

PURAVANKARA

“Puravankara Projects Ltd Q3FY2014Results Conference Call”

February 07, 2014

PURAVANKARA

**MANAGEMENT: MR. ASHISH PURAVANKARA – JOINT MANAGING
DIRECTOR.
MR. JACKBASTIAN NAZARETH – GROUP CEO.
MR. ANIL A. KUMAR – CFO.
MR. HARI RAMAKRISHNAN – SENIOR VICE PRESIDENT
STRUCTURED FINANCE.
MR. VISHNU MURTHY – SENIOR VICE PRESIDENT RISK
PROPERTIES & CONTROLS.**

Moderator

Ladies and gentlemen, good day and welcome to the Puravankara Projects Ltd Q3FY2014 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, 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. Jackbastian Nazareth – Group CEO. Thank you and over to you sir.

Jackbastian Nazareth

Good afternoon everyone. It is a great pleasure to have all of you on the Puravankara’s Earnings Call for the quarter-ended 31st December, 2013. My colleagues on this call are, Ashish Puravankara – the Joint Managing Director; Anil Kumar – our CFO; Hari – Senior Vice President Structured Finance and Vishnu Murthy – Senior Vice President Risk Properties & Controls.

A look at the quarter’s performance now:

The economic downturn has affected all industries and real estate is no exception, however we are still seeing traction in certain sub-markets of the industry. I am happy to share that we have seen robust sales pick up in our new launches at Bangalore and Coimbatore.

During the third quarter of this fiscal we launched PurvaWestend on Hosur Road, Bangalore with a development potential of 1.12 million square feet. This project launched in December 2013 has already sold 41% of the inventory. Earlier in November, we had launched Purva Amaiti in Coimbatore which has also done well. The total sale of 0.9 million square feet for this quarter comprises 24% from completed and nearing completion and the remainder from ongoing projects and new launches. We will be completing the handover of our projects approx 8.1 million square feet in the ensuing few quarters largely from our legacy projects.

We, at Puravankara, have revised the operational strategy for new launches by adopting a book building process. This helps the Company and potential customer to get more involved in the project launch stage itself with a potential customer submitting their expression of interest for fixation of the selling price. This price discovery will be followed by the allotment process and then into the P&L through signed agreements. While this process has resulted in stretching the timelines of booking to the P&L cycle as compared to our earlier launches in the previous quarters, this process has helped us in extracting better realization in the project and has also resulted in substantially reducing our launch related expenses.

The other point that I wanted to make is that, all launches in this fiscal have sold well enough to ensure cash receipts thereon that are sufficient to ensure timely completion of our projects. To cite some examples, at Whitehall we sold 47%, Sunflower we sold 48%, Skydale we sold 39%, Westend, like I mentioned, we sold 41% & Sunworth we have sold 43%.

On the international sales – We are focusing on expanding our presence in the international market in key cities of US, UK and the Middle East. This is primarily due to the increase in the level of enquiries by the Indian diaspora abroad and we feel that we will be able to increase the market share there on.

In Q4 of this fiscal we have a pipeline of new launches totaling 2.73 million square feet under both the brands Puravankara and Provident, of this Puravankara has already pre-launched 1 million square feet in Bangalore titled Purva Palm Beach and has received an excellent response from the market.

In terms of guidance we will certainly hit the sales value guidance of Rs.1500 crores for the fiscal and 4 million square feet in terms of volume of sales.

I would now like to hand over the call to Anil to present our earnings performance for the quarter ended 31stDecember 2013.

Anil Kumar

Good evening everyone. Let me just begin with the details on our sales value and volume.

