“Puravankara Limited
Q3 FY2021 Results Conference Call”

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MANAGEMENT: **MR. ASHISH PURAVANKARA - MANAGING DIRECTOR - PURAVANKARA LIMITED**
MR. VISHNU MURTHY - SENIOR VICE PRESIDENT (RISK & CONTROL) - PURAVANKARA LIMITED
MR. NEERAJ GAUTAM - VICE PRESIDENT (FINANCE) - PURAVANKARA LIMITED
MR. ABHISHEK KAPOOR - CHIEF OPERATING OFFICER - PURAVANKARA LIMITED

ANALYST: **MR. AMAR KEDIA - EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, welcome to the Q3 FY2021 results call of Puravankara Limited hosted by Emkay Global Financial Services. We have with us today Mr. Ashish Puravankara, Managing Director, Mr. Vishnu Murthy, Senior Vice President Risk and Control, Mr. Abhishek Kapoor, Chief Operating Officer and Mr. Neeraj Gautam, Vice President, Finance. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. 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 would now like to hand the conference over to Mr. Amar Kedia of Emkay Global. Thank you and over to you Sir!

Amar Kedia: Good evening everyone. I would like to welcome the management and thank them for this opportunity. I shall now hand over the call to the management Mr. Neeraj Gautam, Vice President, Finance for the opening remarks. Over to you Sir!

Neeraj Gautam: Thank you Amar. Good evening and warm welcome to all of you. Thank you for joining us for Puravankara Limited's third quarter FY2021 conference call. My name is Neeraj Gautam; I am Vice President Finance of Puravankara Limited. The quarter presentation and financial results ended December 31, 2020 has been uploaded on the stock exchange. I will start with a brief update on the business and highlights of the quarter following that my colleagues and I would be delighted to answer any questions you may have and take suggestions you would like to give us. We noticed a turnaround in sentiment towards real estate sector across India during this quarter. Economic activities seem to be coming on track and the effects of COVID appears to be receding. The rollout of vaccines gives further hope for the betterment of the economy and real estate sector. The worst of the pandemic is now behind us. The improvement of economic activities combined with increased desire to pursue home loans due to pandemic leaves us optimistic over the years ahead for the real estate sector. Home loans at effective interest rate had further contributing to the momentum. The Government of India has delivered a growth oriented budget 2021 with the trust on infrastructure sector, which will also benefit the real estate sector. Extension of benefits for affordable housing for developers and customers by one year shows intent of the government for development of real estate sector.

Coming to operational performance. The signs of recovery, which became visible in Q2 FY2021 further kicked up momentum during the last quarter. We have received a booking of 0.91 million square feet, up by 41% Y-o-Y. On a year-to-date basis, we have achieved sales of 2.42 million square feet up by 13% Y-o-Y despite a much weaker Q1 FY2021 indicating the strong rebound in the sector. Sales value during Q3 FY2021 jumped by 42% to Rs.570 Crores compared to Rs.402 Crores in the previous year, on the year-to-date basis.

Sales revenue increased by 9% year-on-year to Rs.1,449 Crores compared to Rs.1,334 Crores during the previous year.

Coming to the financial performance for the quarter, consolidated revenue was Rs.304 Crores compared to Rs.220 Crores in the previous quarter implying a quarter-on-quarter growth of 38%, EBITDA for the quarter was Rs.116 Crores compared to Rs.81 Crores, up by 44% on quarter-on-quarter basis, EBITDA margin improved by 100 basis points on a quarter-on-quarter basis to 38.1%. We posted profit after tax for the quarter of Rs.12.75 Crores during the quarter compared to loss of Rs.10 Crores during the previous quarter. We continued to generate operating surplus after interest and taxes. Operating surplus for the quarter was Rs.122 Crores. Q3 FY2021 has been a remarkable improvement in collection. Customer collection for the period was at Rs.355 Crores compared to Rs.241 Crores in the previous quarter, a growth of 47%. We have reached our pre-Covid collection level.

For the nine months ended December 31, 2020, our consolidated revenue was Rs.714 Crores and EBITDA was Rs.263 Crores. Operating surplus stood at Rs.181 Crores for the nine months. On an overall basis, we saw an increase in interest among home buyers looking for larger homes, better amenities and projects that are well designed driving consumers to consider Puravankara and Provident, both well known to offer these features. The company continued to meet all its obligations to its various stakeholders comfortably, and we remain well capitalized and optimistic about the coming quarters.

