you could guide us what sort of launches that we are going to witness in the coming one or two quarters, the Sarjapur and all that we talked about in the last call. So, what is the status? And how are we seeing the launches of those four or five projects, which are lined up? What is the progress on that? And what sort of demand scenario, which is existing?

And is there any change on the ground level, because, hopefully the indications from the debt markets are that that we have peaked out in terms of interest rates and as we move forward we will see the rates either to stabilize here or to come down. So, what is the ground level indications on that will be really helpful?

**Kamal Singal:** **There are** two, three parts of your question, let me address the first one first, which is regarding the new launches. As I just mentioned in my address the investment cycle that we overtook few months back which constitutes a big amount of proportion coming from HDFC Platform is truly underway. As we speak a very significant portion or rather most of it has already been now committed in the sense of, when I say commitment, it basically means projects are identified commercially, negotiations are over, and possibly you would have also paid some amount of money to lock the deal. But then the last phase of actually announcing and assuming that the project is now taken and is underway is to complete the due-diligence process, which is happening for various projects that we have already kind of semi-finalized in that sense. So, that's totally on and we will keep coming back to all of you and tell you individual projects as and when they keep maturing to that extent and that level.

Having said that while forecasting exact launches might be a little difficult thing, because timelines could always go little here and there. But broadly speaking, we are targeting to launch projects with a top-line potential of around Rs. 2,000 crore or a little less than that within the next three to six months' time. So, that's the target we have in mind. But that does not mean that that is what is the total of our current investment cycle. The current investment cycle involves a Rs. 1,000 odd crore rupees to be invested which would give as we guided earlier, a top line of around Rs. 4,000 crore to Rs. 5,000 crore, out of this project pipeline that we are doing and executing right now we are hoping that 40% to 50% of that should be coming into launch in next six months odd time, so to say within this year. So, that's on the launches.

Next thing that you asked was about markets and factor like interest rates, etc. So, as we speak, I mean we keep hearing some of the headwinds in the form of interest rates and tech companies not doing that great overseas, and in India, etc. However, on-ground we have been fairly comfortable thus far. We have launched some of the most successful projects in the last few months. Velocity has been way better than what we would have anticipated even in a normal situation.

So, while on one hand we are all hearing news which should all be making us more cautious on the market side. But on ground we have felt that there is a decent amount of buoyancy maybe it's a result of product, maybe it's attraction that the brand is getting, maybe it's to do with the market which still is healthy, maybe it's about the product mix that we are trying to execute and the customer preferences, etc. but end of the day it's doing well at this point in time.

Interest rates, as you very rightly mentioned is a headwind, but we don't think that it has reached a point where we should be starting to worry too much. All these sectors give us enough room for thought where we have alternative strategies and we have our socks pulled up to take up higher challenges. That's how we are taking it, and keeping ourselves a little more cautious as compared to what we were six months back, one year back. But let's see how it pans out from here onwards, so far so good.

And we are hopeful that interest rates in that sense are very close to having peaked out. We don't expect interest rates to go very dramatically up from where they are today. And hence possibly we are seeing the peak or very near peak when it comes to interest rates in India. Rupee has been very stable, I mean, Rupee has been pretty stable, especially if you were to compare with our peers across the globe or possibly India is one of the better performing economies in terms of monetary fiscal deficit, etc. and hence the currency is fairly stable. That means inflation is not expected to be going out of any reasonable limits. And hence, prices to go up should not be a concern.

In fact, this is also kind of validated by the fact that most of the commodity prices have fairly stabilized. The last six months have seen effective drop on a weighted average basis in terms of the broad basket of material that our industry consumes. To that extent the costs increase and price increase pressures are low, inflation pressures are low. And hence, we believe that interest rates should not be very dramatically different from where they are. But we are also not sure at the same time about interest rates going down in the very near term. So, either way we see it’s pretty stable at this point.

