SIGNATURE GLOBAL
REALTY. RELIABILITY. RESPONSIBILITY.
AN ISO 9001:2015; 14001:2015; 45001:2018; 27001:2022 CERTIFIED COMPANY

Date: 23rd May, 2024

The Manager
BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001

Scrip Code : 543990

The Manager
National Stock Exchange of India Limited
Listing Department
Exchange Plaza
5th Floor, Plot no C/1, G Block
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

Symbol : SIGNATURE

Subject: Transcript of Investors/Analysts Call held on 16th May, 2024

Dear Sir/Madam,

With reference to our letter dated 13th May, 2024 in respect of Investors/Analysts Call dated 16th May, 2024, please find enclosed herewith the transcript of discussion held during the said Investors/Analysts Call.

The aforesaid information shall also be disclosed on the website of the Company at the following link/path:

www.signatureglobal.in/investor.php > INVESTOR MEET / PRESENTATION > Transcripts of Investor Call

Kindly take the above information on your record.

Thanking You,

For SIGNATUREGLOBAL (INDIA) LIMITED

MEGHRAJ BOTHRA

(M R BOTHRA)
COMPANY SECRETARY

Encl: A/a

"Signatureglobal (India) Limited
Q4 Earnings Conference Call"

May 16, 2024

MANAGEMENT:	**MR. PRADEEP KUMAR AGGARWAL – CHAIRMAN AND WHOLE-TIME DIRECTOR, SIGNATUREGLOBAL (INDIA) LIMITED**
	MR. LALIT KUMAR AGGARWAL – VICE CHAIRMAN AND WHOLE-TIME DIRECTOR, SIGNATUREGLOBAL (INDIA) LIMITED
	MR. RAVI AGGARWAL – MANAGING DIRECTOR, SIGNATUREGLOBAL (INDIA) LIMITED
	MR. DEVENDER AGGARWAL – JOINT MANAGING DIRECTOR AND WHOLE-TIME DIRECTOR, SIGNATUREGLOBAL (INDIA) LIMITED
	MR. RAJAT KATHURIA – CHIEF EXECUTIVE OFFICER, SIGNATUREGLOBAL (INDIA) LIMITED
	MS. PREETIKA SINGH – HEAD (INVESTOR RELATIONS), SIGNATUREGLOBAL (INDIA) LIMITED
MODERATOR:	**MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to SignatureGlobal (India) Limited Q4 FY24 Earnings Conference Call hosted by ICICI Securities.

As a reminder, all participants' 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. Adhidev Chattopadhyay. Thank you, and over to you, sir.

Adhidev Chattopadhyay: Good evening, everyone. On behalf of ICICI Securities, I would like to welcome you all to the SignatureGlobal (India) Limited Q4 FY24 Results Call.

From the management, we have with us today, Mr. Pradeep Kumar Aggarwal – the Chairman and Whole Time Director; Mr. Lalit Kumar Aggarwal – the Vice Chairman and Whole Time Director; Mr. Ravi Aggarwal – Managing Director; Mr. Devender Aggarwal – the Joint MD and Whole Time Director; Mr. Rajat Kathuria – the Chief Executive Officer; Mr. Manish Garg – the Chief Financial Officer; and Ms. Preetika Singh – Head of Investor Relations.

I would now like to hand over the call to the Management for their opening remarks. Over to you. Thank you.

Pradeep K. Aggarwal: Thank you, Adhidev. Good evening, everyone. Welcome to the Earning Conference Call for Signature Global. I am delighted to engage in a discussion with you following our 4th Quarter and full Financial Year Earnings, during which we also share our accomplishment for the year and provide guidance for the upcoming year. I trust that you have reviewed the Company's financial performance for the 4th Quarter and full year, along with the investor presentation and a company press release, all of which are available on our Website and Stock Exchanges.

Before we delve into our operational and financial performance, I would like to touch upon the notable transformation in India's real estate sector and at the country level in general:

This will provide a solid foundation for our discussion on the performance we will be presenting for the full year. In the final quarter of 2023, October-December, India's GDP surged by a robust 8.4%, surpassing the RBI projection of 6.5%. This stronger-than-expected GDP growth in quarter 4 2023 led several agencies to revise their forecasts upward for India's financial year 2023-2024 and 2024-2025 growth, making India stand out among major economies. Recently, most agencies estimated India's growth to be in the range of 6.5% to 7% for next financial year.

Behind the nation's rapid growth, life factors such as increasing disposable income, rapid urbanization, enhanced affordability, and improved aspirational goals, which are also driving the real estate sector of the country, the financial year showcased 2 notable trends. Firstly, a growing inclination towards the premium real estate segment reflected changing customer preferences. Homebuyers obtained luxury amenities and superior construction quality in the prestige location. Secondly, stronger developers demonstrate strength during economic challenges, leading to a consolidation in real estate development. Established players gained market share due to their ability to maintain quality and delivery standards, indicating a shift toward trusted brands in the real estate industry.