Moving to our launch strategy, we continued to remain committed to our plans and currently have eight projects spread over 8.7 million square feet across premium and affordable housing categories. Of the eight projects, four are in the Puravankara brand and four under the Provident brand. During the quarter, we entered into a partnership with IFC, a member of the World Bank Group, specifically the IFC Emerging Asia Fund (EAF), wherein they will invest $76 million in special purpose vehicles setup by the Puravankara Group. Out of this, we have already received an investment of $41 million during the quarter for our two affordable housing projects, one at Bengaluru and one at Kochi; we could use the remaining funds for developing affordable housing projects and brand Provident. We are fully poised to capture the upcoming recovery in the real estate sector by offering diverse, high-quality options catering to various buyer segments. With this, we will open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Natasha Arora from KVS Financial Services. Please go ahead.

Natasha Arora: Good evening gentlemen and congratulations on a good set of numbers. I just wanted to know if you can give some colour on how the recovery has been in the various segments and if you can talk about how are we looking at the commercial business and how has the recovery been in residential on both affordable and the luxury parts?

Ashish Puravankara: On the residential bit I think the recovery has been greater than what we expected. This quarter, we have done 0.91 million square foot as against the previous quarter which was 0.65. We have seen traction in both under our Provident brand, which is the premium affordable as well as the Puravankara. This quarter, Puravankara's contribution has been a lot more than Provident and that is mainly because in Provident, the number of projects have come down, so now we are lining up new launches for it, so the residential recovery across both the brands across cities like Bengaluru, Chennai and Pune have done well. On the commercial bit, as of now, we have projects under development, and the one that we have already completed and leased out, rent collections have been strong, there is no issue so far.

Natasha Arora: If you can talk about the construction activities, are we facing any kind of labour issues on ground and are you experiencing any kind of cost increases?

Ashish Puravankara: As of now there is no issue in terms of labour, we are almost back to I would say 85%, 90% of pre-COVID strength and my view is that in the next month or so we should be back to 100%. On the cost increases, I think there were slight cost increases on account of commodities, but I think this is very temporary in nature and I think these prices should stabilize specifically in terms of steel and cement, not so much on the labour front.

Natasha Arora: There was news article published of the land transaction that happened with Godrej, so can you give some more insight on that?

Neeraj Gautam: Right now we are in an exclusivity non-disclosure period, so would not be able to divulge any information on that.

Natasha Arora: Thank you so much Sir. For any followup I will join the queue again. Thank you.

Moderator: Thank you. The next question is from the line of Anush Balvani from AB Capital Advisors. Please go ahead.

Anush Balvani: Good evening Sir. I just want to understand how has been the recovery in the real estate market and how is the situation considering the pre-COVID levels now?

Ashish Puravankara: In terms of sales, the recovery has been very good. Like we mentioned earlier, this past quarter we have done 0.91 million square foot as against 0.65 million square foot the previous quarter, this is all from sustainable under construction projects, there has been no launches in this quarter in that sense I think it has been a great recovery. In terms of collections we are back to almost 90%, 95% of pre-COVID and in the next month or so even collections should streamline. Again, as I mentioned earlier even the site activity we are back to 85%-90% and it is a matter of another month or so where we should be back to 100%.

Anush Balvani: Do you think it is the trend lot of people actually having more interest in the real estate currently cyclical in nature or do you think this will continue and grow much more higher in the future period?

Ashish Puravankara: We are confident that this demand will continue for various reasons, one is lot of the fence-sitters who are wondering if ownership is the way to go through this pandemic have understood the value of and the security of owning their own home. Secondly, the consolidation in the industry, thirdly the number of launches active developers and launches because consolidation has come down, so we think the huge polarization that is happening towards the stronger brands who are showing execution at site, coupled with interest rate being at the lowest, so we strongly believe that we should see strong demand over the next year or so.

Anush Balvani: Just one more thing, the growth that the Puravankara is currently having is apart from the demand from the customers, are there any other activities that you are doing like more increased promotion activities or discounting the charges, any sort of things you are doing?

