Real Estate as a Service Company

August 20, 2024

To
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001
Scrip Code: 512008

Sub.: Earnings Conference Call – Transcript.

Dear Sir/Ma'am,

Pursuant to Regulation 30 (6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith copy of the transcript of Analyst/Investor Meet held on Friday, August 16, 2024.

Pursuant to Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the above information is also being hosted on the Company's website at https://www.efclimited.in/Investor_Call.html

Kindly take the above information on record.

Thanking You,
For EFC (I) Limited

AMAN KUMAR GUPTA

Digitally signed by AMAN KUMAR GUPTA
Date: 2024.08.20 10:53:15 +05'30'

Aman Gupta
Company Secretary

Encl.: As Above.

EFC (I) Limited
Q1 FY25 Earnings Conference Call
August 16, 2024

Moderator: Ladies and gentlemen, a very good evening and welcome to the Earnings Conference Call of EFC (I) Limited for Q1 FY25.

We have with us today, Mr. Umesh Sahay – Founder and Managing Director of EFC (I) Limited and Mr. Nikhil Bhuta – Whole Time Director of EFC (I) Limited.

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 this conference call, please signal an operator by pressing "*" then "0" on your touchstone phone.

I would now like to hand over the conference to Mr. Nikhil Bhuta, Whole Time Director, to give this "Opening Remarks" and discuss further on the Q1 FY25 performance. Thank you and over to you, Sir.

Nikhil Bhuta: Thank you, moderator. Good afternoon, everyone. I am Nikhil Bhuta, Director of EFC (I) Limited. I would like to extend a warm welcome to all of you joining our Earning Conference Call today. We humbly value your ongoing interest and support in our company.

EFC (I) Limited, as you know is real estate service company operating through three major verticals. One is the managed office business where we have managing about 2.25 million square feet of assets, with 57 sites under management across seven cities. We have sitting capacity of about 47,000 seats and all as on 30th, June, 2024. We obviously have two other verticals, one is the design and build turnkey contracting verticals and second is the Ek Design Industries Limited, which is the furniture manufacturing vertical. Through these three vertical, we operate as an integrated real estate service providers.

In today's call, we will review our financial and operational performance for Q1 for the Financial Year 24-25. We will also highlight key strategic decisions made by our group and share our future outlook. For Q1 EFC (I) Limited has achieved impressive financial results, with consolidated revenue reaching approximately Rs.105.28 crores, and EBITDA of around Rs.49.62 crores, and a profit after tax of Rs.15.77 crores. This results underscores our resilience, strategic focus, and the management's unwavering commitment to driving the company's growth. Let us also look at the revenue breakdown, business segment wise, where the rental segment generated approximately Rs.66.79 crores, accounting for about 63.44% of our total revenue.

In comparison, the design and build turnkey contracting business contributed Rs.35.03 crores, representing approximately 36.56% of the total revenue.

At EFC, we create synergies through our dynamic workspaces, managed office operations under the brands such as EFC, which is an enterprise solution, Sprint which is a business center solutions and Bigbox, which is a new entrant to our bouquet of brands that we operate with. Additionally, we offer exquisite furniture through Ek Design Industries Limited and provide meticulous interior design under Whitehills Interior Limited.

Starting from the managed office business sector, we have significantly enhanced our capacity this quarter by increasing the area under leasehold rights by about three lakhs square feet, adding over 7000 seats across seven centers and four existing cities where we were already operating. Additionally, we have acquired approximately 80,000 square feet of property at prime location in Pune. This is an freehold property that we have acquired under ownership, which will be developing and leasing under our managed office business model. This acquisition has the potential to generate an annual revenue of about Rs.14.40 crore.

As on 30th, June, 2025 we are having about 2.25 million square feet of area under management. We have total 57 sites under our management across seven cities in India, with total seating capacity across, crossing over as 47,000 mark. In design and build division, we have secured contract exceeding Rs.75 crores during this quarter across various business sectors, and are currently negotiating additional contracts by over 100 crores. Notably, one of the biggest achievement that we undertook during this first quarter was successfully completing over 100,000 square feet of project for Co forge in just 62 days, demonstrating our efficiency and capability in delivering large scale projects.

In furniture manufacturing segment, we have secured regulatory approvals to establish an expansive manufacturing facility on over three acres in for Phursungi, Haveli Taluka, Pune this state of the art plant boasts cutting edge machinery and high tech QC led and is strategically subdivided into five dedicated manufacturing shop floors. The facility includes a modern customer experience center supported by an efficient support infrastructure for seamless operation and management. Our workforce at the manufacturing facility of over 200 people, will drive the plants operation during the following quarter of this financial year, and going forward. With plant and machinery configured for peak efficiency, production trials are slated to begin during August 2024 with commercial production set to be launched by September 2024.