For Puravankara, sales realizations currently stand at Rs.4856 per square feet an increase of 8% of the previous year ago period. For Provident Housing, sales realization stands at in INR Rs.3398 per square feet a 23% increase over the year ago period. Puravankara contributed for 74% of the group sale area and 80% of the group sale value while Provident contributed for 26% of the group sale area and 20% of the group sale value for the quarter ended 31stDecember, 2013. The similar numbers of the previous year stood at 75% and 83% for Puravankara and 25% and 17% for Provident. Sales realization for Puravankara increased by 8% and for Provident increased by 23% in the quarter ended 31stDecember, 2013, as compared to 31stDecember 2012. Our unrecognized revenue for units sold for both Puravankara and Provident together stands at Rs.1192 crores as of 31st of December, 2013, which will flow into the P&L in the coming quarters.

A brief note on our profitability for the period:

Following a consequent increase in costs that we have absorbed in our nearing completion projects i.e. Welworth City and Cosmos City, we have observed an additional cost to the tune of around Rs.22 crores which has led to a decline in the profitability for the quarter ended 31st December 2013. The impact of incremental sale value over the previous quarter in terms of revenue and cash flow will be seen in the coming quarters. As of 31st of December, 2013, we have sales value pending agreement execution is around Rs. 370 crores which have been subsequently been executed and consequently they will follow into the cash flows and income recognition in the current quarter.

A quick update on our debt status:

Our net debt as of end of December 2013 stood at Rs. 1486 crores and the debt equity stood at 0.67, this debt includes the promoter backed funding to the tune of around Rs.217 crores,

adjusted for this the net external debt stands at Rs. 1269 crores. As of 31st December, 2013, the weighted average cost of funds for the group stands at 14.01%, we are actively pursuing a replacement of our existing high cost debt with a low-cost debt and we expect that these numbers to be in the vicinity of 13.5% in the coming quarter.

Beside the reduction in the cost of the debt the company is in advanced stages for improving its debt-equity profile and we have been focusing on a multitude of factors simultaneously some of these include the following:

- We are looking at increasing our operational cash flows which includes recovery of Rs.181 crores on projects which will be delivered, possession handed over and receipts thereon from the customer in the next two quarters. With several projects coming to a closure we expect there to be an increase momentum in sales in our ready-to-move inventory of 1.0 millionsquare feet besides the nearing completion inventory of 1.89 millionsquare feet, the aggregate value of these two inventories that is our in our books is around Rs. 1275 crores as on date.
- We also hold cash in our Keppel JV which has been distributed via dividend and redemption of its preferential share and payment of preference dividends, the cash flows into the company from Puravankara share is expected to be approximately Rs. 100 crores.
- We have also been actively pursuing with APIC with the refund of Rs.403 crores that we have paid for the land acquisition in 2008. Based on our current discussion with officials we believe that this refund should be expected in the next 2 to 3 quarters
- Last but certainly not the least we are looking at aggressively pursuing joint ventures and the other avenues on existing land assets to unlock its value and reduce our risk thereon. These inflows are expected to be in stages over the next 6 to 9 months and all these cash flows will substantially reduce our debt and for other corporate general purposes.

With these comments I would like to throw open the floor for Q&A.

Moderator

Participants we will now begin the question and answer session. We have the first question from Anubhav Gupta from Maybank. Please go ahead.

Anubhav Gupta

If you look at the presales numbers that are the sale booking numbers for third-quarter they stand at Rs.4 billion and they are up 9% YoY and if you look at the first half performance in the presales number one was Rs. 6.1 billion which increased 14% YoY so in third-quarter the growth rate in pre-sales has come down the same trend was seen by your counterpart Sobha Developers, so is it like there is some downturn trend being seen in Bangalore market so what is your take on that and also given that the RBI has again raised interest rates which will increase the home loan rates for the customers, how do you see the market over the next two quarters?

Ashish Puravankara To give you an overview of the southern market in general, I think there is no sort of slowdown that we have felt in terms of ongoing projects. We have sold well, what really happened is was our two large launches, Westend at Hosur Road and Palm Beach on Hennur Road got delayed and now we have the clearance in place. We have launched Westend and sold 41%, Palm Beach we did a pre-launch last week and we have collected about 400 expression of interest. The total number of units there is about 1,323 and we have opened up 800. If we judge the interest in Palm Beach as well, which is as recent as last week, the markets are fine and it is only the delays in launches. We have another very good launch coming up in a month from now on Bannerghatta Road, so I think the numbers would then fall in line.