**Moderator:** We have a next question from the line of Ritwik Sheth from One-Up Financial.

**Ritwik Sheth:** I have a couple of questions mainly it’s linked to the cash flow and the BD. So, in FY23 we have done approximately Rs. 200 crore of operating cash flow as you have mentioned in one of the slides. So, with FY'24 with a strong launch by then you mentioned Rs. 2,000 crore in the next three to six months and our existing projects are also doing reasonably well. So, would it be fair to assume that this cash flow will only increase further and the money which we have to invest for this Rs. 2,000 crore of projects, incremental that we are going to acquire. Would it be more or less internally funded? Would that be a fair assumption for FY'24?

**Kamal Singal:** Yes, broadly your conclusion and interpretation is correct. We did create OCF of around Rs. 200 crore in the Financial Year '23. And going by the fact that the recent projects that we launched have gone quite successful and they are horizontal in nature which tend to give us quicker cash flows at least in the context of overall cash flows to be to be received for the project and also in the context of proportionate amount of expenditures that we have to increase which means that the net cash flows after expenditures into the project are healthy. That gives us confidence that this number of Rs. 200 crore should only be improved in the year '24, that's one. And obviously, this and more cash flows which are internally generated will go into the investment cycle.

But if you were to see the year as a whole obviously the investment plan is bigger than the internal accruals that we are talking about here. It includes the unused component of Platform with HDFC and it has a component of possible debt that we can take, right now we are negative, but the negative is not a great idea in the long term. So, we need to have reasonable amount of leveraging coming back into the balance sheet to create more value.

Of course, we will remain very conservative but the idea is not to remain negative on that. So, internal accruals, debt to a very limited extent and HDFC Platforms these three things have been happening in the last one year. We have done quite a bit of this through all these three, at least two routes, we haven't you taken that debt in that sense. But going forward, all these three will be getting exhausted and hence the investment will comprise of all these three components.

**Ritwik Sheth:** So, just further on this we have spent approximately Rs. 300 crore to Rs. 310 crore in FY23 for business development. So, what kind of figure are we looking at for FY'24 if you have something in mind and what kind of GDV that we will be getting on?

**Kamal Singal:** Yes, so as I said approximately Rs. 1,000 crore or thereabouts will go further within this year on BD activities. And that's what we have, as I said we are nearing commitments and that's the commitment that we are talking about broadly that is what will happen in terms of new investments.

On GDVs I said we normally are at a proportion of four to five times the investments. So, GDV should be more like a Rs 4,000 crore to Rs. 5,000 crore. In our case GDVs are comparatively lower because we are doing more horizontal projects. But in terms of the amount EBITDA, amount of PAT, amount of cash flows that it generates that is equivalent to or is rather better than the normal GDV's which should more be in the region of Rs. 5,000 crore to Rs. 6,000 crore of GDV happening from a Rs. 1,000 crore investment.

So, in simpler words for everybody's easier understanding we will definitely target to have margins, PAT, EBITDA, etc. equivalent to or more than what we would have done from a GDV of Rs. 5,000 crore, Rs. 6,000 crore by having a GDV of maybe more like a Rs. 4,000 crore from the same amount of investment. That's the product mix that we are talking about.

**Ritwik Sheth:** So, just to clarify this Rs. 1,000 crore is to be invested in FY'24 for acquiring new projects. And this will be funded from internal accruals, HDFC Platform and if required we will be levering up the balance sheet.

**Kamal Singal:** Correct, yes.

**Ritwik Sheth:** Just one question on the bookkeeping, on the balance sheet there is some Rs. 100 odd crore of debt and we mention every time that interest bearing debt. So, if you can just explain what is this interest-bearing debt and the balance sheet debt that we have reported?

**Ankit Jain:** So, balance sheet do not net-off the debt in the investment, investment is reported separately and debt is reported separately. Having said that, the balance sheet debt comprises of the OCD which we are issued to HDFC for which we have given a note in our Investor Presentation that approximately around Rs. 90 crore worth of OCD has been already issued to HDFC which is outstanding and has not been reported while reporting the net debt because we see that HDFC Platform money is more related to the risk and reward which is being shared.

**Moderator:** We have a next question from the line of Alpesh Thacker from Antique Stock Broking.

**Alpesh Thacker:** My first question is mostly on the industry front. So, with players like Mahindra and Rustomjee Kolte-Patil increasing their focus on redevelopment in Mumbai. Shouldn't a brand like Arvind also capitalize on this opportunity and it will also give us our first entry into Mumbai in an easier way, so any thoughts on that?