Ashish Puravankara: On the discounting bit, I would say no discounts. In fact, in November we increased prices, January end we again increased prices, November was almost 3% to 5% increase in prices depending on the stage of the project, so therefore no discounts. In terms of marketing activities, in fact, our costs have come down because we are focussing more on digital which is giving us better result, it is helping us track in terms of efficiency, so cost of marketing has in fact come down whereas the productivity and output has gone up.

Anush Balvani: What is advertisement and marketing cost expense as a percentage of revenue for nine months?

Ashish Puravankara: On a consolidated level, should be about 3.6%.

Anush Balvani: What kind of percent do you expect to maintain considering the situation normalizes?

Ashish Puravankara: Typically if you go back into the previous years, again I think it is more from the choice of media that was being used for launches and advertising, which is more press, newspapers and hoardings we used to end up in the range of 5% to 6%. We had targeted 4% for this year which now like I said we are at 3.6%, we hope to maintain this number going forward.

Anush Balvani: Just one last thing you said that the collections have been very good this quarter and you would increase further, so any bad debt that you have faced last quarter or payment from the customer?

Ashish Puravankara: No, the point is if you have seen the collections go up basically customers now coming forward and getting their delayed payments back on line, we did face request from customers in the month of June, July, August where they had requested for moratorium, extensions, this delay by one, two months, but now that is not happening, so I think all payments are coming back on line. There is absolutely no concept of bad debt for us, end of the day if there is a default in terms of payment we will try our best to get that sale back on line, worst case we cancel that unit and we resell it, so there is no issue of bad debt at all for Puravankara.

Anush Balvani: Thank you.

Moderator: Thank you. The next question is from the line of Vaibhav Kacholia from VK Capital. Please go ahead.

Vaibhav Kacholia: Good evening. Thanks for the opportunity. My first question was what kind of sales growth do we see in Bengaluru as a market for the next year let us say for calendar 2021 or FY2022 in terms of unit sales of apartments for the entire city may be?

Ashish Puravankara: Even though we have RERA and RERA collects some data here and there, I think we are still a very fragmented market. IPCs have made an attempt at collating some numbers, but every IPC gives a very different number, but if I have to average those numbers out, Bengaluru used to be a city that used to average between 75000 to about 80000 units annually. Here I think the market share of the top five, seven brands out of this would be in the range of may be 20000, 25000 units at max, these are including launches. Today, even if that market had come down to about 65000 units, what we have experienced now is that the branded players have seen their market shares go up on account of consolidation and on account of construction stopping with the Tier-2, Tier-3 developers, etc., so we are seeing that huge polarization of sales that is happening, so I strongly believe that once we used to sell 20000, 25000 units I think our market share will start hitting 30000, 35000 amongst the top 7, 10 developers.

Vaibhav Kacholia: Fantastic, got that. My question was 65000 this year or last year whatever, where do we see it going forward over the next one or two years?

Ashish Puravankara: In terms of demand we should easily see a 10% rise again I say that more so from Bengaluru as a city we have seen the rate of urbanization that is happening, software what we have been hearing and what is in the press I think companies are now back to hiring, which will end of the day result in a demand for housing, so I think 10% should be a reasonable number to expect.

Vaibhav Kacholia: We do not see like Mumbai, we have seen much higher growth like January numbers are also very strong, so Bengaluru like 20%, 30%, and 40% as yet is not visible right?

Ashish Puravankara: Are you talking of registrations?

Vaibhav Kacholia: Registrations.

Ashish Puravankara: You cannot track by registrations specifically when a government has a temporary plan to say register within the next three months you pay some 15% discount in stamp duty. You will see a lot of fence-sitters there jump into take advantage of reduced stamp duty, which is only temporary. I am talking more of a genuine, how many transactions not registrations per se but only transactions and what is going to be the annual demand in a city, I do not think even Mumbai will be growing in terms of total demand year-on-year.

Abhishek Kapoor: Just to add that more and more consolidation will happen towards standard players, so you will see much higher percentage of market share coming and which is why you might be seeing hyperactivity in the branded players in Mumbai and the same applies in Bengaluru. As Ashish said, the total market share for the top branded developers is going up and that is where you see a lot of demand consolidating.

Vaibhav Kacholia: I wanted to know Sir is there any chance like Bengaluru can hit one lakh units over the next two, three, four years or maybe unlikely here as of now?

Ashish Puravankara: I think very likely.