On acquisition front EFC Limited, a key unlisted subsidiary of our company has strategically acquired 51% stake in Bigbox Venture Private Limited. As a result, Bigbox Venture is now a step down subsidy of EFC (I) Limited. Bigbox Venture, with its impressive portfolio of over 3000 seats in Pune, is aggressively expanding into NCR region, Ahmedabad and Kolkata, significantly enhancing our overall market presence. Additionally, we have also incorporated a real estate investment trust, REIT to established small and medium REIT the substantial corpus of Rs.499 crores, which will further strengthen our investment capabilities and market reach.

Additionally, during this fast growth journey, we are more conscious about best in class governance accordingly, we have conducted an ESG gap audit to identify areas for improvement and appointed a dedicated ESG team to ensure compliances, beginning with establishment of highest level of governance, the G power of the ESG. We are actively implementing initiative to reduce greenhouse gas emissions by utilizing green power and establishing tools for effective electricity consumption control. With this brief, I thank you all and now I now open the forum for question-answer session. Moderator, please could you take over in this.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchstone telephone. If you wish to withdraw your cell from the question queue, you may press "*" and "2". Participants are requested to use handset while asking questions. The first question is from the line of Manav Jain from SP Capital. Please go ahead.

Manav Jain: So, my first question would be regarding the furniture segment. So, we were going to start the production from this year. So, could you give some light regarding that segment, and how would be the selling though would it be internally, or would we be selling to other people as well?

Management: Yes, thank you and welcome. Yes, regarding the furniture segment, I would like to update you all that, we are just slated to do the commercial trial during this month. In next week's time and the full-fledge production, the commercial product activity would start in the month of September, that is the coming month. With regards to, where would we selling our products, so, yes obviously, as you know or as you have observed, that all our businesses are quite integrated as well as standalone as we use. So, they are not dependent on our existing businesses. Yes, but our existing business would be an anchor client to them, for sure. So, as far as we are concerned, we are looking at right now two major segments, residential and commercial sector to focus on manufacturing the product for those sectors. So, in the commercial sectors obviously chairs and workstations, etc, the residential you have different types of loose furniture's which goes in for furnishing the residential premises. So, we will be doing both. We will be doing for external clients, we will also be tying up with large distributors, we will be appointing distributor across, we will also be attempting to do some sort of white labeling where there is a significant brand presence and significant underlying contract that we can secure. So, it would be an wholesome business, and it could be, one of that it will be like a standalone business in on its own. So, EFC is concerned, they will become one of its customer, not beyond that.

Manav Jain: Okay, got it. And what would be the top line that we are we would expect once the production starts during September?

Management: So, as you could see that this financial year would be, no will be operational only for six months and naturally, the first three months we would be appreciate that those are the months where there will be more trial and errors, because you are operating those machines for the first time, and you are trying to take the maximum benefit on the efficiency. So, we still believe that looking at the pipelines even the EFC has, we should be able to at least achieve more than about 50 to 75 crore easily during this financial year only, during the six months that we are talking about, which is a very conservative number to be very honest. Because, that is the kind of number I am just talking that even EFC can handle alone. So, forget about if I am able to kind of get any new businesses which my sales team, which is already operational and have already targeted meeting, few of the brands for white labeling business, and few of the large consumers for, in some of the consumers in the hotel industry, some of the consumers who are like a large distribution across so those orders are in the discussions, but on a conservative basis, we should definitely be in a position to achieve anything around 50 to 75 crore of turnover in the furniture manufacturing division this year.

Manav Jain: Okay, got it. Thank you for that. And regarding, we recently added two lakh square feet of space at different locations across India. So, what would be the space used for, are those seat additions, or they are new centers that could be built in the future?

Management: No, these are the centers where we have already either added the seats or are under development. So, what I mean to say is that, over about 300,000 square feet have been added during this quarter, and with that we have been able to develop about 7000 odd seats across seven different centers.

Manav Jain: Right, got it. So, my last question would be, are we maintaining the guidance for doubling the top line by FY25?

Management: Yes, we are all geared up to do so, that's the plan and that has been the overall and how the aggressive some of the actions that the companies are taking. We are completely geared up for that, and by end of this quarter we would be in a much better position to confirm that position. But yes, as of now we are 100% geared up to achieve that target.

