



“Puravankara Limited  
Q1 FY2020 Results Conference Call”

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**Moderator:** Ladies and gentlemen, good day, and welcome to the Puravankara Limited conference call to present and discuss the Q1 FY2020 results. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by entering “\*” then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kuldip Chawla, Chief Financial Officer from Puravankara Limited. Thank you, and over to you, Sir!

**Kuldip Chawla:** Thank you very much. Good evening, everyone, and very warm welcome to all of you. My name is Kuldip Chawla. I am the Chief Financial Officer of Puravankara Limited. Thank you so much for joining us on Puravankara's Q1 FY2020 Earnings Call. We have uploaded the financial results and the investor corporate presentation already.

The Modi government 2.0 under its mission of homes for all has raised the budgetary allocation for its flagship welfare scheme and has provided quite a good impetus for the overall real estate sector.

More importantly, we believe that under the current regulatory and market scenario, there exists an opportunity for well-established, well-entrenched, regulated real estate players to expand and to gain market share. Puravankara, with its strong execution capabilities and its trusted brand, is geared to capture this opportunity.

We closed the last financial year on a positive note. The momentum continues. Our focused efforts towards reducing ready-to-move inventory is delivering results.

On the back of similar performance over the last few quarters, sale of ready-to-move inventory has more than doubled. Sale of ready stock in Q1 FY2020 stood at Rs. 233 Crores as compared to Rs. 104 Crores in Q1 FY2019, an increase of 124%. The resultant collections and operating surplus is also showing an encouraging upward trend.

Customer collections for Q1 FY2020 were Rs. 441 Crores as compared to Rs. 252 Crores in Q1 FY2019, an increase of 75%. The resultant increase in operating surplus has resulted in a small reduction in net debt.

Coming to the quarter's sales performance. In Q1 FY2020, backed by the sale of almost 10 units every working day and with half the sale coming from ready-to-move inventory, sales bookings grew 33% over the quarter April-June 2019 to 638 units or 0.79 million square feet, valued at Rs. 493 Crores.

Now the reported revenue numbers for the quarter. The EBITDA for the quarter was Rs. 160 Crores, up 49% year-on-year, with an EBITDA margin of 25%. Profit before tax stood at Rs. 65 Crores, up 85%, while comprehensive profit after tax was Rs. 43 crores, up 63% year-on-year.

Importantly, inflows from operations for the quarter continued to grow and stood at Rs. 474 Crores, an encouraging 42% growth year-on-year. This growth in inflows has not only helped accelerate the necessary project spending, but also generated monies to fund some of the initial expenditure for the new launches. Consequently, after accounting for operating expenditure of Rs. 324 Crores, the operating surplus for the quarter was Rs. 151 Crores. Even after paying for interest and taxes, the net operating surplus after interest and taxes grew fourfold to Rs. 59 Crores compared to the sequential quarter Q4 FY2019.

The company continues to comfortably meet all its obligations to its various stakeholders. As of June 30, 2019, the balance collections from sold units of all launched projects stands at Rs. 2,045 crores against the balance cost to go, excluding overheads and interest, of Rs. 1,897 Crores. Combined with the value of unsold inventory open for sale at Rs. 4,074 Crores, this is projected to generate an operating surplus of Rs. 4,222 Crores before overheads and interest cost.

Apart from this, we project a further surplus of Rs. 2,309 Crores from units in approved projects but those which are not yet open for sale. These 2 figures combined give a projected surplus of Rs. 6,531 Crores as a whole, excluding overheads, interest costs and loan repayments.

We are on track to meet our stated business goals, venturing into new micro markets and one new geography as well as expanding our commercial portfolio progressively. The Mumbai launch is on track and will be followed by further expansion of new Provident projects in Pune where Puravankara is already present. Our other Bangalore launches are also on track.

We have started inviting expressions of interest on new projects in Bengaluru, Provident Equinox and Provident Capella.