Vaibhav Kacholia: But we said that 10% growth we are seeing, so 65 will become 70 something right?

Ashish Puravankara: Correct, if we say over the next three to four years I think the number can touch one lakh.

Vaibhav Kacholia: Okay, got that. My second question was is there something which we can do to expedite the speed at which we launch projects like for example Chembur, we have taken that line long back and our competitors have also taken lands at similar times and launched their projects and sold their projects much quicker, so is the management thinking of doing something to increase the speed of launches from acquisition, because otherwise that leads to lot of money getting stuck and interest payment?

Ashish Puravankara: You are right I think that is also going to be one of our focus points. I think Chembur that delay has only helped us in terms of getting the benefit of the reduced, premium charges that has come in has benefitted us, so to that extent I think we were protected, the point is well taken and our focus is to ensure that we turnaround projects within six months of acquisition.

Vaibhav Kacholia: Okay and Sir what kind of launches are we planning in this quarter March and maybe the next quarter?

Ashish Puravankara: We have a total launch pipeline over the next 10 to 12 months, we had listed that out in detail budget wise, on page 14 of our ICP and it is a total of eight projects totaling about 8.66 million square feet.

Vaibhav Kacholia: I was asking for this quarter and next quarter may be?

Ashish Puravankara: We have listed out the quarter results. We have given an indication of the launch.

Vaibhav Kacholia: Thank you so much.

Moderator: Thank you. The next question is from the line of Seema Agrawal from GK Advisor. Please go ahead.

Seema Agrawal: Thanks for the opportunity. Sir, I just wanted to check on the pricing side, since we are seeing an increase in sales, are we giving any discounts, can you throw some light on the pricing trends currently in the market that you see?

Ashish Puravankara: We have not given any discounts in fact like I mentioned earlier November we took the prices up 3% to 5% depending on the product in the stage of construction. We believe that the spurt of demand that we are seeing is more on account of consolidation and polarization that has been experienced by the top brands who are showing execution at site, number of launches also in the cities have come down, so to that extent we are seeing the demand rise, but it is definitely not on account of any discounts.

Seema Agrawal: On the commercial side I just wanted to check like you see a lot of corporates now returning to work from office spaces, with that this is your change in our strategy on that front?

Ashish Puravankara: Right now I think it is a little too early to comment, various companies are making statements of work from home, etc, will that last, we believe that end of the day people need to come to work, you need collaboration, but the design of working spaces may change from desk to more collaborative spaces, but even if you work from home I hope your companies provide flexibilities I think the demand will not come down more than nearly 10%, 15% over the next three to four years and our project specifically are all CBD city center properties, these are not large 2 million, 3 million FEZ or campuses on the outskirt of the city, so considering that we have limited supply in the CBD I think this should be okay.

Seema Agrawal: One last question on the collections like last two quarters it is very happy to see the improvement in collection, but can you throw some light on that, how do you see the trend on that front?

Ashish Puravankara: We believe that as we have seen it already our collection numbers have improved, we are getting to pre-COVID levels already and with the new launches that are planned our view is that we will continue to see that traction, we had collected Rs.355 Crores for the quarter, which is obviously much higher than the previous quarter wherein we collected about Rs.245 Crores, so we are seeing that growth on a constant basis and we believe that this will continue.

Seema Agrawal: Thank you. I will come back in the queue for any further questions.

Moderator: Thank you. The next question is from the line of Rajesh Kumar from Thakur Securities. Please go ahead.

Rajesh Kumar: Good afternoon Sir and congratulations for excellent set of results. I wanted to ask you on a general strategy question like we have seen that the Provident projects were the focus area for the group and given need for more space driven by work from home, so how do you see this panning out, so will your new launch pipeline will be more tilted towards your lower housing while we in the recent presentation saw that it is evenly distributed among Puravankara and Provident?

Ashish Puravankara: While the number of projects are evenly distributed if you see the square footage of the projects that are being launched Provident is about 7 million square foot of 8.6 million square foot that we are planing to launch, so therefore Provident continues to be our area of focus and we will continue to launch larger products there.

Rajesh Kumar: My next question was on the financials, Sir I wanted to understand what is your plan for the debt reduction in this quarter or in FY2022?