Moderator: Thank you. The next question is from the line Pranav Shrimal from Pinc Wealth Advisories. Please go ahead.

Pranav Shrimal: I just had a couple of questions. So, one would be, we have almost projected that we are going to add around the new seats, by when will those new seats be operational, the 4000 seats that are under development?

Management: Sorry, your voice was coming. You said, how many seats, when will be operational, you said something, I didn't understand.

Pranav Shrimal: There are seats under development of around 4278 by when will these seats be operational?

Management: These seats would be already, and some of it will almost be already operational, or would be operational during the second quarter already.

Pranav Shrimal: Okay. So, majority of them will be operational by the end of Q2?

Management: Yes.

Pranav Shrimal: Okay, so revenue will start coming in from Q3 from around six months?

Management: Absolutely.

Pranav Shrimal: Got it. And second sir we have recently acquired the property in Pune. Just wanted to figure out is that also going to be one of the office spaces?

Management: Yes, absolutely that's the idea. Just that, instead of landlord, I will be in my own landlord. And, we will be operating only the managed office business from there, which is our core business. So, the property acquisition is just that, right now what we do is that, strategically if we are able to get a property at a price where practically, I am just replacing my rental with the EMI, then it kind of helps me to build assets alongside rather than keep paying to the landlord and then completely remain at their mercy at the end of the fifth year. So, that's the strategy which we are using, and depending upon the amount of exposure that our balance sheet permits we will definitely kind of take in, kind of an LRD structure on our balance sheet, and acquire these assets but, eventually use it only for our managed office operation.

Pranav Shrimal: Okay. So, was this property acquired through the REIT, or was it done through EFC alone?

Management: So, like I said that EFC acquisition would depend entirely upon, the debt equity ratio that we as an organizations are comfortable with, and obviously the standards that one is to follow. So, will not be acquiring all the property under EFC. With regards to the property acquisition under REIT is concerned. The idea behind using REIT as a structure is, it's a win-win proposition for both the investors in the REIT, the unit holders in the REIT, and for us, because what happens is the investors in the REIT would be able to generate a yield which is better than a standard leasing rate when it comes to the yield generation from managed office operations, correct. So, let's say, if you are just taking a property and leasing out to one customer, your standard lease rentals are around 7% maybe maximum, while if you consider it under a managed office operation, this can substantially be increased because, after paying the rent to the landlord, I am still making my money. So, as an EFC, I will be making my money in terms of the operation fee that I will be charging to the REIT. And the investors in the REIT will also be making more money than otherwise they would have invested in a commercial property for the rental yield. So, under REIT, we are trying to, acquire assets by raising capital under REIT, we will also be obviously sponsoring, we are the sponsor to the REIT. So, we will be putting our own money also, and we will invite contribution from other potential investors. And we will operate this, some of the properties under this structure, and we will be managing them, so we will be virtually controlling the operation of those properties also.

Pranav Shrimal: Got it sir. And, just one last question, under design and build space, we have received contracts worth 75 crore, it's including Co forge or excluding Co forge?

Management: So, Co forge contract was received last quarter. This quarter, the Co forge execution had taken place, this 75 crore is excluding Co forge contract.

Pranav Shrimal: And the realization will happen within this year, or will there be some overlap?

Management: Sorry, can you repeat again?

Pranav Shrimal: The 75 crore, will that be realized within this FY or will there be some overlap?

Management: No, it will get realized this quarter, but generally what happens, as you would appreciate, that each contract once the entire cycle of you really getting the contract, getting the documentations in place, and then the mobilization and the execution. The cycle generally spread over two quarters, depending upon the timing at which you have able to secure the contract. So, let's say if I secure contract for 75 crore in first quarter obviously, some of them have been concluded in the first quarter, and rest of them would get concluded in the second quarter.

Pranav Shrimal: Got it. And just one last one question, from which city are we seeing the maximum demand coming from or just we are still spread across evenly?

Management: You are talking on the DNB division, or the managed office business?

Pranav Shrimal: Managed office.

Management: Managed office, as you probably know the sector, then about nine cities in the country are the prominent cities, which is the standard NCR region, on the Southern side you have Bangalore, Hyderabad, Chennai. On the Western side you have obviously Gujarat, Ahmedabad, and then in the Maharashtra, you have Bombay, Pune. And on the Eastern you have Kolkata. So, these are obviously the major cities, some of the two tier cities are also coming up well, primarily because of certain specific developments happening on those cities and some specific types of customers occupying those areas in those cities, cities like Indore, cities like Coimbatore, cities like Chandigarh, they are all really coming up well, but as of now, looking at our overall portfolio and our overall presence, we still believe that for at least foreseeable future, will remain focused in these nine cities, while like I said, the cities like Ahmedabad, we never wanted to go alone, but our clients took us there. So, tomorrow, our client may took us to some other two tier cities. So, we are open to that proposition, depending upon the viability, but in terms of focus, our focus will remain on these nine cities.