All these measures towards enhancing sales, improving collections and focusing on operational surplus coupled with our various steps towards cost optimization, contract management and other measures in improving our operational efficiency are likely to bear fruit in the coming quarters and indeed the years ahead. We are encouraged and excited with the trends that we see emerging from this quarter in this regard.

To summarize, this continues to be a steady quarter compared to the corresponding period last year. Growth in our focused areas is encouraging, and we continue to see a good growth trajectory in line with our strategy.

We would now be happy to address any questions that you may have.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Nimit Gala Edelweiss. Please go ahead.

**Nimit Gala:** Kuldeep, my question for you. I just wanted to understand how is the liquidity scenario panning out now for the company as well as the players in Bengaluru? And given that G-Sec yields which have come down substantially now, are we seeing a reduction in debt cost for you guys? And second question is about the subvention scheme, closure of subvention scheme. So, what is our exposure to that?

**Kuldip Chawla:** Let me answer your last question first. We have less than 1% active subvention in our entire portfolio. It is also important to mention here that we have never taken any advance disbursement facility or ADF, as it is known. Whenever we have taken any subvention in the past, it has only been progress-based, milestone-driven for the project to which it pertains. And therefore, there is no impact on us of what we are seeing in terms of what the authorities have said on subvention loans.

Number two, your question was on the cost of debt and debt coming down. I think part of that we have already seen. We have seen a reduction in average debt from 11.4% to 11.2% in this quarter. And directionally, we see a reduction in interest costs. I think the pace and scale of it, we will know as things progress, but we are hoping that it will accelerate further. That said, I think our dependence on debt overall is going down.

Your third question was related to the liquidity scenario for the company. I would like to address that in two parts. First, I think we have a very comfortable liquidity scenario. We have over Rs. 600 Crores of lines of credit that we can readily draw across our projects, flexible. So that is not a problem at all. The other thing is, obviously, as you are aware, we follow a very extensive book building, expression of interest process that is reducing the extent of debt that we need for our new residential projects going forward. So, I think what we will do is, in a scenario in which there might be in some quarters a lack of trust, organized players such as ourselves are actually taking advantage and getting the benefit of the trust we have enjoyed across business cycles over the last 4 decades.

**Nimit Gala:** Okay. And one more question, if I can. Did we not have any launches during the current quarter?

**Kuldip Chawla:** No, we did not have, except that we have started the expression of interest process on 2 projects, like I mentioned, Provident Equinox and Provident Capella, which we should close towards the end of this quarter.

**Nimit Gala:** Okay. And do we have any launch pipeline? Of course, I have the launch pipeline with me, but any guidance for that for the current year, rest of the 3 quarters, I mean?

- Kuldip Chawlla:** We are on track, as per the presentation, which I think should be Slide 12. So, we are on track as per that.
- Nimit Gala:** Okay. That is a good 11 million square feet of launches which we are looking at.
- Kuldip Chawlla:** Correct.
- Nimit Gala:** Wouldn't it be for the single year? **Kuldip Chawlla:** I think if you look at it, some of it is also possible in FY2021, where you will see a large Chennai project.
- Nimit Gala:** Yes, that is 1 million square feet.
- Kuldip Chawlla:** Yes. Actually, out of your 11 million, that is 3.8 million. So, I think you should look at it from that perspective.
- Nimit Gala:** I take your point. That is helpful. Thank you so much.
- Moderator:** Thank you. We have the next question from the line of Biplab Debbarma Antique. Please go ahead.
- Biplab Debbarma:** Good evening Sir. Sorry, I am on leave, so I logged in a little bit late. So, I have one small query. What part of your debt is, I mean city wise, what portion of your debt is in Mumbai projects, in Bengaluru projects, and in Chennai projects? If you can give some rough idea?
- Kuldip Chawlla:** I think of our total debt, about 5% would be in Mumbai and approximately less than 12% would be in Chennai.
- Biplab Debbarma:** So, we can say more than majority more than 75-80% of debt is in Bengaluru projects, right?
- Kuldip Chawlla:** Yes.
- Biplab Debbarma:** That is what I understand.
- Kuldip Chawlla:** And about less than 5% in Cochin and may be another 4% or so in Hyderabad, 4%-5%.
- Biplab Debbarma:** I see that your debt absolute number has gone down marginally and we expect this debt to go down substantially marginally going forward?
- Kuldip Chawlla:** I think let me put this in perspective. One of the figures we track is debt-to-sales, okay? And you would find a very encouraging trend if you look across companies on the debt-to-sales ratio. Our sales are growing exponentially. Therefore, you should expect that we would need some element of debt, a little bit on the early part of our cycle as we launch projects and a little bit for residential. So therefore, what I am trying to say is that if you look at my debt that is reducing