Neeraj Gautam: This quarter if you look at we have reduced debt by Rs.221 Crores and next financial year we have a scheduled repayment of another Rs.475 Crores, so we will be reducing debt next year by not less than Rs.450 Crores despite funding requirement for new launches but will be range of Rs.2300 Crores to Rs.2400 Crores debt.

Rajesh Kumar: Just in a kind of guidance like what kind of debt numbers you are looking at debt to EBITDA ratio or debt to equity ratio, which you would like to expect to maintain in the next two, three years?

Neeraj Gautam: We do not specifically give guidance for debt equity ratio; however, our endeavour would be maintain to our debt equity ratio of one over the next two to three years.

Rajesh Kumar: My another question is land purchase cost, so we have seen that there has been wide variations in the land purchase cost, which is difficult to calculate what should be the profit of this quarter because we have seen in this quarter we had in Q2 you had Rs.70 Crores cost while this quarter we had Rs.191 Crores, while in the previous year it was only Rs.7 Crores so because of these wide fluctuations it becomes difficult to project what kind of profits will come, so if you can throw any kind of a guidance like rather in the quarterly basis or annual basis how should we look into it and what kind of like so that we can project the models?

Neeraj Gautam: I am assuming you are asking question from the profit and loss account?

Rajesh Kumar: Yes, because suddenly because of the fluctuation in your land cost so it is the P&L, so it becomes difficult to make projection of the P&L on quarter-to-quarter basis?

Neeraj Gautam: If you look at our P&L, P&L has been prepared on the basis of Ind-AS 115, beside if you look at this quarter Q3 as against Rs.190 Crores land cost there is a reduction of inventory by Rs.200 Crores, you see minus Rs.200 Crores figure, but what essentially happens in the Ind-AS accounting and on matching the cost of sales. My topline reflects the units for which revenue recognized and my cost reflects only the cost for those units, land number appeared in the P&L is nearly representation of the kind of money we spend for acquiring land in a particular quarter.

Rajesh Kumar: Okay and what is the company outlook going forward on the purchases or will you be able looking for outright purchase or you try to avoid that?

Ashish Puravankara: The target for us is to continue to look at both options where we see value, we are looking at acquisition and ownership of land, which obviously gives us very, very strong margins, at the same time we have an asset light model, which is in place wherein we are looking at JV and they continue to be also our expansion plan in some of the markets, so we continued to have a business pipeline of projects coming our way and in the current market we are quite optimistic about acquiring new assets.

Rajesh Kumar: Thank you Sir. I will join again on the call.

Moderator: Thank you. The next question is from the line of Monika Arora from Sharegiants Wealth Advisors. Please go ahead.

Monika Arora: Good evening Sir. Thank you for giving me this opportunity. My question is related to the raw material cost, we have seen that the raw material cost like steel and cement has been rising, so how you see these prices going forward and are they going to impact your margins, so how are you going to manage that?

Ashish Puravankara: One is I do not believe that this increase in commodity prices will last for long I think they are temporary and we have seen that through cycles every two, three years you see the prices misbehave, but then in a matter of couple of months they all come back to whatever sustainable levels. Having said that what we have done so one of the reasons that we took prices up in November like I mentioned earlier, 3% to 5% across projects depending on the location and stage of construction was to protect the margins rather from the commodity increases, again January end we did another small price increase across projects to create that necessity buffer if required against these commodity price fluctuations.

Monika Arora: My second question is what is your update on the commercial real estate strategy because as we have seen Puravankara is a very good residential player and now because of this COVID pandemic most of the people are working from home, so what would be your commercial strategy going forward?

Ashish Puravankara: Our focus obviously continues to be residential where 90%, 95% of our current portfolio is residential, in a year or two from now we will see that come down only by may be 5%, so about 85% continued to be residential, 15% commercial is land already owned by the company right, even there we are trying to mitigate where we only hold onto few key probably important assets the rest we will exit in terms of maybe forward sale of a built asset and try to monetize those assets, but this work from home I believe is a very temporary phenomenon I do not know how sustainable it is for a long period of time, it takes one market leader in the software space to turn the strategy around and understand how it is negatively affecting productivity and then I think it is a herd mentality and everyone will come back to office.

Monika Arora: I have one more question, which is related to the interest cost, if we see the company interest cost has risen, if we see the nine month revenue it is Rs.714 Crores and interest cost is around Rs.260 Crores, so it is very much cost on the profit and loss of the company, so can you help me with that is there a possibility of reducing these interest costs going forward?