Despite the Reserve Bank of India's implementation of a strict monetary policy stance, the residential sector in the country witnessed an extraordinary surge in both sales and new property launches throughout 2023. This outstanding performance resulted in a significant milestone, with over 3 lakh houses units sold, setting a record that had not been achieved in a decade, according to CBRE. The real estate consultancy also highlighted those major banks extended approximately Rs. 2.7 lakh crores in credit to the residential sector until January 2024, representing an annual increase of around 37%.

Moving on the financial and operational performance of your company. Signature Global achieved its best-ever quarterly and annual pre-sale performance of INR 41.4 billion and INR 72.7 billion, respectively, with year-on-year growth of 240% for the 4th Quarter and 112% for the full year, thereby significantly exceeding guidance of INR 45 billion in FY24. Collections grew 62% to Rs. 31.1 billion, again comfortably surpassing our annual guidance of INR 29 billion. Following strong operational performance, the net profit of the company for FY24 stood at INR 0.016 billion against the loss of INR 0.64 billion last year. The latest quarterly figures underscore our Company's steadfast dedication to quality and customer-centric growth approach. As you are aware, we have strategically moved towards increasing the speed of our growth track and capitalizing on prevailing opportunities. While our focus was primarily on the affordable segment in the past few years, we have now diversified our portfolio towards the mid-income and premium segment as well. Looking ahead to our strategic vision requires a complete transition, directing our effort towards the promising demand in the mid-income and premium segment where ample opportunities are emerging. Our focus on maintaining positive cash flow has been helpful in providing us with the flexibility needed to negate through these challenges. This approach not only positions us to mitigate risk, but also create opportunities for sustainable profitability and long-term value creation for our stakeholders. In India, success in the residential real estate category has been attributed to localized players for a variety of reasons, the ability to acquire land more efficiently, execute projects more efficiently, and most importantly, understand pricing dynamics due to the deeper understanding of the market. The largest players from the North did not achieve significant success with expanding to Mumbai or other cities, while the most successful Mumbai player has only recently started expanding beyond Mumbai or after the significant success. Bengaluru-based players have found significant success in the localized market, with a focus primarily on South India. Of course, there are expectations to this rule a few pan India players. We are relatively a young company with less than a decade of experience in the real estate industry, and we are still in the initial stage of our corporate journey.

We have also been fortunate to be in a geography where competition is very limited in terms of land acquisition, especially where the demand surpasses supply. For a variety of reasons, including proximity to a supply starved Delhi, extensive infrastructure development, job creation, and the presence of multinationals, there is an enormous amount of genuine demand in Gurugram for good quality housing at the right price, and this is a segment where we are creating too. Therefore, being a geography, we do not foresee it is a risk at all for the next 3 to 5 years, mainly because we are at the right price point at the current stage. Say, after 3 years, we might consider nearby geographies like Noida or other cities, a promising market, rather than venturing into completely unfamiliar territories. For now, what we perceive as a risk to us, being a single geography player, indeed, is an advantage for us. In our view, expanding a new geography might create a risk at the current stage. Last financial year, we also witnessed an increase in construction spending with the demand surging and the land acquisition and construction costs rising. We believe this is likely to remain elevated this year as well.

In terms of revenue recognition, we believe the figure was slightly lower for this year. However, we expect it to improve. In FY25, our estimate is that revenue recognition for FY25 is likely to be around Rs. 3,800 crores, and we believe that growth is likely to be reflected on a quarter-on-quarter basis going forward. I will now hand over to our CEO, Mr. Rajat Kathuria, to share the financial performance in detail. Thank you.

Rajat Kathuria: Yes. Hi. Afternoon, everyone. While we have put up the numbers, I would just like to share a few views and some bit of guidance for the coming year. Certainly, we are witnessing a sustained sort of trend in terms of strong housing demand. So, we have always been saying that the market is hugely supply constrained. So, it's not that the last 1 or 2 years that the trend has really picked up, but if you really look at our last 4 years of performance, in fiscal year 21, we did sales of about Rs. 1,600 odd crores. As we are supplying more inventory, that inventory is kind of getting picked up. So, honestly, what is the true market demand is very tough to estimate, but it's very safe to say that, yes, it's much more than the current level of supply being done by the entire housing players in this particular market. So, from getting back to about Rs. 1,600 odd crores in FY21, last year we did about Rs. 7,300 odd crores. This was much higher than the previous year and even the guidance we rolled out at the middle of the year, so there is almost like a 60% plus sales CAGR which we have witnessed.