Jackbastian Nazareth Also to give you a little insight about the Bangalore market things have been changed I think what has changed is the buyer is now very carefully looking into at the prelaunch stage or subsequently while the project is coming to hand over, you see a lull and we have been observing this lull during the gestation of the construction of the project. Having said that with intent I purposely mentioned to you about Whitehall, Sunflower, Skydale, Westend and of course Sunworth where you have seen that we have sold enough to ensure cash flows to complete the projects, and this phenomena is happening across projects in Bangalore. The market is still buoyant, and people are booking at the launch stage. Interest rates is actually not making much of a difference post the announcement. We have not seen any cancellation to that effect for the customer who have logged in for Westend project. In fact agreements are getting signed and those recognitions will happen in the ensuing quarter.

Anil Kumar Just to add on the interest rates if you look at our interest rates profile on our debt we were at 14.9% as of 31st March. As of 30th September we were at 14.31% and as of 31st December we are at 14.01% and I have given a guidance that we should be around 13.5% in the next quarter because we are looking to replace high cost debt with a low-cost debt, so just that the market scenario being one of an increasing interest rates, have consistently looked at reducing the cost of our debt and which is feasible still.

Anubhav Gupta My second question is on your net profit figures which is like Rs. 201 million, you said that you absorb the cost of around Rs.220 million last quarter for two of your projects, even if we add that cost the profit is still quite below if you compare on YoY basis? I know that the accounting norms have been changed but still like in third-quarter the fall is quite drastic?

Anil Kumar I agree with you on one accounting factor, the second because of the increase in cost, but significantly what has happened as Jack rightly said, the way we are looking at our sales and trying to follow a process by which we look at a better realization and a more optimum market-driven pricing, the flipside of this has been that there, is a time gap between the opening of the launch of the project to arriving at a price determination and then doing an allotment process and because of this we have seen closed around 253 units that have been sold in Westend last quarter which we could not even come into the execution cycle or recognition of profit, so while you see that the sales of 2.38 million square feet have been higher than our year-on-year figures for the nine months giving the timing difference we are not able to show a revenue increase.

- Anubhav Gupta** When do you see the revenue recognition going back on track?
- Anil Kumar** By way of caution, I would say that the revenue will sort of fill up into the next two quarters.
- Moderator** The next question is from Nitin Idnani from Axis Capital. Please go ahead.
- Nitin Idnani** When we had this call in the end of Q2 there was about 0.8 million square feet we had done of which 0.4 millionsquare feet odd had not been recognized because agreements were not done which was supposed to flip or flow-through or overflow onto Q3, just wanted to check those 0.4 million square feet were actually recognized in Q3 and if so then how come the revenue numbers for Q3 are low?
- Anil Kumar** Point number one, the major portion of 0.4 million square feet has come into the current quarter. However, we have agreement pending execution number going up to 0.7 Mn sft as on 31st December 2013. The 0.7 millionsquare feet is predominantly driven by Westend 253 units and 44 units in Skyworth of Provident Mangalore and 36 units in Purva Amaiti in Coimbatore.
- Nitin Idnani** So the 0.9 millionsquare feet of sales this quarter how much of it would you say in million square feet agreements have not been done and it has not been recognized?
- Anil Kumar** Approximately 0.7 millionsquare feet. I have roughly about 542 units of sales aggregating 7,65,030 square feet, the value of which is around Rs. 364 crores.
- Nitin Idnani** Also Jack mentioned that the sales guidance for FY14 is maintained at about Rs.1500 crores and 4 million square feet in volume, if you have done a Rs.1018 crores in nine months that is like another Rs.482 crores of sales which is doable if you do launch something but in terms of volume that will still about 1.62 millionsquare feet by March. I just wanted to know is this volume driven launches that we're going to do in Q4 more Provident rather than Puravankara brand or how come the volume numbers are also going to be as we are confident of achieving?
- Anil Kumar** From an arithmetical point of view when you look at the value proposition we will do Rs. 1500 crores because part of it will be achieved by the increase in price that we achieved between 1stApril and 31st December, we had expected 4.5 million square feet and what we're trying to do at 4 million square feet now includes properties like one of the Provident projects and the Hennur project which are reasonably large and we expect to hit the numbers.
- Jackbastian Nazareth** Nitin, even Westend is still selling well, we have achieved a price of Rs 5,100 psft and we are still logging in our lot of sales month-on-month, Hennur Road about 400 EoIs we expect that to reach about 700 to 800, Provident we will prelaunch on 14th of February and we will have villa project coming up on the Bannerghatta Road so at prices like I said the EoIs, the Expressions of Interest is actually helping us higher realization and thereby also giving us the kind of volumes.
- Nitin Idnani** If you can touch upon what is your debt repayment guidance by March 2014?