Moderator: Thank you. Participants, in order to ensure that management is able to answer all the questions, please limit your questions to 2 per participant. I repeat, please limit your questions to 2 per participant. Thank you. The next question is from the line of Rahul Batlani from Reco Capital. Please go ahead.

Rahul Batlani: First question, the acquisition which we have done with Bigbox, how much will this contribute to our revenues and numbers?

Management: So, when we acquired Bigbox, the Bigbox was already doing around 2 crore a month of top line. So, that was the kind of top line they were already adding on a monthly basis. That's with about 2800, 2900 seats. Since our acquisition, they have already kind of added about 2000 more seats, because if this is a company which does lot of business where this search a client first, and then do the business back-to-back by identifying a property, so that gives lot of stability in terms of the cash flow that they will be able to generate and the occupancy level that they will be able to provide. So, that's really going to help us going forward and they do operate right now under small sized areas. When I say small size means 10,000, 15,000, 20,000 square feet of space that they take it on lease, and then accordingly they further sublease to the potential customers on managed office business. But the overall philosophy, the culture, are all matching and aligning with our group, and we are really expecting, and just to give you an idea, the total contracted remaining contract value of this contract that they have with 3000 seats is roughly around 86 crore. So, they are saying at the time of acquisition only, they had a remaining contract value of more than 86,000 crore. And with the new additions, it will certainly keep adding to our top lines and the bottom line as well.

Rahul Batlani: Sir and just a follow up to the same, what are the seat expansion targets you set for Bigbox and EFC together?

Management: So, we allow Bigbox to operate independently, and it's.

Rahul Batlani: Okay, that really helps. Just a second question and a final one. So, where are we on the REIT progress?

Management: So, we have already filed the application. There is a couple of round of. So, I was explaining about the status on the REIT. So, as I said that, the REIT application has been already filed with the SEBI, a round of discussion has already happened with the regulators, and they were really happy with the fact that we are the only one who is not from the fractional ownership platform. And they are really excited to, kind of extend their all support. And we are expecting that probably, by end of this month or beginning of September, we should get an approval for the registration of our REIT.

Rahul Batlani: All right, so just to quickly follow up on the same. Has there been any finalization on the yield which will be offered?

Management: You mean to say in terms of the properties that we are identified?

Rahul Batlani: No, in terms of the REIT like, what sort of returns can investors expect from REIT?

Management: So, in terms of returns yes, it will be, we have not really prepared the offer document, which is under preparation right now, but in about by end of this quarter, we should be ready with all those numbers. And it would certainly significantly differentiating, then a standardize product, which is what generally the main REITs are working at. So, it will certainly be better than them, but in terms of exact numbers, I will be able to tell you by the time the documents are completely ready.

Moderator: Thank you. The next question is from the line of Rishab Garg from Sancheti Family Office. Please go ahead.

Rishab Garg: So, I want to understand more on the five year vision, on the kind of business you would find want to build across your different segments, and possibly some kind of numbers relevant to each segment, like how big you would like to make them. And would want to know which new geography you would like to enter in future, and any more adjacencies or segments that you plan to enter into or think about that they are interesting?