**Kamal Singal:** Yes, you are very right. We have kind of discussed this in the past also that after Ahmedabad and Bangalore, we see Mumbai, outskirts of Mumbai rather which is MMR and Pune is our next geography. And accordingly, we have kind of deployed resources and efforts there in BD. Some sort of activity has already taken some amount of shape there, very hectic kind of efforts are being taken or put in. We are hopeful that we will be doing something there in the very near future. Although in the beginning it might not be great in the sense of proportion of overall sales coming into our books from this market. But definitely this is a focus area and dedicated resources are now in place on the ground to see if we can make some sense out of one or two projects in these two markets.

So, clearly a focus area, we want to do a few things, efforts are on. And we are a little conservative, but having said that as you are aware we have done one project already, almost about completed in Pune. So, we know the market micro-markets, we have learned our lessons. We understood the market in more detail by going through this drill and hence now feel much more confident about doing it. Now it's a question of finding the right project with the right mix of profitability, sustenance, do ability, size, etc. and we are taking up such projects, so you might end up hearing that soon.

**Alpesh Thacker:** So, is it fair to assume that this Rs. 1,000 crore of capital deployment that we are about to do in this year that will have the portion, few of the deals in Pune and MMR as well?

**Kamal Singal:** Yes, so when it comes to BD per se from the point of view of value it's one bundle. So, we are not getting separate bundles to separate markets all in all we are intending to spend Rs. 1,000 odd crore that's for sure. And to a certain extent on one or two projects, some money should be diverted towards MMR and Pune markets as well.

**Moderator:** We have a next question from the line of Rishikesh Oza from Robo Cap.

**Rishikesh Oza:** So, in our estimated operating cash flow table, we have said that Rs. 1,582 crore number of estimated cash flow. We say this is at the EBITDA for the Company level. Now, if we compare this with what earlier management here indicated that they wish to maintain around 22% to 25% of EBITDA margins, but if we compare this Rs. 1,582 crore number with the receivables plus the estimated value of inventory the number is actually way above 25%. So, can you help me reconcile this or am I like missing out any expense which is not there in the operating cash flows?

**Ankit Jain:** See, I would like to clarify that the estimated operating cash flow which has been reported is based on the future cash flow, which we will be receiving from the existing bookings which are pending to be received. Secondly, from the inventory which will get sold and after netting of the corporate overhead and of course, the cost of the project. The cost of the project includes landlord share as well. So, the operating cash flow which is estimated is not the EBITDA margin, it is at the operating level, but it is not that EBITDA is expected on a Rs. 6,400 crore base, the EBITDA is expected at Rs. 1,600 crore, that is not the interpretation.

**Kamal Singal:** So, these two numbers in a way are disjointed at any point in time they might not match up to the 25%, but if you were to match up this number with whatever we have achieved in the last few quarters and few quarters going forward and add up everything then this will all add up to 25% for sure. But this is a snapshot which has two different numbers, which are disconnected and this ~Rs. 1500 crore basically is the money left over by paying up for all the lands whichever is the outstanding amount towards the land, that landlords share in joint development agreements and all the development expenditure leftover now from here onwards irrespective of the sales level, etc. and the corporate overheads. So, it's a little disjointed number and hence calculating percentage based on ~Rs. 1,500 crore to any number like top-line or total money to be spend etc, will not be correct.

**Rishikesh Oza:** So, the Rs. 2,000 crore of the top-line potential projects that you said you would be launching in like three to six months. So, what is our share in that?.

**Ankit Jain:** Yes, so, the project wise detail has been already we mentioned in the presentation for example, Sarjapur road project which is ready project where is the top-line potential is close to Rs. 670 odd crore, where our revenue share is 65%, number one. There is a project under HDFC Platform which is a Doddaballapur Road project where the top-line potential is close to Rs. 400 crore, right. So, all the projects have been mentioned and detailed with respect to our share.