- Anil Kumar** Out of our total debt of Rs. ,1601 crores which is a gross debt, I have a debt repayment schedule in the current quarter which is Q4 of 2014 of Rs. 91 crores and Rs.487 crores of debt repayment in the next 12 months from 1stApril onwards.
- Nitin Idnani** Are we looking at repaying this beyond the mandatory Rs.91 crores by March or it is just going to be limited to this number?
- Anil Kumar** As listed out, 5 to 6 initiative that we're looking at which we expect some of them to fructify in the current quarter and some in the next quarter, so what I would lead to believe is that we should be around the same in the vicinity of debt by around March.
- Ashish Puravankara** Just to throw some more light on that. going back to our three last of those legacy projects which were left i.e. Swanlake, Eternity, Grand Bay we have about Rs. 181 crores to be collected from apartment that have already been sold being balance possession amount, etc., which we're going to start announcing. You can visit our website and see pictures, it is ready for possession. , we are waiting for the final fire NOC and electricity connection. So in the next month and a half we should be announcing these projects for possession, so that Rs.181 crores will start flowing in over the next 2, 3, 4 months. Beyond that, we also have the cash distribution that Anil explained that from our JV with Keppel.
- Since these projects are complete we have another Rs.1,275 crores of value to be unlocked in these ready-to-move in inventories which we have realized from Venezia, Highlands as an example. The minute we announce possession the uptake of these apartments since these are ready in all aspects, the sales are much faster. So from these cash flows leaving alone our regular course of business new launches. I believe we will be comfortable to do an accelerated debt reduction than what is mandatorily required.
- Nitin Idnani** Out of the Rs. 400 crores of presales that we have done in this quarter, what would be our collections?
- Anil Kumar** You are talking about the current quarter?
- Nitin Idnani** In this current quarter we did pre-sales of Rs. 403 crores, just wanted to understand how such cash have we collected out of this?
- Anil Kumar** I will share these numbers off-line – pulling it out.
- Nitin Idnani** But in percentage terms is it like this must be your booking amounts for the launches and stuff that is already been pre-launched earlier or from your existing projects you would collect as per the stage of construction?
- Ashish Puravankara** That is right.
- Anil Kumar** Out of 0.91 millionsquare feet, 0.76 million square feet in terms of agreements pending so I have collected only the token money on 0.76 millionsquare feet of sales.