Neeraj Gautam: This interest cost is slightly higher because few loans we have taken for acquiring good land parcels during Q1 and Q2; however, going forward as I mentioned we have reduced our loans by Rs.221 Crores last quarter and next financial year we are going to repay the loan by another Rs.425 Crores and this will reduce our interest cost on overall basis.

Ashish Puravankara: Also just to share with you as we launch projects and start monetizing our assets where we are putting investments and the topline grows you will see the percentage of number come down significantly, so while your point is right you will see a lot of difference in the next financial year as the project gets launched and go into market and we will start seeing higher topline.

Neeraj Gautam: Great Sir that is really positive to hear that from you and Sir one more thing we had seen in the COVID time lot of immigrants had moved to their native places, so are you seeing now also some labour issues on ground because real estate is at the end of the day very labour intensive industry, so can you give me some colour on that and also on the cost part like how is the cost of labour panned out due to COVID?

Ashish Puravankara: As far as labour strengths are concerned we have stated earlier we are back to almost pre-COVID levels we are at about 85%, 90%, I think in a matter of another month or two we should be back to 100% labour strength across all sites, we have not seen any significant increase in terms of the labour costs, so we have managed to keep that in control.

Neeraj Gautam: Thank you so much Sir.

Moderator: Thank you. The next question is from the line of Vaibhav Kacholia from VK Capital. Please go ahead.

Vaibhav Kacholia: I wanted to check what is the incremental cost of borrowing and who are the kind of lenders we are borrowing from?

Ashish Puravankara: Currently we are getting our loans, CS, etc, we are getting anywhere between 10% to 11% and the banks are usually ICICI, Standard Chartered, for the most part of it.

Vaibhav Kacholia: Okay, got that, fantastic and Sir we had done some deal with Motilal Oswal real estate fund, so was that for a new project and if we have done the deals these guys normally work on return for 15% plus?

Neeraj Gautam: That was the last mile funding, so we had already purchased the large track of land that was the last payment installment for which we had taken that money.

Vaibhav Kacholia: Longer term what kind of ROEs and all do we aspire to have when can we reach 15%, 20% ROE for the company?

Neeraj Gautam: Looking at ROE in immediate period will not be a right measure for any real estate company because if you look at our net profit is a function of the kind of unit we are registering and handing over in a quarter and in a year, so the year where we will register more units handover more units profit will be more and return on equity would be more, but in a year if I am launching more projects and incurring more cost on sales and marketing and my construction progress is happening in many ongoing projects my profit will be less though I will be performing on sales and construction in all the fronts, this is a kind of anomaly in the accounting and reporting system.

Vaibhav Kacholia: Should we at least look at ROEs of like what would be the immediate profits from presales kind of thing is that how the company also looks at it?

Neeraj Gautam: Very much, we are looking at 20% margin on overall basis for any project.

Vaibhav Kacholia: 20%?

Neeraj Gautam: 20% margin for all cost after meeting all the cost, reconstruction cost, land cost, interest cost, sales and marketing, corporate overhead, loading everything at least we are making as a bare minimum, if anything below 20% we do not look at any other project.

Vaibhav Kacholia: This is 20% EBITDA margins you are talking about or IRR?

Neeraj Gautam: IRR is over a period of time I am saying in any project if you have to look at any project whether I will go for a project or I do not go for a project and if I consider what are the kind of topline and mix for an overall project basis, what kind of construction cost I have to incur, what kind of sales marketing, what kind of G&A and the loading in the project then whether I will be able to make 20% kind of money or not in that.

Vaibhav Kacholia: That 20% can be made over like two years also and it can be made over six years also, so then the IRR will change substantially right?

Neeraj Gautam: IRR increase substantially, if IRR is additionally making more money because my interest will be less.

Vaibhav Kacholia: What is the IRR we normally target?

Neeraj Gautam: 25%.

Vaibhav Kacholia: Thanks.

Moderator: Thank you. The next question is from the line of Monika Arora from Sharegiants Wealth Advisors. Please go ahead.