**Kamal Singal:** But as far as books of accounts are concerned and the gross margins are concerned, this entire Rs. 2,000 crore top-line on a weighted average basis on the margin side will come and get reflected into our books of account only. So, it's not that these numbers are going to be distributed between two balance sheet they are all going to be coming in resting in within our P&L and balance sheet.

**Moderator:** We have a next question from the line of Chaitanya Shah from Silverlight Capital.

**Chaitanya Shah:** Just wanted to understand on a blended basis, what would be our payment structure -- payment milestone which we would be receiving?

**Kamal Singal:** Chaitanya, I mean as a policy whatever information we are giving and we talk about, etc. is not about valuation of the Company. Of course, valuation depends upon so many other factors and information here and other places so that's a very difficult question really to ask and answer from our point of view. But what we can help you with is to say that this Rs. 1,500 crore represent the status of current projects already launched and the pipeline already being there on a firm basis, there are expenditures to be incurred and there are some incomes to be brought in, cash flows to be brought in. Netting off of everything, whatever is happening currently without considering for the investment cycle that we just talked about broadly speaking and maturity speaking, this is the snapshot of what is happening right now, excluding the projects, which are not forming part of the mix of the project which are detailed in the presentation adding up to this Rs. 1,500 crore.

So, it's just one number which gives you a snapshot of current. Then I mean, there are projects being undertaken, investment cycle being undertaken, etc. these are the relevant numbers per se, but valuation will be something which is an independent issue and needs to be addressed accordingly.

**Ankit Jain:** Adding to as one more clarification statement, this represents a free cash flow which will accrue to us and which represents only our share of numbers. For example, if there is a HDFC share, it does not include that HDFC share.

**Kamal Singal:** Any distribution outside is not part of this, this is our share from whatever we are doing based on the projects which are already in the market, launched and acquired. It does not represent the investment cycle or the plan which has still not got concluded, so to say.

**Chaitanya Shah:** My next question is regarding the Bangalore and the Ahmedabad markets. Could you help me with the value and volume growth that would have happened in this market, because we clearly had a pretty strong growth in our presales?

**Kamal Singal:** So, you are asking about the proportion of sales that happened?

**Chaitanya Shah:** No, I am asking about the market in general.

**Kamal Singal:** Market in general, so I think both the markets are doing fairly strong despite the challenges that a city like Bangalore is assumed to be facing, I think there is enough and more traction coming from that market. Bangalore is strong on IT of course traditionally, but it's equally strong on services which traditional services or manufacturing and other services. So, Bangalore is a mix of quite a few sectors which are going strong per se. And even if a sector like IT was to go a little slow there are quite a few other triggers as well. So, we are quite hopeful and we are quite buoyant about Bangalore as a market. In fact, a very significant proportion, Ankit, can you help me with this exact number out of Rs. 800 crore that we did, what is the proportion exactly?.

**Ankit Jain:** 58% is our Bangalore market.

**Kamal Singal:** So, almost like 60% has come from Bangalore in the year, so it's fairly strong. Ahmedabad is our home market; it is not as big as Bangalore market. But this is not a small market either, 40% of 800 means almost like Rs. 300 plus crore coming from Ahmedabad is a decent number. But we see a lot of scope still, I don't think we are deep enough in any of these two markets. We see a lot of scope. I mean we have got three or four projects going in each of these markets in a significant way, while Bangalore has a potential of at least having 12 to 15 projects going on at any one point in time. And quite a few developers have shown that in the past. And we clearly in our own assessment think that this kind of depth is possible and doable for a brand like us. Similar is the case with Ahmedabad, we think we are still on the surface. And there is enough depth to be explored further.

So, market sizing point of view, both the cities are fairly good, they are doing very good, Ahmedabad has quite a few triggers for example, GIFT city is happening, outside investment is coming, organization in a more systematic way is coming, quality of land being made available from town planning point of view is one of the finest in the whole country. And hence, there are quite a few kinds of tailwinds.

One important thing which happened in Ahmedabad market is that the circular rates or the reference circle rates for properties have been doubled, in one shot across the board not that this has totally taken away the problem for organized players like us who don't deal in cash at all and it’s all about cheque transactions. But this definitely has helped people like us further, there the component of transaction in the grey market that should go down dramatically. So, that is one more boost which has come to people like us and the constraint has gone down to that extent..