- Nitin Idnani** What is the amount in percentage terms is at 10% or 15%?
- Anil Kumar** Booking amount would be only Rs. 2-5 lakhs per flat.
- Nitin Idnani** Last question from my side, this cost revision of Rs.22 crores this quarter, do you foresee any such cost escalations in any other projects in the coming quarters?
- Anil Kumar** Let me break up this Rs.22 crores before we say whether this is full cost escalation. If you breakup Rs. 22 crores around Rs. 8 crores of that is actually cost escalation and the balance of it is not a cost escalation, it is just a reallocation of costs between two phases in our Cosmo City project, review of the cost that have been allocated between phases we have moved a part of that cost that has incurred in Phase-1 to Phase-2 thereby the Phase-1 has shown a higher cost for recovering, this is not as a cost escalation in the true terms because our total overall project cost has not increased.
- Nitin Idnani** So it is really more of an accounting thing?
- Anil Kumar** Absolutely.
- Nitin Idnani** You had plans to take Provident to other cities, if you can just touch upon that?
- Jackbastian Nazareth** We're working on Hyderabad as a market the plans are on, it is a great property we are looking at I will be able to give you more guidance in terms on that may be in one of two weeks apart from that we have one small project of about 80 to 90 units that is coming up in Mysore we are submitting the plans and approvals will come may be in a month's time that is the smallest project, so these are immediate two geographies which we you will hear launches happening within the next quarter.
- Ashish Puravankara** Currently, we are already present in Bangalore Chennai, and Coimbatore. The projects in these cities have been doing well, to this we're adding project like Jack mentioned. Hyderabad is a joint development that we have signed up, the plans are ready and I think we will be submitting that within a week, Mysore is another one that we are adding. in addition to these we are also adding more projects in Bangalore and Chennai itself.
- Moderator** The next question is from Gunjan Prithyani from JP Morgan. Please go ahead.
- Gunjan Prithyani** Just couple of questions from my side, firstly on this impact of the cost escalation that you mentioned on the P&L is it a Rs. 20 crores impact or it is an Rs. 8 crores impact?
- Anil Kumar** On a PBT bases, it is a Rs.22 crores impact.
- Gunjan Prithyani** Just looking at your cash flows eventually page 24 of your slide, I see that we seem to have gone into a negative on the project surplus levels, what is it which has led to this performance in terms of cash flow because from what I see in terms of presale we have done reasonably so why is it that we are negative here?

- Anil Kumar** If you look at my Q3 sales, I have collected Rs. 287 crores, this is Rs. 287 crores despite the fact I have sold 0.9 millionsquare feet of area in the previous year in the same quarter, out of the 0.9 million square feet, 0.7millionsquare feet of agreements are pending execution of 542 units altogether on which we have collected token money. we collect around 15% at the agreement stage which is pending, so because of spillover from December to the next quarter is minimum of 15% of the Rs. 364 crores of collection is slipped into the next quarter. If you look at the absolute numbers you are looking at roughly say around Rs.50 crores of collection that would come upon agreement signing, slipping into the next quarter.
- Gunjan Prithyani** Around Rs.50 crores from the sales that you have done in this quarter?
- Anil Kumar** True.
- Gunjan Prithyani** So this explains the collection part to some extent and on the construction cost also the outflow has been a bit high in this quarter, are there any projects which are at the completion stage or is it this is going to be the run rate in terms of construction?
- Anil Kumar** To look at increasing our inflows as I said earlier we have Rs.181 crores that has to come in our projects which are nearing completion where I am in the threshold of announcing handover, this includes projects which are Swanlake, Eternity, GrandBay and Welworth . I need to ensure that in these projects the cost is incurred and I am able to announce position and collect some money. What we have ensure is that there is no respite in terms of construction let up, so we have incurred the money and construction has been full swing. If you look at our website today and look at the photographs of Swanlake you will see all the landscape are visible so that we are announcing possession of the property immediately.
- Gunjan Prithyani** Is the CAPEX towards these projects already complete or if not then how much is pending?
- Anil Kumar** I would say roughly in the last 1% of the cost to be incurred on all these projects.
- Gunjan Prithyani** Which would be how much in absolute Rs. 20 crores to Rs. 30 crores or how much higher?
- Anil Kumar** A very conservative basis should be around Rs.50 crores.
- Gunjan Prithyani** Around Rs. 50 crores still more to ensue, so essentially Rs.180 crores of collection is yet to come through from sold stock and about Rs.50 crores to incur, so we still have a net surplus there of about Rs. 130 crores?
- Anil Kumar** Exactly.
- Gunjan Prithyani** It would be great if you could give some sense on how FY14 cash flows over all, do you really see pickup in Q4 of this trend should continue in Q4 also given we will continue to incur CAPEX , some sense on the cash for full year FY14 and FY15 how do you see this changing?