As of today, we are in the best possible position in terms of ready to launch inventory. In the history of the company, we have never been in such a good position ever. As of today, we are very confident that we'll be doing launches of almost northwards of Rs. 16,000 crores within the first 3 quarters itself of this financial year. We forayed into premium housing, these high-rise apartments by a project called DE-Luxe DXP, which I think got some media attention. So, you guys might be aware, wherein we did sales of almost close to Rs. 3,600 odd crores, roughly 2.7 million square foot equivalent project got sold as it was launched. And it was actually multiple times oversubscribed. So, that was the significant launch for the previous year, which happened in the 4th Quarter. And that was one of the key factors which helped us achieve this annual sales potential of almost Rs. 7,300 odd crores.

But for the current year, we are coming up with launches at multiple locations, whether it be the Sohna Elevated Corridor, where we have tested a lot of success over the past few years. We're coming up with a large project over there. Prior to that, we're coming up with another apartment complex on the Southern Peripheral Road in Sector 71. So, these 2 are fairly large launches, which should happen, let's say, within the next 6 months, effectively within the initial quarters of this financial year. And then there are a couple of other locations within Gurgaon. So, effectively, we are fairly confident that these launches of Rs. 16,000 odd crores should happen, which will help us with the thesis that since the supply is constrained, and as we are able to come up with more sustained supply of products at the right price points, the demand is always there. if I talk about the current situation, we are running at the lowest possible unsold inventory in the company, because as we're launching projects, it's getting sold.

Talking a few more facts for the previous year, our average realizations improved. It is almost about Rs. 11,800, which in absolute terms doesn't seem very high. Still, products are priced less than Rs. 12,000 a foot. And coming from Signature Global, which is like a very well-recognized brand in the local market, it doesn't seem too expensive at all. But it's like a fair bit of rise, because in the previous year, the same number stood at about Rs. 7,800 odd crores. So, we have seen better realizations, higher sales, much better collections. Our payment plans are usually very end-user driven, very construction or time-linked sort of plans are there. So, our collections were close to about Rs. 3,100 odd crores, again a steep price vis-a-vis the previous year. So, all those key performance indicators are moving northwards as anticipated. And we are fairly convinced that in the coming years, some of these guiding numbers which we are providing should fall in place. So, whether it be the launches, which we are targeting for about Rs. 16,000 odd crores, which is a bit of a science, because we know the exact area to be launched and the pricing guesstimate is there. So, Rs. 16,000 odd crores is a bit of a science. But we are again taking up our sales target of upwards of Rs. 10,000 crores. So, please keep in perspective that we are just a 10-year-old enterprise. We started operations back in 2014. And for fiscal year 24-25, we are taking our sales target of Rs. 10,000 crores. This is almost 37% higher than the sales which we have done in the current year. So, all of this, as a thumb rule, by and large is happening just because of a few factors. Our approach has always been towards the business that this is a home manufacturing company. Keep churning the project at a good pace. Keep the cash flows very healthy. Treat it like any other B2C business. Focus on good quality brand. Focus on strong distribution. Focus on strong financial discipline. So, just the same set of factors coupled with the fact that, to what even Pradeep ji was saying, that we feel that there is so much to be done in this geography and we have never moved out of that strategy. So, some of these basic things which have really helped us over the last decade, we intend to continue doing the same thing. It's not that we have something very differentiated plan for the coming small to medium term. So, that's why there is a bit of confidence that with these launches of Rs. 16,000 odd crores, our sales, we should be able to achieve Rs. 10,000 plus crores. Collections should stay robust. Our guesstimate is that this number should be close to about Rs. 6,000 odd crores. A lot of it will come for projects which are already under development. So, about 65% odd of these collections are anticipated from projects which are already under development, while we are hoping that from the launches since it's happening in the earlier part of the year, about balance 30%-35% of the proposed collections are planned out of the new projects.

One very critical factor which I would like to bring to all of you is that last year was significant for us in many ways. We managed to take the company public. We have received a very good response after the public offering as well. In addition, while we were going public and in the offer document, we had mentioned that we are acquiring something very significant land parcel on the Southern Peripheral Road, but at that stage it was mainly an agreement to sell, there was no conveyance of land which had happened at that stage. But as of today, there is almost 17 million square foot of developable space which has been added through the course of the last year and primarily in the second half of the previous year, which is in sector 71 almost 92 plus acres of land, which is primarily owned by the company in this smaller portion which is coming to us in the form of the JDA. So, this entire acquisition on which we were working for reasonable bit of time is now complete. We have moved on in terms of project planning now and this acquisition will help us in coming years to really change the scale of operations. It's a very significant location. We are not a multiple decades old entity, but maybe at the right time or an opportune time, we have managed to create such good sort of land position. So, if you look at our total portfolio, as of today, some rounded up numbers, but effectively 48 odd million square foot of development of which 16 million is ongoing that is expected to get completed between this financial year and the coming financial year. There is another 32 million square foot which includes the project which we just launched DE-Luxe DXP, but by and large, almost 29 million plus square foot of portfolio something which we'll be launching in the next 2 to 3 years.