**Chaitanya Shah:** And generally, in these markets, do you see investor demand picking up? And I am asking this because we have been reading a lot about rents shooting up in Bangalore especially. So, what is the status there?.

**Kamal Singal:** See investors and rentals actually represent two very different set of customers. When the rentals are increasing basically that means that investor held inventory is actually going down and hence convention is increasing, which is great news for us. When the rentals are increasing this means that the consumption is high and on ground there is a shortage of houses that is all important.

In fact, when it comes to investors it’s the other way around, if investors are coming back and investing a lot of money resulting into stagnant rentals or rentals even going down that we have seen in the past couple of times, that is a dangerous situation of oversupply which we should avoid at all times. Players like us who have a clean business model normally will not prefer and actually they can't afford to have a very large investor base.

Investors in India come with a bag of money which is of multiple colors which does not suit us, and we broadly speaking rely and depend upon our non-investors and consumers. Our customer mix clearly states that our reliance, dependence and our relevance to investment is very low. But end consumer we make a lot of, that's why we sell so much of our inventory and so much of proportion of our sale goes towards direct sales and people who are just word of mouth and digital etc., they make so much sense to us. Most of maybe more than 80% to 90% of our sales is happening to either a second home buyer or the first home buyer. And that is the market, which is more sustainable, I mean let prone to peaks and troughs and that is where we are and that's how it is panning out.

So, we don't really depend on investors. In general, also we don't see investors coming into build up properties in any significant way most of the action that we have been seeing and we are expecting to see in the coming few months and quarters is a market which is driven primarily by consumption, end consumption. And increase in rental basically indicates towards that healthy situation that a good developer will expect to have

**Chaitanya Shah:** And just one last question that I have is the collection this year have been almost similar to the last year collections, but the sales have gone up by 30%. So, is there any particular reason for that?

**Kamal Singal:** So, I mean in a way, it depends upon the launch timelines and the initial collection, etc.

**Ankit Jain:** Yes, so if you were to look at the trend we had in FY'21 a pre-sales of Rs. 500 crore, then in FY'22 it was Rs. 600 crore and FY23 now at Rs. 800 crore. So, overall collection do catch up, however collection comes with lag, it will not happen that whatever is your presale that will be the collection.

**Kamal Singal:** The question is that they should possibly have increased to a greater extent so to speak, which is a valid question. But I mean, we have our targets of collections based on the actual launches, the timeline of launches and then the first milestone and the second milestone, and the third milestone, etc. The way we have launched and the sequence of the same like the three major launches that we had towards the second half and more like the last couple of months of the financial year, they just got sold, we get 10%, and then the collections kind of speed up. So, this is a very normal trend. This is a function of when and how much was launched and sold. Accordingly, we plan out the collections and collections have come out that way so no big kind of anxieties on that. If we have Rs. 600 to Rs. 700 crore and thereabouts I think this will then mean that this year should be a better year.

**Chaitanya Shah:** The Bangalore launch that happened this year, both of them were sold out pretty quickly. What are you doing exactly in terms of having such a phenomenal response?

And similarly, recently there was a project by DLF in NCR which was in news which sold, Rs. 8,000 crore in a day or a couple of days. So, what is generally happening? And what is the consumer psyche when such phenomenal launches happen in two different markets. So, I just wanted your understanding or response on this.

**Kamal Singal:** I mean it’s a question which is asked multiple times. We have not only done this in Bangalore two times, as you very rightly said, we also did it in Ahmedabad, in the case of Fruits of Life. And before that even during COVID when we sold Forreste Phase I and Phase II and Phase III exactly in the middle of COVID, it got the same or similar kind of response, almost unbelievable under the circumstances.

But my understanding of the situation is that, of course, macros and markets play an important role, customers psyche, preferences, and their kind of enthusiasm plays a very important role in all this. But having said that, below the surface are quite a few triggers, one of them being the product itself, the brand itself and also the way you package yourself. A plotting scheme is a where you buy a piece of land and someday you hope to build your own home and stay there. And you see that the markets might become more expensive and it's better to buy your land now and build the house when you want it to. This is one of the examples of the launches that we are talking about.