- Anil Kumar** I would say that in Q4 of the current financial year I would like to see my cash flow somewhere being on the like terms of the first quarter so that I have at least a minimal surplus on operations and post interest I have a surplus that is what we're targeting out in terms of replicating our Q1 results so that we have a breakeven in terms of post interest payments and if you're looking at surpluses post interest payment that should happen in the next financial year.
- Gunjan Prithyani** In terms of launches you mentioned there have been delays in the launches, was it due to approvals or we deliberately held the launches?
- Ashish Puravankara** No, it was on account of approvals because of the new government coming in and the change in ministers etc so they have subsequently will come in for example we wanted to launch Westend Hosur Road in Q2 actually got launched in Q3, Hennur Road we did a prelaunch last week, we have got the development plan already cleared, we should get the detailed plan in about a month from now, Bannerghatta project we should get the sanctions in the next month and a half from now, so it is just about 2 to 3 months delay but they are all coming in line now.
- Gunjan Prithyani** Good it is now falling in place or there could be further slippages?
- Ashish Puravankara** No, it is all in place.
- Gunjan Prithyani** Lastly, just on these Keppel thing which you mentioned the cash dividend that may come through, how much is the cash surplus there, the quantum that we can see coming through to Puravankara?
- Anil Kumar** As I said they are holding cash in surplus close to an excess around Rs.235 crores to Rs.240 crores leaving some money for expenses and for future operations. We are looking at distribution of around Rs.200 crores by the company under equity dividend, preference dividend and redemption of preference shares and our share is expected to be approximately Rs. 100 crores.
- Gunjan Prithyani** Lastly deliveries what is the guidance for full-year?
- Anil Kumar** Can we take that question off-line if you do not mind?
- Moderator** We have the next question from Parikshit Kandpal from Karvy Stock Broking. Please go ahead.
- Parikshit Kandpal** I wanted to know on this completing and near completion property, your total outstanding sales of around Rs.1275 crores, in how many quarters you want to complete this?
- Jackbastian Nazareth** You're asking the ready to move in inventory, how many quarters we are going to take?
- Parikshit Kandpal** Yeah, ready to move in and nearing completion?
- Jackbastian Nazareth** I think it will be 2 to 3 quarters I'm not so worried about Swanlake and Highlands because Highland again we sold close to 120 units in the last two months, Swan Lake is picking up we

are selling 25 to 30 units month on month basis which has only picked up now because the handovers are happening. We are just waiting for one last trigger in terms of Eternity for us to get our fire NOC, which we moved the file, the building is ready, we planned a Christmas handover for the customers who came from Dubai so that is what might push it to one more quarter but I am hopeful that we will do it in 2 to 3 quarters.

Parikshit Kandpal

Just on your CV Raman Nagar project there was some recent High Court judgment that they was arial encroachment into DRDO, does it impact your project anyway?

Ashish Puravankara

Not at all. This was the case in fact which DRDO lost in the Supreme Court, that is a joint development project so here in fact the agreement between the land owner and the DRDO is very clear that the land owner would be able to develop his project as long as he gave up some extent of land to DRDO, which is a document signed by DRDO therefore they lost their case in Supreme Court, then just to try to make another attempt they went to High Court here in Karnataka, the order that was passed was very clear, the boom of our crane when we were turning was going over their property. The High Court order is very clear that construction can progress as per normal only they have requested us to ensure that our boom does not go over their property, so we moved it inside our property and not around over their property so there is no issue on construction over there.