Management: In terms of overall outlook going forward, Rishab we are looking at about and keep adding about 30 to 40,000 seats on the year-on-year basis, for next I would like to right now say, at least for three years that's the plan that management has already kind of put in place internally. And the way the managed office business and the flex office market is growing and the overall economy is also supporting the same, we are fairly confident that for next coming three years, we will be able to really keep adding the seats. You would appreciate that adding seat is a big challenge, the challenge is in terms of whether there is a demand efficiency available. And we are very confident that for the coming three years, that would be the scenario that we will be able to easily absorb more than 30,000, 40,000 seats, that we will be able to kind of put in place, and with the policies that we have, that we generally price our product at a reasonable level, anything between around Rs.6500 to Rs.8000, depending upon the area, locations, etc, that's the broad target with regards to the managed office business. With regards to, the DNB division and the furniture market. As far as the DNB division is concerned, we are very up with because, if you would appreciate, there are hardly any pan India players and organized players who have a capability to carry out such large contracts across India, single handedly, and the way the growth is happening, the kind of response that we are getting from large customers, we are very, very confident that, with the economy also supporting the real estate sector on the commercial leasing business side. We should be in a position to really achieve, or rather keep doubling our targets year-on-year. Then what we have achieved last year, which is a very conservative and realistic estimates that we can make looking at the kind of orders that we have in-hand and the orders in pipeline. With regards to the furniture manufacturing business, we are very confident that by end of 26 we should be crossing around 250 to 300 crore top line that is what is expected from that business and the unit that we have really set up right now. So, by FY26 we should be in a position to cross +300 crore of business on the furniture manufacturing side. In terms of geographical expansion, as I mentioned earlier, that our focus for next couple of years could remain the nine cities. Having said so, we are clearly aware about the new markets getting developed, new tier two cities getting developed. And we will be closely watching them. And we will definitely support our existing clients if they want to really move to those region and kind of asking us to kind of help them set up the infrastructure there. But in terms of our own direct focus, would definitely remain around these nine-city going forward in the coming three years' time. I hope I have kind of covered up all your questions in this.

Rishab Garg: Yes, actually one more question was there, any more adjacency like a segment that you are planning to enter into, which are related to your business, may be in the or maybe which you find interesting at the moment?

Management: As of now we are genuinely speaking, and very focused on opportunities on hand. And, we believe that this segment already we have kind of covered all the aspects of our core business that the managed office or the office leasing business. So, as of now, there is nothing that is on plan or nothing on card. We are in business, and it's a dynamic environment. Right. So, opportunities may throw up and we may consider them, but as of now there is no such plan please.

Rishab Garg: I also wanted to understand more on the inorganic growth, like when we have acquired one company right now. So, what is our view like, could we be acquiring more such similar kind of businesses across India and how do we evaluate these businesses, like any parameter linked to acquisition cost per seat, or how do we evaluate build or buy decisions for such businesses?

Management: Although very great questions, yes, inorganic growth is necessary for any organization like us who are growing well right now, and who has been able to generate sufficient internal accruals. So, yes, inorganic growth will be on card, and we will be looking at such opportunities where we could acquire and step in and play some strategic role while expanding our strength. So, in terms of when we get into acquiring such proper potential companies, we definitely won't like to give them in a situation of an exit. We would definitely like to associate with them to do, how do we really, associate in a level that we can really help them to grow further and how do we really, associate so that we are in a position to fuel their growth plan as well. So, it has to become a win-win situation. If I go into a pure vanilla acquisition deal, then my cash outflow and my acquisition costs would become too high, and that might not be a viable proposition considering, the current situation, the market, the industry is doing very good. And if I try to make a deal right now to acquire a business completely in which is doing fabulously well, and it is also growing at a very good space, then the acquisition cost is going to go very high. But, I have to look for such opportunities like Bigbox, who are at a reasonable scale and now looking at growing further, and that growth could be fueled by the kind of overall infrastructure that we have got. So, we have got, what do we really have to offer, we have to offer the D&B division which is fully functional, fully capable of handling any kind of contract that is to be executed in a very limited period of time. Secondly, we have our own furniture manufacturing business, so that can kind of offers them a very customized and timely basis and the price sensitive product to them. So, that takes a win-win proposition to them to us. And that's how we try to acquire such companies, not by going into pure play acquisition model, because that becomes, you end up paying certain multiples or certain number of sales multiples or EBITDA multiples. And that probably, for our doesn't work in our mindset, we are looking at a situation where we do strategic acquisition with some growth fueling exercise that we can do for the target companies.

Rishab Garg: If time is enough, I would like to ask one more question, like for the properties that we are trying to own, and then run it as a space. So, what is the kind of IRR or return on investment do you expect to make post, what is your leverage returns on that. What is the benchmark that beyond this you would like to do this?

Management: So, to be very honest, when we acquire a property, we could obviously like to have acquire it like I said, at lowest possible cost. Because, I don't want to get into an acquisition where the difference between my EMI and difference and my payment to and the rental around that is more than 1% or so, the arbitrage can't be more than that, because the moment I will get into a higher arbitrage, then that acquisition is not efficient for me. So, what you are looking at is, below 7% kind of an yield, kind of a property that I would like to identify and acquire. And, kind of size that we are looking at and the opportunities are there in the market. All the parts, acquisitions that we have done are all on the similar lines and on the philosophy.

Rishab Garg: Alright. For the furniture that we have, the backward integration has any other player also done that, and what are the kind of entry barrier like for another office space to actually also backward integrate to furniture, what are your views on that just broad views?