But then what all does it entail, what kind of amenities? What kind of designs? What kind of layouts, plans, specifications? And what is your credential? I mean, have you really delivered the kind of thing that you are talking about, making 3D is one part of it, but can you back it up with something which is delivered on ground? So, design is one, but then having the track record and showing on ground is one more important aspect. Your brand is another. Your place is another. The way you source your land is another important aspect. So, it's a bundle of so many things and so many boxes to be checked, right.

And I am very happy that the team here has checked most of the boxes in all these three, four major successes that we saw in the last few launches that we did. I think we came up with the great product, we sourced the land well. We got the timings right. We got the pricing right. We got the product right in terms of its design. We got the specifications right. So, if I claim for example, I am just dwelling a little more on this because I think it's a great question to ask, is that if I were to claim that in the entire township, if there are 10 kilometers of roads to be developed they will be all reinforced concrete roads. Or I will have a clubhouse which will measures more than 40,000 to 50,000 square feet or I will have this, I will have that, I will have a golf which will be not difficult to maintain, not too big to be handled by the residents later. At the same time, it gives you an ambience, it will give you fun, it will give you leisure.

Now, all those packaging and positioning matter. Possibly we have done few things right on those rather most of the things right on those and that's what we have been doing. Plus it has been magnified by the fact that we have delivered such projects not in Bangalore, but in Ahmedabad on a very large scale, multiple times. And those actual images are shown, are experienced by the consumers. And that creates a great amount of echo and the possibility of redoing and replicating the same in a different market in different environments. So, brand positioning, track record, product, design, I mean all these things have to make sense to create a success like this.

**Moderator:** We have a next question from the line of Forum Makim from JHP Securities.

**Forum Makim:** When we say that we are going to launch a product that's worth Rs. 2,000 crore, does that mean that is equal to the yet to be launched, the figure given in the estimated operating cash flow in the yet to be launched --, does that adds up to Rs. 2,000 crore, so is that what we are talking about?

**Ankit Jain:** Yes, we are talking about yet to be launched and including the additional phases which are committed so to say. For example, if we have acquired a project with a 40 acre, with a Rs. 400 crore top-line potential we are in the process of diligence for the balance phase of that project. So, overall, the number represents primarily in the yet to be launched phase, as well as marginally the planned acquisition for those projects

**Kamal Singal:** So, yes, in a way it is a sum total of projects which are yet to be launched in hitting the market, including projects and the phases which are yet to be launched or projects which are coming afresh.

**Forum Makim:** This is apart from the Rs. 1,000 crore investment for Platform-II, right?

**Kamal Singal:** No that is the investment, this is the top-line from the new launches. So, obviously it's a consequence of investments that we will do. So, a Rs. 1,000 crore investment will give us a top-line potential of around Rs. 4,000 crore to Rs. 5,000 crore. Out of this total Rs. 4,000 crore to Rs. 5,000 crore top-line we are talking about almost like 2000 or less than 2000, coming as top-line potential from the launches we are planning from part of the total Rs. 1,000 crore investment, Rs. 1,000 crore will be Rs. 4000 crore, this is Rs, 2000 crore we are talking about, obviously it's part of that investment, and it's the result of that investment.

**Forum Makim:** And what is the kind of collection period that we can expect from these launches?

**Kamal Singal:** Cash flows I mean we know that if you are talking about free cash flow that's one important number and we just discussed that. We had a little more than Rs. 200 crore of operating cash flow, free cash flows that the business generated. And the idea is that with increased level of activity, increased level of launches and accordingly collections, etc. This year should be better than last year on free cash flows OCF.

**Moderator:** We have a next question from the line of Ritwik Sheth from One-Up Financials.

**Ritwik Sheth:** In this launched projects and in this business development what would be the split between our own projects and the projects that we would acquire in the HDFC Platform? Would we have any sense on that?

**Kamal Singal:** We can quickly add up that number for you, at least in the sense of own versus the Platform, just give us 30 seconds..