because of my ready-to-move inventory sales, there will be some increase in the short term because I need to fund construction. What is important is that this debt, a larger proportion of the debt is in production, which means it is generating cash flows to service that debt. Therefore, what we would like you to do is to look at the composition of our debt as much as the absolute level of debt.

**Biplab Debbarma:** One final question, I have been asking on each concall is about your Mumbai projects. When these are going to be launched? Around Diwali? Can you give us guidance when these Mumbai projects would be launched?

**Ashish Puravankara:** I think around the third quarter we should see something. The only impediment would essentially be, I think, Maharashtra is now going into elections. So, depending on how fast we can get our clearances, but, for example, Chembur, Thane, Shilphata, all the designing is over. The submissions have already started for those sanctions. So, I am hopefully maybe 2 quarters, we should be able to have a couple of launches there.

**Biplab Debbarma:** I am asking this question because especially for your Chembur, it is owned by you. So, there is some carrying cost. So that was the reason I was asking?

**Ashish Puravankara:** As for Chembur, the design is completed. The submissions have already started.

**Biplab Debbarma:** Thank you Sir.

**Moderator:** Thank you. We have the next question from the line of Vinit Manek Karma Capital. Please go ahead.

**Vinit Manek:** I just wanted to check on bookkeeping thing. Can you help me out with the absolute value of the completed inventory as on the quarter? How much does Chennai contribute from it?

**Kuldip Chawlla:** The absolute value of completed inventory is around Rs. 950 Crores. Chennai would contribute approximately close to Rs. 300 Crores out of that. Let me put it in perspective. In FY2019, Chennai, we sold Rs. 140 Crores to Rs. 150 Crores of inventory. And this was a growth over FY18, a 50% growth over FY 2018.

**Vinit Manek:** So, we are seeing good traction at...

**Kuldip Chawlla:** Exactly, exactly. And about a little over 80% of the Chennai inventory is Puravankara inventory. So that is what we are excited about. We changed our entire approach to selling ready-to-move inventory, and we're very excited and encouraged by the results we see there.

**Vinit Manek:** And just to check one thing. So, the value of this inventory Rs. 950 Crores have not changed quarter-on-quarter. So last quarter also, it was close to that only.