Management: So, with regards whether anybody else has done that, to our best of our knowledge, we are not really sure that anybody has done that. And, we are basically, we are one of the few, the only one that did like that. So, we are operating as data as a service provider. And this integrated solutions, I doubt that anybody else is providing number one. Number two, with regards to the overall furniture business is concerned, we will be able to expand into all the different categories that we are focusing on, and any other follow up questions you have on the furniture business.

Rishab Garg: Yes, I just want to understand, how hard is it for another player to actually start doing this backward integration for furniture, some qualitative insights on that?

Management: It is difficult, it's not an exercise that one can just simply think of and just have access to capital so then you can just simply put it and you are able to manage it because you could understand that, that's how the manufacturing sector and the service sectors are different. But fortunately, we have got a team of people, we have got experienced management. Our promoters have also historic experience of doing the, having understand the manufacturing sector. So, it is not easy for sure, you got to have the right blend of team. And obviously the right type of opportunities is on card available which enables you to kind of get into this expansion into the furniture manufacturer.

Rishab Garg: Excellent excellent. Thank you so much Sir for the valuable insights. Really appreciate it. Thank you.

Moderator: Thank you. The next question is from the line of Darshan Jhaveri from Crown Capital. Please go ahead.

Darshan Jhaveri: Hello Good evening Sir, thank you so much for taking my question. Firstly congratulations on great set of results Sir. So, just like one clarification, if I heard it correctly, we are trying to double our top line by FY25, did I hear that correctly sir?

Management: Yes, that's the endeavor, and that is the target that we have kept it for ourselves.

Darshan Jhaveri: That's great to hear sir. So, just two questions, one like now, when we add furniture to our this, so what kind of EBITDA margins we would be getting in that business, and what would be like a blended EBITDA for when we do all three combined, or any good margin differential in all three businesses, what would that be?

Management: So, in the furniture vertical, the EBITDA margins are typically around 40% obviously, it will take about six months for us to achieve that efficiency. But then standard thumb rule, as I said, in the furniture industry is about 40% and that's what our costings are also looking at, and the kind of market price that we can understand based on the preliminary feasibility that we have carried out. With regards to the blended margin is concerned, on a managed office business we do about an EBITDA about 30% on a site level and on the DNB division, we do an EBITDA of about 15% to 17% or have a little more about 17% to 19% on an EBITDA level, 14% to 15% on a PAT level. So, on a blended level, it will still remain around 30% on an EBITDA. These are the EBITDA, I am talking on an Indian GAAP Accounting Standard, not as per the reported which is Ind AS where the EBITDAs are generally higher. But if you look at on a business side, on a cash flow level. The cash flow level EBITDA blended would be around the 30%.

Darshan Jhaveri: Okay, fair. So, what would be the differential between reported and Indian GAAP. Or maybe could you just talk about PAT numbers, because that would be much more easier?

Management: That's what I said, I am kind of telling you about a number that is something which would be subject to tax, which is 30% EBITDA my top line, reported EBITDA, reported numbers like I said, it's a little different situation because of the way the Ind AS accounting standard operates. We have to consider the different creation of that right of use of assets, etc and then amortizing them so that the rent expenses are rather than debited to the, before EBITDA it gets debited post EBITDA. And hence the EBITDA level increases, but the PAT level decreases.

Darshan Jhaveri: Got it sir. And sir just like now we are talking about a three year plan where we are adding so many around 30,000 seats a year and everything. So, what would be our vision for the next three years, overall basis like our revenue growth because, we are talking a very strong number even in furniture manufacturing, as well as our DNB division. So, could we like in the next three years what would be our internal target to reach in terms of revenue?

Management: So, as I have explained internally we are looking at adding around 30,000 to 35,000 seats, at a rate of let's say about Rs.7000 to Rs.7500 on an average basis. On the managed office business, over the three years' time we should be in a position from around 50 to 75 crores to 300 crores of turnover that we will be able to achieve in the furniture manufacturing business. And on the DNB division we are absolutely confident that from the +100 crore, that is 113 crore that we achieve in FY24 we should easily be able to double it year-on-year. Because the way the responses and the contract that we are in, securing and the businesses are getting generated, we are absolutely confident. So, you can appreciate this is the broad guideline that I can provide, and this is the kind of numbers that we are really targeting at.

Darshan Jhaveri: That's great to hear, that's very great to hear. Sir just one last final question, so just maybe it's two part of question. So, just like with such a great opportunity for growth will there be, very intense competitive with other players coming in and what kind of risks that you could see in our market?