Parikshit Kandpal

Just on the incentives which we were already providing on your properties, have you removed all the incentives now or still something is there, some promotions?

Jackbastian Nazareth

There is no scheme that are running per se, see that was a time we knew our projects were coming to a closure by March, we want to have some traction in sales to push the ready to move in inventory hence we had made those, today you have to book and pay almost 85% on booking.

Parikshit Kandpal

Are you running any scheme for this completed projects of 1 million now?

Jackbastian Nazareth

In Swanlake we had done the zero booking scheme, it is as simple as saying that you book today and pay just the timing difference there is no reduction in the cost per say.

Parikshit Kandpal

The last thing on this Provident Housing we have seen this cost overrun and then reallocation of cost to Phase-1, just I could wanted to get this right, are you making cash flows in this Provident business at all for the last many quarters?

Ashish Puravankara

If you go down the list of all the Provident projects in terms of sales I think the way in beginning itself we attained good sales if you come now to Sunworth which is a large project where we have significant volumes even in that out of 6 millionsquare feet we had opened up about 2.5 million square feet , we have sold to close to 50% of that, this entire project has been built in precast so for the entire factory to be set up there was some sort of a delay, you are going to start seeing sales and collections go up now as, now we are out of the ground, so the structure going up will be a really fast.

- Parikshit Kandpal** And saying Cosmo city Phase-1 the project is nothing is left in terms of inventory, in this project have we made any cash flows?
- Ashish Puravankara** Yes of course.
- Parikshit Kandpal** Can you quantify the number because just to get more sense because your other projects Welworth City also there is very limited inventory now, so nearing completion project the bulk of inventories with WelworthPhase-3 and Cosmo city, so just to get a sense how the cash flows will pan out for these projects?
- Jackbastian Nazareth** We need to work on these numbers so we'll give very specifically for Cosmo city and Welworth.
- Anil Kumar** Just in response to Gunjan's question asked earlier, as after nine months we have delivered projects worth 2.4 million square feet and in the next three months we will be delivering properties to the tune of 4.11 million square feet, so our total deliveries in this financial year will be 6.51 million ft.
- Moderator** We have the next question from Prem Khurana from B&K Securities. Please go ahead.
- Prem Khurana** My question is with respect to cash flows if I were to look at current quarter's performance now you more or less maintain your full-year guidance in terms of sales value that you intend to achieve so somewhere in your remark you said that you tend to do around Rs.1500 crores for this year but what about cash flows or cash collection guidance which was there, so you were looking at around Rs.1400 odd crores so does it still stays there or we would be required to revise it down words because if I were look at first nine months we have done only Rs. 980 crores if I'm not mistaken you have said from the bookings that we have done in this quarter and which would good get spilled over onto the next quarter you will get around Rs.50 crores even if I were to believe that Rs. 50 crores from these sales that you have done in this quarter would come to you and then incrementally if you were to do around Rs. 300 crores or Rs. 350 crores of incremental it will not be more than Rs. 350 crores would be the number at maximum. So basically my question is would we be able to achieve our guidance in terms of collections?
- Anil Kumar** We are trying to match up ramp up our collection I agree with you that at the six-month mark we were exactly at the halfway mark for guidance of Rs. 1400 crores and we were close to Rs. 700 crores then, we had a bit of a slipup in the third quarter now which we are trying to make good in the fourth quarter. Our endeavor is sort of to hit as close as possible to Rs. 1400 crores of collection.
- Prem Khurana** In terms of project surplus if I am not mistaken we were looking at a Rs.400 crores to Rs. 500 crores, that looks little difficult to achieve?
- Anil Kumar** Let us just take a step back and see when we look at this in 1st of April and we said that we will do Rs. 1400 crores of collection and Rs. 500 crores surplus, the product mix that we looked at was to execute a large portion of our ready to move inventories which would have given us

100% collections and not so much of a cash outflow on the properties. The product mix that has gone in, in the current financial year we have sold reasonable good in our new launches also with an increased price realization, so because of the change in the product mix you will see that the collections we were hit but we will not be hitting the project surplus, post our construction cost.