So, as of today, we are sitting on very good portfolio. A lot of these developments are happening in places besides 71 where we have been doing launches in the past about very broadly 17 million is in sector 71, about 7 million is in Sohna, about 3 million is in the northern peripheral or the Dwarka Expressway, part of which got launched and the balance 5 million is at couple of other very good strategic locations within Gurgaon. So, good growth on sales with previous year, we are very hopeful of similar sales performance or growth in the coming year. Likewise, growth in collections as well. Portfolio seems fairly strong, very robust.

Also, in terms of the balance sheet, we feel very comfortable. We have a net debt position which is just about Rs. 1,150 odd crores, which we usually compare it in terms of the operating cash flow which we are creating. So, in the previous year, if we have created operating cash of about

Rs. 3,100 odd crores, the surplus was in excess of Rs. 900 crores or about 30% was the surplus, which was available to us either for land acquisition or for let's say distribution to shareholders, but technically given the level of growth and these acquisitions which were happening, we have deployed bulk of it in acquiring the 17 million square foot of land parcel in sector 71 and also acquired land from our JDA partners, which is about 1.5 million square foot.

In the coming year, the operating surplus is also going to go up significantly. In the previous year if our surplus was about 30%, in the coming year of the Rs. 6,000 odd crore of collection, about 45% we anticipate to be the operating surplus available to the company and just a link point. So, given the surplus is going to be so strong, we have also stated that the net debt will never cross 0.5 times the operating surplus. In absolute terms also, the net debt number should go down. So, at the current scale, the net debt is not very high, but that number is also going down in the coming year. So, balance sheet seems to be in a comfortable zone. There is a lot of focus besides sales on completions during the year. Even in the previous year, we have done a lot of hard work on the execution front, but some of these project completions tend to be lumpy in nature. So, in the coming year, we are anticipating completions of about Rs. 3,800 odd crores. So, on a quarterly basis, you will see significant completions taking place. And the next year, I think there is again going to be a 40% to 50% rise in value terms of the completions which are happening. So, that will have more revenue being recognized on the P&L.

So, by and large, these are the key numbers. Happy to address any of your questions with regard to our current plans or future strategy whatever. So, over to you Adhidev.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much, sir, for this opportunity. Sir, just first up on the last statement that you mentioned. I think in the presentation, I read somewhere we are looking for Rs. 12,000 crores kind of a revenue recognition over FY24 to FY26. So, also ideally if FY24 is about Rs. 1,200 crores and this year we are targeting Rs. 3,800 crores, so about 7,000 crores of revenue recognition we are targeting in FY26. Would that be a fair calculation?

Rajat Kathuria: Yes.

Deepak Poddar: Okay. And what sort of pre-sales we might be looking at FY26? I mean if you have to do Rs.7,000 crores of revenue recognition, so what sort of pre-sales we are looking at?

Rajat Kathuria: You see, 2 things are mutually exclusive, Deepak. So, pre-sales is a factor of what is the dry powder with us, what is the unlaunched inventory. So, we have not given a guidance for FY26 as yet, but if we're achieving Rs. 10,000 crores in this year, we'll definitely be giving a good growth target for the next year, but one thing at a time. As far as completions are concerned, yes it's basis the ongoing project, so your math on that is by and large correct.

Deepak Poddar: Absolutely. Okay, I got it. And you also mentioned on the pro forma, right, that ideally the pre-sales or that we would be ideally doing in FY25 would have an embedded PAT of about 25% and FY24, I think, was about 20%-21%.

Rajat Kathuria: Correct.

Deepak Poddar: So, ideally, I mean would that translate also to your reported revenue as well if you I mean report Rs. 3,800 crores this year or Rs. 7,000 crores next year. So, how would the reported PAT margin might look at in light of I mean Rs. 16,000 crores more launches you might be doing in FY25 itself, right, and FY26 might be higher. So, if you can throw some light on that would be very helpful.

Rajat Kathuria: Deepak, see what that embedded EBITDA pro forma statement portrays is that the sales which we have done in the current year which is roughly Rs. 7,300 odd crores, on that we anticipate a profitability of 32%. So, now, see, we know our land cost, we have our estimate of the development cost with certain contingencies on that sales where we get realizations of about Rs. 11,800 odd a foot, we anticipate a profitability of about 32% at an EBITDA level. And likewise, for the current year, we have with us the launches which are happening, the estimated price points we have. So, on that, since we are also coming up with projects in sector 71, which is more prime, the profitability is going up and 35% is a number we are very comfortable for the sales which are yet to happen.

Deepak Poddar: Correct. So, I was just trying to understand this pro forma translating into the reported P&L. So, how different would that be, pro forma versus your reported P&L?