Management: So, in terms of competition, the market is open yes, marketing is gearing up. People are, focusing on this segment. But as you can see, there are handful of people who have a pan India presence and who are really have established themselves as managed office players, or somebody who is into the operation model. So, while this business has no entry barrier, but to get to that efficiency level at which everybody like us is operating, that's not going to be very easy for every new entrant and also to become a significant player. That's not an easy task that you can achieve it over next one, two years. So, you would appreciate that we have reached to this scale, this size, this efficiency, with over 10 years of experience in this business. So, it is, while it is easy to say there is no entry barrier but to achieve such efficiencies and to enable yourself to make continuous profitable business, it is a challenge that one has to go through, and we are very cognizant of the fact that the overall risk, which one can really foresee is the risk related to the overall downturn in the economy because otherwise if you see, the way the real estate sector is growing and way the business sectors are growing in terms of demand for leasing office, office leasing sector is continuously increasing only, and the way that projections are, we are very confident that, at least for three years that we are talking there isn't likely any downturn which is expected, bearing some force majuere event which nobody can really estimate. We are very confident that we should be able to **sail** through these three years confidently, and on a growing trend only.

Moderator: Participants, in order to ensure that management is able to answer all the questions, please limit your questions to 2 per participant. I repeat, please limit your questions to 2 per participant. Thank you. The next question is from the line of Bhagtej Ojha from Vyom Wealth Advisors. Please go ahead.

Bhagtej Ojha: Good evening Sir, congratulations for the good quarter. So, my question is, in the last concalls and the management commentary you have been mentioning that you are having competitive cost advantage when it comes to your company with your peers, so in order to because of that, you are gaining more advantage. So, my question is, are we getting this cost advantage from TCC Concept because our promoters are holding a majority of stake in TCC concepts. So, are we getting managed offices, spaces at a reasonable rent from TCC Concepts, that's what I wanted to know.

Management: So, TCC Concepts is an independent company which is not kind of having any business connections with the EFC (I) Limited and there is nothing that we are deriving from them in terms of which adds to my cost competitiveness. What adds to my cost efficiency is the integrated vertical that EFC (I) Limited has developed under the three verticals that it has developed, which is, as you know my furniture manufacturing, my DNB division, and the managed office. So, that is where we really control our costs. We bring our efficiencies and maximize our profitability.

Bhagtej Ojha: Okay. So, I was going through my annual reports of TCC Concepts of FY23, so there were some related party transitions where EFCs name was mentioned, and the amount was around 2.5 crore or 250 crores, if I am missing any amount, but can you please explain what those transitions were?

Management: I would not, it's absolutely fine when those transactions are arm's length transactions, and if there is any connection, but that has nothing to do with the business of growth of this company, and we will be able to address those things in the TCC conference call. But right now, as I am saying, that there is no connection from a business side, that it is during my growth, or enabling me to achieve any efficiency on the cost, etcetera from that company is concerned.

Bhagtej Ojha: Okay. And sir my last question is for TCC only.

Management: If you don't mind we can rather focus on EFC (I) Limited at this point of time, with the lack of time, then getting into the other company, please.

Bhagtej Ojha: Yes, absolutely. But the promoters are the same. So, that's the reason I wanted to know a bit about TCC.

Management: It is regarding this particular company, that is why I am requesting you sir, that if we can focus on this, then because of the lack of time, we can focus on EFC India's result please.

Moderator: Thank you so much. The next question is from the line of Nirmal Murarka from VT Capital. Please go ahead.

Nirmal Murarka: My question was regarding the rental income. So, it has been flattish Q-on-Q despite increase of 5000 seats in build mail seats. So, what explains this, if you could please clarify on that?

Management: Yes, so there is an increment in seats during the quarter, obviously and that's what every quarter we plan to. But generally, as you can appreciate, and if you see our last year's trend, the quarter one and quarter two are the quarters where we do maximum of development. And, that is where the number of seats are getting built up and then they are coming up for occupation. So, during the third and the fourth quarter, where you see the maximum occupations in terms of the number of seats which have come up and developed during these two quarters, and then the revenue and the profitability accordingly shoots up. So, that is the kind of trend that generally that we follow in our business, in this particular managed office business. So, if you would compare it with the last four quarters, you will realize that, on a quarter-on-quarter we will be increasing, and on an average if you see, every quarter we will be adding about 3000 to 4000 seats on a billable seat, but in terms of capacity, it would be more. And that's how there will be little lag between the income and the expenses, which will happen on a quarter-on-quarter basis, but on an average basis, you will achieve, you will see that we will have a average profitability across all the quarters matching up totally at an average about 15% to 16% on an annual basis.