- Prem Khurana** On your slide number 32, I was just looking at the statement of capital employed, your current liabilities seem to have gone up substantially so from Rs. 433 crores increased to Rs. 765 crores and at the same time properties under development seem to have gone up almost around Rs. 300 crores, so what explains increase in these two things?
- Anil Kumar** I will take this off-line with you because I need to explain to you how these numbers have been reallocated.
- Moderator** We have a follow up question from Parikshit Kandpal from Karvy Stock Broking. Please go ahead.
- Parikshit Kandpal** How much was the outflow in terms of purchasing land, towards the land purchase?
- Anil Kumar** Our total out flow is on page number 24, we have incurred till today Rs. 59.9 crores in terms of land payments and in this quarter it was Rs. 7 crores.
- Parikshit Kandpal** Rs. 7 crores was for land purchase?
- Anil Kumar** Yeah and these are not land purchase as we have said earlier our total guidance was for a Rs.100 crores of payment in the full financial year, we tried to curtail that we have done Rs. 60 crores in the nine-month period.
- Parikshit Kandpal** There was some slippage in revenues recognition last quarter because of delay in registration, so how much was that amount during this quarter?
- Anil Kumar** What happened last quarter we had 4 lakh square feet of sales which was done but we could not book the revenue because on the 4 lakh square feet of sales, agreement were not received by us.
- Parikshit Kandpal** And Rs. 78 crores was the amount, which you cannot recognize last quarter?
- Anil Kumar** Yes and that money has now moved into close to around Rs. 364 crores of total value in terms of our revenues that have been locked in but agreements has not executed as of this quarter.
- Parikshit Kandpal** How long will this take to get recognized?
- Anil Kumar** We should say in the next two quarters in very conservative basis. We would like it in the current quarter but on a conservative basis I would say two quarters.

- Parikshit Kandpal** What has been the reason, why it has gone up so much almost Rs. 78 crores to almost Rs. 370 crores in a quarter's time and why is this delay in the registration happening?
- Jackbastian Nazareth** I explained to you the process of EoIs that we're doing in terms of Expression of Interest thereby fixing a selling price, this process helped as get higher realization but yes it is touching the timeline in terms of booking to the P&L cycle, a classic case of Westend being that we launched that product, we got our agreement on but by the time we actually had sent it to our customers it was about 15th December. Then came the holiday period and then apparently the agreements started coming in January 15th and I think we have closed all out that. A similar case is happening even for the new launches that we are doing, so there will be a little bit of delay but we will ensure now in fact we have put up an ERP to ensure that as soon as the allocations process is done which is taking a little bit of time, we will have this agreement signed on a day-to-day basis.
- Parikshit Kandpal** Even then even after that it takes quite some time to construct these properties so to hit the revenue recognition threshold, so would not it takes longer time?
- Anil Kumar** You know how we account for our revenue, we do different agreements as I have explained to you earlier, there is an agreement for sale of land which is treated as sale of an immovable property and a construction cycle which follows the percentage of completion method, so when once the agreements are signed we are able to recognize revenues on the land portion, so all of these contracts sales have been locked in for 0.7 million square feet ,we should be able to recognize sales when once the sale agreements are received, the construction one I agree with you we need to hit the threshold of 25% of construction and we will come in the next couple of quarters after that.
- Moderator** As there are no further questions I would now like to I would like to hand the floor back to the company management for any closing comments.
- Jackbastian Nazareth** Thank you very much for being on this call. I request in case you are in Bangalore to come and have a look at our projects and we will be available on call to clarify any specific questions that you have, for those who we said we'll get off-line we will try and call you now or at a convenient time. Thank you again.
- Moderator** Ladies and gentlemen on behalf of Puravankara Projects Limited, that concludes this conference. Thank you for joining us, you may now disconnect your line.

(This document has been edited for readability purpose)