Rajat Kathuria: So, reported P&L is being done basis projects which are getting completed. So, if in this year, we are talking about completions which will reflect a revenue recognition of about Rs. 3800 odd crores, my guess is the average per square foot realization on that sale would be anywhere between Rs. 6,000 odd to Rs. 7,000 odd and our EBITDA margin will be a little southwards of 30%, won't exactly be 30, but it will be a little lower than that number.

Deepak Poddar: So, that itself is a very good number. If on Rs. 3,800 crores we can have an EBITDA margin of 30%, so that ideally means 18%-20% kind of a PAT margin.

Rajat Kathuria: So, yes, about 27%-28% of EBITDA margin and yes, a high teen sort of PAT margin is something which we anticipate.

Deepak Poddar: Fair enough. I got it. I think that would be it from my side. All the very best. Thank you so much.

Rajat Kathuria: Thank you, Deepak.

Moderator: The next question is from the line of Murtuza Arsiwalla from Kotak Securities. Please go ahead.

Murtuza Arsiwalla: Hi, Rajat. Hi, Pradeep ji. Congratulations on fantastic performance. Two or three questions from my side. One is if you could, you've given a Rs. 12,000 crore odd of revenue, Rs. 120 billion, which is to be recognized over the 3 years. Can you give us a sense on what is the cost and the total cost against it and the cost already incurred? That's my first question.

Rajat Kathuria: Murtuza, we can answer it offline. I think right now we don't have that number on what is the exact cost incurred and yet to be incurred. But by and large both put together, I think one can assume a 27%-28% EBITDA margin on this. So, I think that will answer to your point from a recognition perspective.

Murtuza Arsiwalla: Okay. Point two, similar on the margin thing. If you look at Slide #17, you've given the breakup of revenue recognition between mid-income and affordable. There is a reasonable shift in the composition towards mid-income from affordable, but the adjusted EBITDA margin does not seem to reflect that fully, you had a bit of a drop. So, any reason, I mean we would have expected that a higher mid-income recognition would lead to an expansion in margin. So, anything that could help align that or reconcile that?

Rajat Kathuria: See, mid-income, Murtuza, see what's getting recognized, so if since you have some bit of background in the company, so mid-income segment when we started, these were very entry-level mid-income floors which we were doing in Sohna market. When we started selling, these were about Rs. 4,200 to Rs. 4,300 a foot. So, it was somewhere you could call it either premium or affordable stock early level mid-income project. So, what is starting to get complete or what is coming to the P&L are these floors which we did in Sohna market. As we did floors in the Gurgaon market, we started at about Rs. 7,000 odd a foot and we sold them at about Rs. 10,000 as well. The margins are expanding with the Gurgaon mid-income portfolio.

Murtuza Arsiwalla: And just the last leg of questions from my side. I think you've partly already addressed that. If I look at that cash flow statement, Rs. 31 billion of collections, getting you about Rs. 9 billion, the cash flow statement would also be representative more of lower margin projects and we could see this margin profile. You already highlighted that you're looking to go to more towards 45% next year. So, would it be fair to say that the current cash flow also has a fair amount of those legacy projects?

Rajat Kathuria: See, I think 2-3 factors, I think it's tough to generalize. So, one factor is, of course, yes, I think there is mix of projects, they're still affordable housing projects getting completed. So, while the collections and the completion cost does not have the kind of difference, which a premium project has. So, I think that's definitely one of the factors. We also have mid-income projects in Sohna which we started with as part of it. The other key factor is that we have spent or we have increased our construction spend in the previous year. However, some of those completions are happening in the current year. So, that's one or I would say an equally critical factor due to which the operating surplus was around 30%. But in the coming year, if we are assuming like a Rs.

6,000 odd crores of collection with a much higher sort of construction spend for us to achieve that Rs. 3800 crores completion plus construction spend on other projects, we are achieving much higher sort of operating surplus. And that's why that 45% number is being expected for this year.

Murtuza Arsiwalla: Thanks so much Rajat. Thank you, everyone. More better performance. Looking forward to continued improvement. Thank you.

Rajat Kathuria: Thanks, Murtuza.

Moderator: The next question is from the line of Pritesh Sheth from Motilal Oswal Financial Services Limited. Please go ahead.

Pritesh Sheth: Thanks for taking my question. First is on launches. You briefly mentioned in your commentary about the kind of launches that we are looking at this year. Just if you can elaborate on the exact size, how much of that is sector 71, Sohna Road, et cetera, that would be helpful.