- Kuldip Chawlla:** Okay. You are factually correct. The reason is that the absolute volume of inventory has gone up. It was about 1.85 million. It has now become 1.97 million. So, whilst the old inventory has sold, a small amount of new inventory has been added. But the encouraging thing is that the new inventory, which has been added, is very small, and it is fast-moving.
- Vinit Manek:** So means the historical inventory that we had is liquidating?
- Kuldip Chawlla:** Historical inventory is liquidating, and new inventory that has been added, specifically, Palm Beach and Green Park have both sold very well, very recently as well.
- Vinit Manek:** Thank you. I just wanted to check that.
- Moderator:** Thank you. We have the first question from the line of Karan Singh Investor. Please go ahead.
- Karan Singh:** Good evening Sir. Thank you for taking my question. We see good growth in our units sold this quarter of around 638 units despite no new launches. Now considering new launches in the coming quarters, where do you see this number going to?
- Kuldip Chawlla:** Where do you see the sales number going to from 638 with new launches coming up? We really do not give guidance, Karan. But I think what you should look at is our track record over the last couple of years where we sell anywhere between 60% and 80% of what we launch within the first year from the quarter in which we launch. So, whether you look at Park Square, you look at Goa, Kenworth, Silversands over the last 3, 4 years, in the first year or so, that is the trajectory of sales.
- Karan Singh:** Okay. Sir, second question is regarding the commercial space. How much additional debt would you be looking at for the projects coming in this space?
- Ashish Puravankara:** So, there are 2 things. So, for the commercial, like we said, we have a strategy of building a portfolio, which is 8 to 9 million square feet over the next 5 to 6 years, out of which about a little under 5 million square foot land is already available with the company. So, there is no payment that needs to be made for the land. As far as the construction goes, I mean, you can look at an average cost of Rs. 3,000 to Rs. 3,500 feet a square foot, and even if you're looking at a 4.5 million or 5 million square foot to be built over the next 3.5, 4 years, that would be the value. In addition to that, we are also exploring with private equity players a platform deal so that we have a good balance between debt and equity.
- Karan Singh:** My last question is on the macro. Have you seen the demand picking up?
- Ashish Puravankara:** So, I think if you see our sales, I think it has been stable. So, I think RERA in that sense has been a blessing in disguise. The number of launches from the unknown players has almost gone out of the market, so therefore, I think, all the buying you are seeing is more concentrated amongst the

larger brands and, therefore, the success that we have seen in the first 2, 3 quarters of most of the launches that we have done.

- Karan Singh:** Thanks a lot. I will join the queue back. Thank you.
- Moderator:** Thank you. We have the next question from the line of Rohith Potti Marshmallow Capital. Please go ahead.
- Rohith Potti:** Thank you for the opportunity. My first question is on the ready-to-move-in inventory debt. Is it possible for you guys to share that number? How has it moved over the last year to this quarter?
- Kuldip Chawlla:** Rohit, can we take this offline, but directionally, our ready-to-move inventory debt is around Rs. 900 Crores in total.
- Rohith Potti:** Okay. So, I am assuming with the strong sales that we are seeing, this would come down quite substantially going forward, right?
- Kuldip Chawlla:** Yes.
- Rohith Potti:** Okay. And could you give me a rough ballpark on the cash inflow from the completed projects that have been sold, but the money has not been received yet?
- Kuldip Chawlla:** Rs.450 Crores, Rohith, is the receivable from sold, built and yet-to-receive, ready inventory.
- Rohith Potti:** And this is to be received over the course of this financial year?
- Kuldip Chawlla:** Over the course of this financial year
- Rohith Potti:** That is nice. That is nice to know.
- Kuldip Chawlla:** I just would like to add a little clarification. Whilst this includes this financial year, some of this may not have been billed because some of these projects such as Palm Beach, which includes a meaningful part of that Rs. 450 Crores is yet to be billed because that project is not yet ready to be fully handed over.
- Rohith Potti:** Could you explain it a little more?
- Kuldip Chawlla:** What I am trying to say is, as we hand over a project, we also bill. So, if I am going to hand over this to a customer and the customer comes after 3 months because he is on vacation or he is overseas or after 4 months, then billing will happen at that point in time. But it is going to be in this financial year.



**Rohith Potti:** Okay. Got it. So yes, I got what you said. The next question is on the budget announcement where they have capped the price of the affordable housing properties at Rs. 45 lakhs. So, does it change your strategy in any of the locations, perhaps in Mumbai?

**Ashish Puravankara:** No, I think as far as the Provident model is concerned, I think we have hit a sweet spot in terms of the design and the ticket size. So, what would end up happening is within projects, we will see about 45%, 50% of our inventory, which will probably conform to that Rs. 45 lakh budget. So therefore, the customers will enjoy that benefit of that additional Rs. 1.5 lakh. Before September 1, even projects where we have Rs. 45 lakhs and larger units, as a developer, we still get the 80 IB benefit. But post September 1, you may not get that tax benefit if you have larger apartments in that. I think we would rather focus on building something that is marketable than to meet something at Rs. 45 lakhs and we are not able to sell, depending on the locations of where our land assets are.