Nirmal Murarka: Actually, sir I wanted to know from the revenue side, if you are increasing seats, so why is the revenue Q-on-Q, that was my question actually.

Management: That's what I was trying to explain, that during the first quarter, the seats and the developments are more there, though all the seats which are getting developed they might not get occupied immediately, because there is a lag between the development and the occupation, correct. So, let's say if the seats are getting developed. They will come up for occupation, they will start getting billed on a particular date, but it will not be built for the entire quarter. You appreciate, because let us say I am hypothetically, I am saying that.

Nirmal Murarka: No, I got that. But if you have added 5000 seats in this quarter. So, have those not yet got occupied, or what is that split if you could?

Management: So, they are occupied, but like I said that, let's say like I am saying that the most of the seats would get occupied during the month of June. So, obviously incremental revenue would come because, there are the earlier months we will do the developmental work, and it will get occupied during the month of, let's say in the later half of May and the earlier half of June. So, the additions would see on the revenue side would start increasing from June onwards. so the overall quarter impact would not come in that particular quarter and generally, the way we work, sir is that, the fourth quarter of any financial year is the year in which we kind of developed and identify potential properties that we want to acquire on a lease whole terms over the coming financial year, and then we kind of get into, acquiring those leasehold rights, starting from the last quarter of a particular financial year and beginning of the next financial year. And then, according to the developmental cycle happens, and the third and the fourth quarter is the quarters where my revenue starts picking up, kicking in more while, on the other hand, because the developments are going on, certain fixed expenses, certain standard developmental expenses, keep getting debited to the P&L. So, there will be a revenue mismatch, to that extent, there will be you see that the revenues are not increasing vis-a-vis the expenses are concerned, and so and so forth. But on an average, once you look at a particular financial year between the initial two quarters and the later two quarters, the average numbers would give an overall sense of the performance of the company.

Nirmal Murarka: Okay. And sir related to this, your assets and your rental income there is a segment called assets. So, why has it fallen from 9 crores to 1 crore Y-o-Y?

Management: So, what we were also very active on is that there were certain, transactions where we were contracted where we were just, providing the furniture fiction and also the managed office services where the space was not something that we were acquiring, we were taking on the lease from the landlord, but only the furniture were provided to a particular customer on the space which they owned, and then we provide them the managed office services also. So, that is the asset leasing business, what we are talking about. But, in that business what happens is that the controls are limited, as we have seen and observed over the period. So, we are trying to reduce our operations because there is too much of demand on the space leasing side. And our ability to focus on the asset leasing business is getting limited and obviously, as I explained the control aspects, so we are kind of reducing those exposure and rather also focusing more and more towards the space rental businesses.

Nirmal Murarka: So, my final question would be, what is your guidance on the rental income, for the full year?

Management: We are fairly confident that for the full year we will be crossing around, right now as I said, that we are already at 47,000 seats. By the end of this financial year we will easily be around 65,000 to 70,000 plus kind of seats. And on an average if you have to sustain that, what would be the average occupied seat during the entire year, if you do an annualized average, we are confident that we should be able to have around 50,000, 55,000 seats on an annualized basis at an average rental of about Rs.7000 per seat kind of a thing. So, we are looking at more upwards of 350 crores on the top line that we will be able to project for this financial year.

Moderator: Thank you. Ladies and gentlemen, due to time constraint we will take this as the last question. I now hand the conference over to Mr. Nikhil Bhuta, Whole Time Director of EFC (I) Limited for closing comments.

Nikhil Bhuta: First of all, thank you very much for showing so much of faith and interest in our company and coming out in such large capacity to support us and encourage us. So, we thank you all for joining today's call. We appreciate your continued support and engagement with EFC (I) Limited. As we move forward, we remain committed to driving growth and deliverable value to our shareholders and all the participants to the overall ecosystem. Should you have any further questions, please don't hesitate to reach out to us or to our agency, and we wish you a great weekend and great quarter coming. I am extremely sorry that we are not able to attend to the calls for each of the participants, but due to the time constraint we will have to shorten this call at this point of time and put an end to this call. Thank you so much, moderator, please.

Moderator: Thank you Sir. Ladies and gentlemen, on behalf of EFC (I) Limited, that concludes today's session. If there are any questions that have remained unanswered due to paucity of time, request you to kindly send us on the same to compliance@efclimited.in. And also, you can connect with Fortuna PR for the same. Thank you for your participation. You may now disconnect your lines. Thank you.