Monika Arora: Thank you Sir for giving me the opportunity again. My question is one question was left is that we have seen that in COVID times lot of people have lost their jobs and there was financial strain going on with a lot of people, so due to this how you are seeing the demand first and the second is because of what all orders have booked earlier are you receiving payments on time or there are some cancellations and how do you forecast, how the demand will pan out in future?

Ashish Puravankara: One yardstick is the new sales that we have had for this last quarter, which is 0.91 million square foot vis-à-vis 0.65 that we did the previous quarter, so we have seen much stronger uptake in terms of sales. In terms of collections yes there was a disruption in the month of August, September, October, but November onwards even those collections where customer had requested for certain moratorium and two months extension, etc., we have seen even collections come back to pre-COVID levels so December onwards we have seen a steady increase of customers coming back honoring their installment payments, etc, so that is a positive sign as well. Even for this year, for the nine-month period we have done almost 2.42 million square foot of sales that is a huge reflection in terms of strong demand coming back, people appreciating the security in the sense of ownership. Fortunately in the market that we are present housing is still very affordable, so the average cost of housing is anywhere between maybe Rs.5000 to about Rs.7000 a square foot, so in terms of ticket sizes these are still very affordable.

Monika Arora: Earlier we were talking about some platform play and when we were in talks with some of the partners coming into for growing the commercial portfolio are you progress on that Sir?

Ashish Puravankara: We are still discussing with a few potential partners to build the platform.

Monika Arora: Thank you so much.

Moderator: Thank you. The next question is from the line of Swagato Ghosh from Franklin Templeton. Please go ahead.

Swagato Ghosh: Thanks for taking my question. Can you give some colour on the like-to-like pricing growth for the last quarter third quarter and also is there any plan to take significant price hike going forward?

Ashish Puravankara: Price hike you cannot do significant sudden price hike, so it has to be done gradually. Like I said in the month of November we increased our pricing from 3% to 5% across projects. If you look at our ICP page 13 that will give you a clear sort of indication on in terms of what kind of price realizations and how much percentage that gone up by.

Swagato Ghosh: But is not the market becoming conducive for larger price hikes that is what I want to understand?

Ashish Puravankara: Larger prices?

Swagato Ghosh: Yes, larger price hikes.

Ashish Puravankara: I do not know, we all need to take the find balance between velocity and price realization, so that is more of a exercise that you keep gradually increasing prices and it stabilizes you continue to push maintain velocity and then take it up again, I do not think anyone can just overnight take a price up by something exorbitant maybe 10% and then still experience high velocity and stable sales.

Swagato Ghosh: Okay, second question is generally for your launches you have the eoy system wherein we get the interest and then you sell out a large portion at the time of the launch itself, so that price discovery mechanism, I want to understand is the market is kind of in an upcycle how well your approach to launches and how much you want to sell upfront versus at a later stage how will that thinking change on future launches?

Ashish Puravankara: Our strategy will continue to be to sell as much as we can in the first two quarters of any launch by way of deploying the entire eoy process the price discovery we ensure that we do not lose out on pricing because it is a very transparent way to see what kind of demand you have and therefore we only give a price band depending on the response we set the base price at may be mid or higher end of the price band thereby not losing out on realizations, but the strategy will continue to be to sell as much as we can upfront rather than the older strategy where we sell only 10%, 15% and then spread the sales through the course of four years through the construction.

Swagato Ghosh: Okay, got it. Thank you.

Moderator: Thank you. The next question is from the line of Deepika Agrawal from Value Quest. Please go ahead.

Deepika Agrawal: Thank you for taking my question. My first question is how does the current quarter's 0.9 million square feet of sales how is it divided between Provident and Puravankara brand?

Ashish Puravankara: 0.61 million was sold under the Puravankara brand and 0.3 million was sold under the Provident brand.

Deepika Agrawal: Okay Sir and what would that number be for nine months for 2.4 million square feet?

Ashish Puravankara: Puravankara would be 1.51 million square feet and Provident is 0.91.

Deepika Agrawal: Thank you for that. Second question is you just mentioned that launches plan would be skewed more towards affordable, which is Provident brand 7 million square feet out of the 8.6 million total launched plans, so in what timeframe are we looking at all these launches?

Ashish Puravankara: Over the next two to four quarters.

Deepika Agrawal: Okay and lastly my question is currently the blended EBITDA margin that I see is 38%, so what would be the EBITDA margins under Provident brand and under Puravankara, any idea that you could give on?