**Rohith Potti:** Got it. That makes sense. Next question is more strategic that I want to understand. I mean I just observed that over the last 10 years, the company's addition to the retained earnings and the dividends paid to the shareholders is, I think, less than the interest paid to the banks. And over the last 10 years, while the debt has ballooned to around 4x the level we saw in 2008, the construction area that we have right now has remained at around the same level of 20, 23 million square feet. So, from this point on, how do you see that changing? The reason I'm asking is even over the last 4, 5 years after we began the expression of interest model, where we have self-funded most of projects, the debt has still increased. So how do we see this particularly on debt reset terms?

**Ashish Puravankara:** So, in terms of trends, 2 things. One is that you see over the last 2, 3 years, I would say, 8 out of 10 projects where we have done the EOI model. If you see the amount of construction finance is almost insignificant. For example, if you look at Silversands in Pune, the total borrowed CF is not more than, Rs. 25 Crores. It is under Rs. 25 Crores of the CF borrowed, typically, which would have been at least 3, 4x that. If you look at Kenworth in Hyderabad, again, where we have 1,600 apartments, that is about Rs. 100 Crores for a project, which is 1.6 million or 1.8 million square feet. Goa, again, which is about 1,600 apartments, there is just Rs. 50 Crores of CF. So incrementally the CF is not increasing, though the project sizes are large. You are comparing our numbers to 2008 to now. There is change in strategy really, now if you look at our West acquisitions, which is Pune and Mumbai, I think 9 out of 10, rather, have been on joint development basis and not outright. So, while the number of projects and the volumes are increasing, we are not seeing the debt increase in that same fashion. So that is the change in strategy as well.

**Rohith Potti:** Understood. I was asking because I think we pay around Rs. 250 Crores to Rs. 300 Crores interest payment, and that has been a big drag on the amount we have been able to retain

shareholders into the company. And with the commercial property strategy that you are having, I think that is on?

**Ashish Puravankara:** So, on the commercial bit, so while the strategy is to build a portfolio of close to 8 to 9 million square feet over the next 5- 6, 6-7 years, almost a little under 5 million square foot land is already available with the company, so there is no money that is due against land. As a strategy, you are right, so we are also now talking to private equity players to form a platform level deed because we understand that there will be huge capital required for the construction of these commercial assets so that we have the right balance between debt and equity in our commercial portfolio.

**Rohith Potti:** Got it. Understood. And I noticed, is it true that we did that land deal with Unitech. I saw it in the news, so I do not know what to entirely believe and what not to. So just wanted to hear a confirmation from you if that is true?

**Ashish Puravankara:** No. So, this was a 2-year -- 2.5-year-old transaction, where we had gotten into a MoU. There were certain conversions of land that were pending. There were certain titles that were pending. Finally, I think, in July last year, the title came through, the conversions were completed. And then also, I think, to Unitech the Supreme Court had asked for a list of their assets. And that is where our MoU also got reflected and gave a direction that within 30 days, these transactions should be completed, which is where we completed. But it was a 2.5-year-old transaction, which was completed in June last year. So, this is a 12.5-acre parcel on Bellary Road on that new airport road in Bengaluru so a prime location for commercial.

**Rohith Potti:** Okay. Okay. So, extension of that, do you see the company doing more land deals opportunistic of...

**Ashish Puravankara:** Going forward, I can comfortably say, I think, 90% of them will be more capital-light joint development models, and that is the focus given to the land acquisition department as well. But for a few very stray cases, which are older transactions that have taken time to materialize on account of the land owners having completed certain deliverable on his side. And the price that was agreed was a 2.5-year-ago price. So, it is not at today's current market value. So, there is a price advantage as well.

**Rohith Potti:** So, you mean to say that the prices have increased over the last 2 to 2.5 years. I would have thought they would have been stagnant or reduced?