**Ritwik Sheth:** And I have one final question, last five years, we have gone from Rs. 200 odd crore to Rs. 800 crore as of FY23. What is the vision for the next three to five years for the Company, where would we like it to take up, because, as I see, FY'24 would be the highest ever, in terms of business development for us and almost 2x of what inventory we have from ongoing and upcoming projects. So, it looks like that we are setting ourselves up for something very big in FY'24/FY'25 onwards. So, to pick your brains, where do we see ourselves in the next three to five years from current base?

**Kamal Singal:** So, it's difficult to make any specific forward-looking statement. But at the same time, we have always been talking about a trajectory, and the trajectory can be expressed the best way in the form of growth that we have achieved one in the past four or five years. Fortunately, there is a great track record and we have been doing a CAGR of around 40% thereabouts on most of the parameters.

We always have a target of growth in parameters like top-line EBITDA, PAT, etc. growing at a rate of 25% to 30% odd. So, what I can again reaffirm is our commitment or our endeavor rather to continue to achieve this growth rate of around 30%, going for in the next two to three years. And obviously, once that is achieved most of the numbers will fall in place in proportion to that.

**Ritwik Sheth:** And if you could just give that split between own projects and HDFC Platform projects --?

**Kamal Singal:** So, in the 2000 or thereabouts crore that we just talked about, about 60% should come from our own projects and 40% to 45% should be coming from the Platform investments.

**Ritwik Sheth:** And for the Business Development for FY'24?

**Kamal Singal:** See a Rs. 1,000 crore BD will mean that I mean Rs. 900 crore Platform in total require Rs. 600 crore to come from HDFC. Part of it is already deployed maybe 400, 450 is still to be kind of committed which is still to be announced. So, if Rs. 400 crore to Rs. 450 crore is to be coming from HDFC share in the Platform, the balance Rs. 500 plus crore should be coming from us whether it is part of the Platform or it is independent project taken up by us that's immaterial, but broadly speaking, it should be coming from our share and HDFC to that extent in these proportions.

**Ankit Jain:** Yes. So, approximately out of Rs. 1,000 crore investment Rs. 800 crore Platform investment will come in.

**Kamal Singal:** 800 means we will invest how much, 33% of that, so it will it means Rs. 250 odd crore from us and Rs. 550 crore from the Platform. And from a Rs. 1,200 pure our investment so that's exactly the same number that 450 will come from us, as an investment proportionally in the overall balance sheet, and 450 will come from HDFC. So, overall investment is happening in this proportion. But otherwise Rs. 800 crore is happening through the Platform route and Rs. 200 crore will happen purely from our side without any kind of partnership with the Platform.

**Moderator:** I would now like to hand the conference over to Mr. Kamal Singal for closing comments. Over to you, sir.

**Kamal Singal:** Thank you very much for being part of this call. We have had an exciting last year and looking forward to even more excitement as we move forward into the new year. There are quite a few reasons to feel satisfied. But at the same time, we know that the challenges ahead are bigger and there are bigger milestones to be achieved. And hence, we need to put together a team and an effort which makes it all happen.

Somebody asked a very interesting question during the call about redevelopment in Mumbai and MMR. I think that's one important opportunity which exists for an organized branded player where the resident tend to for example trust more of those players in a situation like this, having got the experiences of various kinds in the market. So, that's one opportunity, for example which we are very excited about and we are putting efforts to see if we could do something really exciting there in that space.

But having said that, we are aware as a Company of the challenges, we know the strengths, we know the kind of headwinds that we possibly could face in micro and macro environments. We know the tailwind that we have got already in terms of our track record, in terms of great products, a great team which is already in place. And also, the team, which needs to be expanded from here onwards for an orbital change that we are all looking forward to.

And with all these awareness and the kind of support and commitment that the promoters have shown in this business for the last few years, I mean this is the only business in the entire group in the last 10 years that promoters have put money twice, rather thrice and key management personnel, including myself have put in significant money into the Company. So, I think we are all poised to take the next leap, next change orbitally in terms of size, scale, and the objectives that are set for our Company, I mean we are very well poised to strive and endeavour to achieve all those things. Thank you very much for your time. And look forward to meeting you again after some time. Thank you.

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

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