Rajat Kathuria: Sure, Pritesh. So, Pritesh, we are coming up with 2 larger launches. The first one is in sector 71. It's a group housing project. It's already a licensed project spread over some 22.5 acres. So, in that project, our overall revenue is expected to be in excess of Rs. 6,000 crores. Likewise, in Sohna, it's a large project. We may not fully launch it, but yes, I think bulk of it is getting launched which also has a revenue potential of more than Rs. 6,000 odd crores. Then we are coming up with another group housing project in Sector 84, which is actually literally on the Dwarka Expressway. So, that will have a potential of a little short of Rs. 2,000 crores, but somewhere in that range. And then we have a smaller project in 37D, and another township project in Manesar. Both again put together have a potential of about Rs. 2,000 crores. So, all these 4 projects, we are at a reasonable stage in approvals. And that's why we put them in our guidance roadmap for this year. If you'll add all of this, it will actually cross Rs. 16,000 odd crores.

Pritesh Sheth: Sure. That's very helpful. And generally, we have seen this mid-income or products which are very well priced have seen a very strong response, almost sold out like you saw in your recent project 37D. This Rs. 10,000 crore guidance is just your conservatism to start with. And you feel confident about clocking much more than that. Or do you expect certain of these projects can have a slower absorption as part of your strategy?

Rajat Kathuria: So, Pritesh, ever since we have started working, we have never seen a slow absorption. We're always conscious of the customer requirement, the price points which make the product value for money. Because eventually these are homes being developed for people and societies and complexes should have that value element from a customer perspective. So, see, we are very confident on the product which we are coming up in all of these markets. So, for instance Sohna is, these flows which we have done in very high volumes over the previous years, there is very little supply of such product in the market right now. So, this more than Rs. 6,000 odd crores which is coming from Sohna is very uniquely positioned. Likewise, even in Sector 71, we have done a fairly good product and we do intend to come at a price at which it remains affordable for that segment. It's of course a reasonable price point as in today's terms, but still it will be like value for money from a customer standpoint. So, see, we are focusing on the product and mindful of the pricing. I think I hope what you're saying holds out to be true and we end up looking conservative on our sales target, but let things happen and we speak again in maybe 1 or 2 quarters or 3 quarters in this regard.

Pritesh Sheth: Yes, that's awesome. Second on margins. So, when you say embedded EBITDA margins, does it include the interest cost related to the working capital which you might need? Or we are at such stage where projects are getting sold out, so there is no need of working capital and hence everything in that 35% EBITDA margin is all in cost that is included?

Rajat Kathuria: So, Pritesh, we can talk about this number in different ways. If I have to very simply put it, we are super comfortable about this embedded EBITDA margin being talked about because we have acquired land over the last few years or we have been working on it in a very diligent way. So, we know our land cost, which is not very steep, it's very competitive given the current situation. So, construction can be estimated, a certain level of escalation you can assume on construction. So, this 35% is like a very a safe figure which is there. So, as far as interest is concerned, see, our land is by and large paid for. If you look at the entire this 32 million square foot portfolio, I can tell you that there is maybe less than Rs. 400 crores, which is still due on this entire land parcel. I am still kind of keeping some buffers while talking of this number. So, there is not much land cost which is yet to be paid. And once land is paid, see, it's by and large a negative working capital business. So, interest, we have considered below the line after this 35% working capital, we don't end up spending interest cost. So, yes, this factors in all sort of finance costs, which we may incur in times to come.

Pritesh Sheth: Yes. So, eventually once these projects come for recognition in P&L, your adjusted EBITDA margin and EBITDA margin what are getting actually reported will coincide, right? That's what I want to know. Or maybe I mean if it's very detailed, we can take it offline.

Rajat Kathuria: We can definitely take it offline, but see, the gap will come down. See, in the past when we were not listed, the debt levels were similar. So, the loading of interest on the project cost or effectively cost of goods sold was much higher. Today, for a much larger enterprise, the gross debt level has come down. So, that finance cost and the cost of debt is coming down. So, that loading on cost of goods sold is much lower. So, gradually, yes, this EBITDA margin and adjusted EBITDA margins will come into a narrower range with each other.

Pritesh Sheth: One last. How much do you expect your land spend to be in the next year? While you have given us operating surplus guidance, how much do you think you'll spend it on land and how much would go for a debt reduction?

Rajat Kathuria: So, see, on the land side, see, about Rs. 1,200 odd crores to Rs. 1,500 odd crores we may spend on land and the balance should be available for debt reductions to debt servicing. Actually, the net debt levels could come down significantly from the current level is what we are expecting by the end of the year.

Pritesh Sheth: Perfect. Very interesting. Thank you. All the best you guys. You're doing a good job. Thank you.

Rajat Kathuria: Thank you, Pritesh. Thank you.

Moderator: The next question is from the line of Vaibhav Saboo from Nippon AIF. Please go ahead.