**Ashish Puravankara:** No, not at all. In fact, if you go to Bellary Road, which is where the new airport is and the new metro is coming. If you look at the last 2 years, I would say prices have gone up at least 40%, 50%, land prices because that's the new growth area, right? Everyone is looking for land there. All the micro markets have not increased in the same fashion, but certain micro markets, yes, have gone up 50% in the last 2 years.

- Rohith Potti:** Okay. So other than any legacy MoUs that you have signed, where you might have to honor the commitment, you're not looking at anything new with what you are doing?
- Ashish Puravankara:** Strategy is quite clear, like I said, with the land acquisition is to focus more on JD. And the proof of that is also if you look at the West, right? Like I said, 9 out of 10 so we have gotten off almost 5 projects that we signed up in Pune, we have got almost now 5 projects in Mumbai, 9 out of 10 have been JD.
- Rohith Potti:** Yes. So, over the last few years, I did observe and that was very nice to see. But my question was more because I think over ...
- Ashish Puravankara:** You are right. These were the legacy ones, which the prices are quite attractive if you look at it today. So, these were transactions closed 2, 2.5 years ago.
- Rohith Potti:** I understand if you cannot, but would it be possible to understand how many more of these are probably in the horizon for the company over the next whatever future period?
- Ashish Puravankara:** I will be honest with you, it's so difficult to track and predict. I tell you why. Even with Unitech, we almost gave up hopes that they would come, I mean from a company point of view, we had no cash out. We had a very small advance and a MoU signed, right? This thing is going on for 2 years. If there was no Supreme Court pressure, I do not think this would have happened for the next 2 years, to be very honest. So being in this business and land being our raw material, we have MoUs, which are 5 years old, 6 years old. I don't know will it come in the next year, will it come 3 years later. But there are not too many of those.
- Rohith Potti:** Understood. Okay. So, in addition to what Mr. Chawlla has mentioned that we might need some very tiny construction finance due to the very strong launch pipeline that we have this year, would I be right in thinking that so, for example, the Unitech land deal, which has gotten consummated right now, so you would see that increase because of this as well? So, you would see additional Rs. 200-odd Crores of debt coming into the book?
- Kuldip Chawlla:** No further debt increase because of this deal.
- Rohith Potti:** That is it from me for now. Thank you. You have been patient with all your answers.
- Moderator:** Thank you. We have the next question from the line of Rohith Potti from Marshmallow Capital. Please go ahead.
- Rohith Potti:** Thank you for taking my question again. I just wanted to get this particular perspective, the last perspective from you on debt. So, is there a number in your mind that you are comfortable with? Or is it sort of linked to the amount of construction and sales that you do going forward? So, it is

not an absolute number, but it's a relative number in relation to sales or equity as Mr. Chawla mentioned previously?

**Ashish Puravankara:** Yes, I think it is a relative number to the amount of launches. So, for example, this year, 11 million square foot of launches now how much of that we get the clearance and how much we launch. So, you have that much of land in production or project in production or square footage in production. It will be a result of that, A. B, one comfort that comes out of it is, if you look at the last 3, 4 years of launches, I think 8 out of 10 projects, the amount of CF that we have taken has been relatively lesser, right, because of whole EOI process. But it is definitely relative.

**Rohith Potti:** Understood. So, what I was trying to understand is, given the whole change in process, I mean like you mentioned in almost all the new projects, which is Goa, Pune, Hyderabad, Park Square, I think you have enough bookings where the cash flows have probably covered majority of the construction cost. Do you see this number trending downwards at least on the residential bit and you would be taking incremental debt probably only for the commercial bit?

**Ashish Puravankara:** Yes absolutely. I think that assumption is right.

**Rohith Potti:** Understood. Okay. And commercially, do you see over the next 3 years the demand to be strong? I mean I was reading that because of the strong rental yield the commercial properties are giving right now, probably this year or next year, the supply is going to almost increase by 50% to 75% across markets. So, would you see a pressure on the yields probably 2 years out when our projects are ready?