Neeraj Gautam: Provident brand EBITDA margin would be close to 22% and Puravankara brand will be close to 30%, 32%, this quarter little obscured because we sold inventories, which are there as a historical cost in the balance sheet, further on an average basis Puravankara brand will be making EBITDA of 30% to 32% and Provident brand will be making EBITDA 22% to 24%.

Deepika Agrawal: That is it from my side. Thank yo so much.

Moderator: Thank you. The next question is from the line of Vaibhav Kacholia from VK Capital. Please go ahead.

Vaibhav Kacholia: What kind of growth and what kind of square feet sales can we target next year?

Ashish Puravankara: We do not give any guidance in terms of annual sales numbers, but the annual sales is a combination of two, one is your ongoing already launched sustenance projects and the new launches because obviously as per our strategy we tend to sell a very high percentage of units upfront within the first two to three quarters, so I think annual sales numbers would be reflective of how many launches we have in a specific year and how many projects we have under construction. On a sustainable basis minus the launches I understand 2.5 million square foot is a good number to sustain, the current square foot is under development to that if you add launches meeting a number of 4.5 million square foot annually or 5 million is not difficult.

Vaibhav Kacholia: Next year specifically since we have lot of good launches it should be a good number next year?

Ashish Puravankara: Yes, why not.

Vaibhav Kacholia: Thank you so much.

Moderator: Thank you. The next question is from the line of Anush Balvani from AB Capital Advisors. Please go ahead.

Anush Balvani: I wanted to know the outlook and strategy on plotted development currently?

Ashish Puravankara: Plotted development has little bit history there, none of the top brands were not focused on plotted development, but for the past year or so this COVID has put a renewed focus on plotted development customers, there is a new segment of buyers who would love as investors or even to build their own homes, so we were seeing strong sales, we were the first I do not know in the country, but definitely we are proud to have a launch post the opening up of the lockdown, so in Bengaluru the lockdown opened up on May 4, 2020 we did our first launch which is the plotted development Woodfield in Bengaluru on May 11, 2020 and we sold out almost 75%, 80% of the entire project within the first two months, so encouraged by that we have a separate vertical now focused on plotted development, you will see about almost four launches that will happen over the course of the next 12 months, which will be plotted developments across the cities of Bengaluru , Chennai, Coimbatore.

Anush Balvani: That was really helpful Sir and how is the outlook on your geography that you are present in, which geographies has been the quickest to recover and how the strategy going forward towards the geography?

Ashish Puravankara: All geographies have performed exceptionally well including the sleepy town of Chennai, Chennai has positively surprised us, 0.91 million square foot of sales for this quarter is reflective of the demand coming back in the markets that we are present in, Bengaluru has performed well, Pune has performed well, Chennai has performed extremely well, Cochin continues to be stable to good and equally contributed.

Anush Balvani: Any distressed assets now available at good prices?

Ashish Puravankara: There are proposals that keep coming by from bankers, but as far as direct transactions from landlords be it outright or JD, for some reason they understand and they are getting encouraged by the kind of results that listed companies are posting and somewhere have not really brought down their expectation of pricing, but we think it is matter of time and we should see some rationalization in terms of expectations on outright as well as JD percentages.

Anush Balvani: Growth drivers for the future years when the COVID completely down and the lockdown is eased out completely what would be the growth drivers to continue the momentum and increase further?

Ashish Puravankara: Sheer size of population, the rate of urbanization, job creation, the markets have been specifically our presence in like Bengaluru since you know the entire IT sector, etc., Pune you have support of the IT sector, in Mumbai our larger projects are more in the Thane, so I think the ticket size affordability, low interest rates, the job creation, etc., the hiring that we will see will be growth drivers.

Anush Balvani: That was really helpful. All the best Sir.

Ashish Puravankara: When the government spending on infrastructure will result positively for real estate.

Moderator: Thank you. I would now like to hand the conference over to Mr. Neeraj Gautam for closing remarks.

Neeraj Gautam: Thank you once again ladies and gentlemen for your time and attention. I hope me and my colleagues were able to answer all your questions; however, if you require any further discussion we are always available for the discussion during the coming week. Thank you once again and bye for now. Thank you.

Moderator: Thank you. On behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us and you may now disconnect your lines.