Vaibhav Saboo: Thank for the opportunity and first of all, congrats to the promoters and Rajat for a very good quarter and a very good year. So, a couple of questions. So, the first question, I will break it in terms of the sales and launches. So, whether that Rs. 16,000 crores will be launched this year? And what I feel is that the inventory level is currently at around Rs. 6,150 core. So, that cumulatively is somewhere close to around Rs. 220 billion. So, is there an upside to the sales which is there? And just as a second part of this question that in the presentation you have provided on Slide #11 that the whole 32 million square feet you aim to launch by FY26, and if I do like just selling price into a saleable area, that total comes out to around Rs. 430 billion of JDV. So, for FY26, are we looking that Rs. 27,000 crore worth of launches and do we have the teams in place for handling that sales? So, that will be my first question.

Rajat Kathuria: Sure, Vaibhav. Thanks for asking the question. So, Vaibhav, see, fundamentally, we do consider land by and large as a raw material. It's a raw material with comparatively longer gestation period. Usually our experience has been that whenever we have acquired any land, we end up planning it as we acquire and it takes anywhere between 15 to 18 months to seek all approvals. Approval process is quite streamlined in Gurgaon. There are 4 or 5 key approvals. We are quite used to obtaining them on a project by project basis. So, it takes about 15 to 18 months to kind of launch any land parcel which gets acquired. So, even as a strategy, the idea is to have land bank, which is good for, let's say 3 or 4 years and not more in terms of launches. Don't want to comment exactly on the quantum of launch which we'll do for the next year, but yes, I think your math is not wrong. Over the next 2 years, 2.5 years, 3 years, we'll launch whatever we have. It's not that we intend to sit on any of these land banks with the assumption or for any speculative reasons that the pricing may go up. It is like a home manufacturing company. The idea is to keep buying land and keep churning out the end product and sell it. So, that's the thesis. Yes, I think the quantum of launch for the coming year is going to be much higher and we have the dry powder right in hand with us and there are no significant land payments on this entire portfolio.

Vaibhav Saboo: And so just reiterating, so for the sales team, like have we planned for the magnitude of the sales that we are doing? So, has the sales team been encapsulated because let's say that Rs. 16,000 crore launch let's say for next year even conservatively Rs. 20,000 crore, Rs. 22,000 crore of launch, that would require we assume because we have done like Rs. 7,000 crore of sales this year. So, is there a team which we have built out and how we are looking at that?

Rajat Kathuria: So, Vaibhav, we are comfortable from a competence and capability perspective whether it is on the sales front or on the execution front. So, I think the platform has competencies to achieve a much higher scale than at which we are operating. So, that we have those capabilities what I would like to admit.

Vaibhav Saboo: And just second question. In terms of the Rs. 12 billion that we recognized this year, how much have we delivered in terms of a million square feet and number of units for the year?

Rajat Kathuria: Vaibhav, we will share that with you offline, as I don't have that number handy with me right now.

Vaibhav Saboo: Sure. Just one last question from my side. For the sector 71 where we have 17 million square feet of total land and we are launching like, I am assuming around one-third, so around 5 to 6 million square feet. Perfect. What's the JDA share? What is the revenue share for the JDA partner approximately?

Rajat Kathuria: So, we are not launching one-third first of all. We have assumed a launch of about your 3.6 million square foot for the coming year to be precise. So, a lot of it will still be available for launch in the coming years. I can reconfirm on numbers, but out of the 17 million, I think about 13 million to 14 million is fully owned by the company whereas about 3 million, 3.5 million is going to come up on a project where there is a JDA partner. Rest is about 13.5 million is kind of owned by the company.

Vaibhav Saboo: Understood. What's the attributable number in the JDA of the 3.5 million square feet to the company.

Rajat Kathuria: 3.5 million, you could assume that about 1.2 million, 1.3 million revenue equivalent will not come to us while we'll incur the cost. So, it's a simple revenue share JDA. I think about 32% to 34%, 35% odd is attributable to the landowner.

Vaibhav Saboo: Thanks a lot for the opportunity and all the best.

Rajat Kathuria: Let me just reiterate these numbers. So, 17 million, by and large 13.5 million is owned, 3.5 million is in JDA. Out of that 3.5 million, about 35% odd ballpark is the JDA share of the landowner.

Moderator: The next question is from the line of Prem Khurana from Anand Rathi Shares & Stockbroker. Please go ahead.

Prem Khurana: Thank you for taking my questions and congratulation on good set of numbers in this quarter. Sir, my first question was related to the growth that we envisage in our presales, I mean we want to go from Rs. 73 odd billion to almost Rs. 100 odd billion which is good 38% sort of growth on a Y-o-Y basis. I mean would it be possible for you to kind of deconstruct this growth in terms of I mean how much do you expect the 38% to come from improvement in same location sales velocity? How much would be the pricing action with the existing project? And how much of this would essentially be dependent on the new launches that you manage? And fair to assume given the fact that we, I mean we generally get to see good sales even at the launch itself. A large part of this 38% growth would be dependent on the new launches?