**Ashish Puravankara:** There are 2 things here. One is the existing 4.5 million square foot. I would say, 85% of that land is a historic land cost sitting on our books, A. So this is not fresh brand new land bought at today's market value. Secondly, these are very carefully selected micro markets, right? So, for example, just to give you a little bit of a flavor, so in Bengaluru, we have one commercial that is coming up 3 kilometers from MG Road. This is a land owned by the company On Madras Road, but 3 kilometers from MG Road, which is CBD. We have 2 commercial projects which are coming up on Bellary Road, which is a new growth corridor. So, the kind of boom and growth that the Ring Road saw over the last 10 years, most of the development now because Ring Road is now exhausted, we have seen the interest go along the new airport road. So, it is coming in that growth area.

If you look at Pune, today, one 10-acre development is coming up on our land which is in Kharadi where you have the EON SEZ. So, it is already an established IT micro market and that too is a JDA, right? We have another JDA in Pune, which is opposite the Mercedes-Benz showroom on the Wagholi highway, again, a great micro market, which is essentially 10 minutes before Kharadi. Today, so we have underwritten that at Rs. 45 rental, whereas Kharadi today is sitting at Rs.80 to Rs.85 rental, right? So, this was a detailed study we gave to JLL and Knight Frank did a micro markets. So today, I can do 100% residential on the 28-acre Wagholi land,

right? But today, we have done our survey where up to 1 million square foot, the study said if you do 1 million square foot and if you are able to operate at Rs.50 a square foot rental, and if it works for you, you can really get advantage from the Kharadi market today, which is trending at Rs.85, Rs.90. So, these are very carefully selected micro markets. It is not a general strategy to say commercial across Bengaluru and any micro market will do well. So, we have been careful, selected specific land banks from our existing land banks and then chosen to do commercial offices.

- Rohith Potti:** That is it from me. Thank you. You have been again very patient with all my questions.
- Moderator:** Thank you. We have the next question from the line of Ruchi Parekh from Anand Rathi. Please go ahead.
- Ruchi Parekh:** Sir, I just wanted to know more about actually the deal that recently happened with Unitech. So, like the half of the area has been acquired and the rest is still pending or in the clearing stages. So, when do we expect that to come in? And how do you plan to further, I mean, of launch this, in phases? or how do we plan this?
- Ashish Puravankara:** The entire MoU signed with Unitech, I think, close to 3 years ago, a little over 2.5 years ago was for a 28-acre land parcel. The front 12.5 acres, they have taken 2.5 years to sort of get the conversions done to get the title clearances done. I think it would have taken longer, but due to the Supreme Court pressure, they sorted that out. The money had to be deposited in Supreme Court. It finally came through July of last year. Now to just give you a flavor, the balance land, so 28 minus 12.5, the balance land is in the state the front land was in 2.5 years ago. So, I really cannot put a time line. It may take 2 years, 3 years, 3.5 years for them to do the conversion. Conversion means agricultural to non-agricultural. And there are other title-related issues that we need to clear up. So, it will take some time. So, we are going ahead. So, every time we get into any agreement, we ensure that risk mitigation is that we only register it if the front land is available. So even if the back land does not come to me in time, I can walk away from it. And the first phase is the 12.5 acres is a standalone project and can be developed. So as of now, the design for the first 12.5 acres is already ready. We are going ahead with submissions next week. So, it is not dependent on the second phase coming.
- Ruchi Parekh:** Thank you so much Sir.
- Moderator:** Thank you. As there are no further questions from participants, I now hand the conference over to Mr. Kuldip Chawlla, Chief Financial Officer, for closing comments. Please go ahead, Sir.
- Kuldip Chawlla:** Thank you so much. Thank you, ladies and gentlemen, for your time and your attention, especially on a Friday evening. We will be available offline to address any further questions or clarifications that you may have. Have a wonderful evening. Thank you once again.

**Moderator:** Thank you, gentlemen. Ladies and gentlemen, on behalf of Puravankara Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.

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