Rajat Kathuria: So, Prem, thanks for asking this question. So, Prem, the way we look at it is that we are coming up with launches in our core markets. So, within Gurgaon, there is certain micro markets where we have literally done category creation. So, if you look at the Sohna market, Sohna is just on the periphery of Gurgaon and with this Sohna Elevated Corridor and this Delhi-Mumbai industrial corridor starting from Sohna, it’s literally become a stone throw away distance from the Sohna road market of Gurgaon. So, we have done the highest volumes in that market on a sustained basis over the last 5 to 6 years and literally, if I may boast a little bit the sales, I think that we have done market creation or category creation in the Sohna market. So, we are coming up with a very reasonable size project, which has sale potential of upwards of Rs. 60 billion. We are very bullish on the sale. I will prefer to refrain on whether all of the sale is happening at launch or it's happening in 1 or 2 quarters, that would be a lot of prediction or lot of I would say guesstimate involved in that. But yes, we are very comfortable with that product and location is what I can say.

Second is Sector 71, which is the group housing project, the product is I would say a notch above what we recently launched in Sector 37D. So, between these 2 projects itself, we are doing launches in excess of Rs. 12,000 crores or almost 75% of the launch pipeline which we have talked about. So, see, we are comfortable with both of these projects, Prem. I think we'll wait to see on the customer response, who knows, we didn't highly get sold on launch, but it's all a guesstimate. Let's wait and watch in next couple of quarters on how the market responds to it, but confidence level is high.

Prem Khurana: And the other question was essentially I mean when I look at the NCR real estate market today and then if I were to compare with the last cycle, we are more than double of what we used to be which is our and most of us have been able to grow there. But any sense, what will be our market share? I mean would you have any number in mind, let's say if you achieve that number which is I mean you would start looking out because I mean at this point, I don't see any issue in terms of growth potential for us because there are multiple micro markets wherein we are not yet present within NCR region. But what sort of number would kind of make you kind of start looking out for new growth opportunities or new growth areas? And what will be our market share in terms of let's say value sales in let's say NCR real estate market today? What could the total size of this real estate market be now?

Rajat Kathuria: So, Prem, I will not have the exact numbers with me, I can give you guidance broadly in terms of a few numbers. So, see, the migration trend from people moving from Delhi to Gurgaon is very strong, okay, because a lot of grade A offices are in Gurgaon, and it supports a much better social infrastructure. The connectivity between Delhi and Gurgaon has also gone up significantly. So, over the years, that trend is only going upwards post pandemic again we have seen a lot of that trend kind of getting a lot of traction. So, migration trends are very strong. Supply is still not happening in very large numbers. By and large, Gurgaon is give or take like 15,000 to 20,000 odd homes have come up in the previous year and we have sold about 4,500, 4,600 odd homes. So, we have a fair share in the market right now and we have also tried to distinguish ourselves within that market. So, mid-income, we're playing in a slightly broad sort of spectrum starting at about Rs. 1 crore, Rs. 1.5 crore and going up to about Rs. 5 crores odd. So, that's the spectrum in which we are playing. So, there is little competition which we see from large developers who have like good presence in this market and who can come up with a sustained supply. There are few large developers who've got very little land position in this market and hence will not be able to come up with a sustained supply whereas since we belong to this market and we have good portfolio, we have a good you could say a quarter about anywhere close to 25% odd market share is something which we are enjoying and we'll hold up to that sort of share in this market.

Prem Khurana: And any thoughts on when will you be required to go and start looking on outside NCR real estate market? Because as I see it, I mean if I look at the large 3 listed real estate developers including you, I mean the aggregate sales between you 3 seems as if we have done more than 30,000 odd crores between three of us. Is it possible to be able to see some more consolidation with the Rs. 30,000 crores in itself between 3 is fairly, fairly large number, right? Is it possible to be able to have more market share consolidation or the way to grow is to be able to kind of look for new growth areas?

Rajat Kathuria: So, the way we look at this frame is that see, we are still supply constrained. We are not housing surplus as a country or as an any of the cities. The demand, the population growth of this region Gurgaon within the entire large North Indian sort of area is so significant that we are usually supply constrained. So, see, it's tough to say what is that real housing market in Gurgaon right now, but it's significantly higher than the numbers we are talking about. So, I don't think we need to eat up into any market share. I think this entire pie is going to increase significantly over the years to come.

Prem Khurana: Sure. Thank you. That's it from my end, and all the very best for future.

Moderator: Thank you. Ladies and gentlemen, we'll take this as a last question, and I will hand the conference over to the management for closing comments.

Rajat Kathuria: Thanks to all of you for giving us this time out today. We have seen a good last year and we have tried to maintain that discipline in terms of the guidance which we give and what we try and actually achieve as a company. So, we hope that statement holds good for the year to come. But given the current situation, we stay very positive on the business and we would like to keep coming up or keep beating our own targets in times to come and hope to stay associated with all of you in times to come. Thanks a lot for your time today. Thank you.

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