“Puravankara Projects Limited Q4 FY16 Earnings Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the Puravankara Projects Q4 FY16 Earnings 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 this conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jackbastian Nazareth from Puravankara Projects. Thank you and over to you sir.

Jackbastian Nazareth: Good evening everyone. We welcome you all to Puravankara's Earnings Call for the fourth quarter and the year ended 31st March, 2016. FY16 was a challenging year for the industry notwithstanding the challenging market environment; we were focused on timely execution and delivery as well as on expansion into new city. With encouraging signs of improvement in the macroeconomic environment including the clear electoral mandate at the recently concluded elections in Kerala and Tamil Nadu and proactive governments in Telangana, we look forward to pickup in demand for our homes city in which we operate which will enable us to create maximum value for our stakeholders.

Coming to our own brand Puravankara and Provident, with respect to a project delivery guidance of 5.92 million sq. ft., we have completed and delivered 2.83 million sq. ft., the balance of 3.09 million sq. ft. also has been completed and occupancy certificates are expected in the current quarter. Projects under development as on March 31st, 2016 stood at 23.64 million sq. ft. Out of this 20.41 million sq. ft. has been launched for sale with our share being 13.89 million sq. ft. Of this 13.89 million sq. ft., we have sold 7.64 million sq. ft. as on 31st March, 2016. During the quarter ended March 31, 2016, we launched Provident Kenworth in Hyderabad. We also have started our launch in Pune with launch of Purva Silver Sand in Q1 of FY17. This marks our entry of our brand into the new city which is in line with our vision to expand into newer markets. The launch pipeline stands at 13.36 million sq. ft. under both brands, Puravankara and Provident, across Bangalore, Chennai, Kochi, Pune and Mumbai. Of this, final approvals are awaited for projects under the Provident Brand measuring 5.72 million sq. ft. The balance that is 7.64 million sq. ft. under the Puravankara Brand has received approvals and we will be launching them in the coming quarters. I will now hand over the call to Mr. Hari Ramakrishnan – our Deputy CFO to share the financial performance for Q4, FY2016.

Hari Ramakrishnan: Thanks Jack. Good evening everyone. Let me begin with the sales number for the quarter. New sales for the quarter ended 31st March, 2016 stood at 0.71 million sq. ft. as compared against 0.25 million sq. ft. for the quarter ended 31st March, 2015. New sales in Quarter 4 have increased about 184% on a comparative basis. Sale value for the quarter ended 31st March, 2016 was at INR 289 crores as against 129 crores for the quarter ended 31st March 2015. On the sales realization for the quarter ended March 2016: Sales realization of the ongoing projects of Puravankara and Provident stood at Rs. 5,172 psft and Rs. 4,096 psft respectively.

Moving on to the yearly numbers, area sold for the entire year stood at 1.90 million sq. ft. Despite the current environment, we continue to sell our ready to move in inventory and out of the overall sales of 1.90 million sq. ft., we have sold 0.52 million sq. ft. of ready to move in inventory in

FY16. Sale value for the year stood at 844 crores. Moving onto the sales realization for the year, for the year ended March 31st, 2016 the sales realization stood at 5876 per sq. ft. and 4087 per sq. ft. respectively. The realization drop is primarily due to a product mix - the ready to move in inventory arising out of sales in Kochi Eternity and Chennai Swanlake. While this has reduced the quarter-on-quarter comparison, we believe that now these markets have started to pickup which gives us much more confidence of liquidating these inventories faster than what we expected.

On the financial front I will begin with the debt position; our net debt stood at 1885 crores on March 31st, 2016 and net debt to equity stands at 0.82. The promoter backed funding in net debt stands at 259 crores resulting in the net external debt at 1626 crores. As of March 31st, 2016, the weighted average cost of debt stands at 11.86%, down from 12.62% in FY15. We further continue to evaluate opportunities to reduce the debt cost from the current levels.

On the financial side, our revenues for the quarter stood at 333 crores as against 363 crores in Q3 of FY16. The EBITDA for the quarter stood at 90 crores and the PAT at 11 crores. Our yearly financials: revenue for the year stood at 1568 crores as compared with 1685 crores in the previous year and EBITDA stands at 367 crores and PAT at 67 crores. We also want to highlight that with the new accounting requirement on meeting thresholds for revenue recognition, all launches where we are going to spend on marketing and advertisement, the expenditure will start hitting the bottom line thereby resulting in the expenditure being incurred ahead of revenue. So there is a revenue expenditure mismatch, which was one of the reasons why our PAT for this quarter also been lower. In addition to that, our interest cost allocation has also impacted the PAT for FY16. On the collections front, in the quarter ended 31st March 2016, we collected 369 crores and for the entire year, the collections from the projects stood at 1345 crores.

Now moving on to the outlook for the next fiscal; on the delivery side, we will be handing over 6.55 million sq. ft. in FY17. On the cash flow for FY17 as we said earlier and as Jack has mentioned earlier, the demand pick up in FY17 will definitely result in better sales for us. Also another important factor to be noted is that the commercial space absorption is at the highest level currently in Bangalore market, which we feel that will lead to a consequential absorption in the residential market.

Now moving onto specific numbers for FY17; our total expenses outflow including marketing, employee cost and other expenses would stand at around Rs. 340 crores. Interest will be at around Rs. 245 crores. We expect to spend on construction about Rs. 700 to 800 crores. The tax and dividend will be roughly about Rs. 95 to 100 crores and the debt obligation, principal debt repayment stands at Rs. 240 crores by FY17. With this the total outflow will stand at Rs. 1620 to 1650 crores. We will be collecting Rs. 1300 crores for the financial year 16-17 which gives us a gap of Rs. 320-350 crores and our new launches coming from both Puravankara and Provident will enable us to make good this deficit. In addition, we believe that in current market environment we will be targeting sales of 3 million sq. ft. for FY17. And before we move on to the specific Q&A session, we like to bring to your attention that we are very happy on the passing of the real estate regulation act and we really welcome this. Over for question answers session please.

Moderator: Thank you very much. We will now begin the question and answer session. We have the first question from the line of Anubhav Gupta from Maybank. Please go ahead sir.

Anubhav Gupta: My first question is on the presales for the fourth quarter last year, the ready to move in inventory presales were around 0.5 million sq. ft. obviously you will believe that it's a peak rate that one can achieve. What's the target for FY17 for the ready to move in sale?

Ashish Puravankara: Anubhav, you mean target in terms of square footage or in terms of the value?

Anubhav Gupta: Yes in terms of square footage for ready to move in inventory.

Ashish Puravankara: If you see this year being a good example, I think the rate of the sales of ready to move in inventory has increased. We only believe that it will increase further in this year going forward.

Anubhav Gupta: Out of 3 million sq. ft. presale guidance how much will come from ready to move in?

Ashish Puravankara: Definitely we will be achieving 0.75 msft but we are trying to up it to around 1 to 1.25 msft based on our new strategies, which we have been employing in the last two months.

Anubhav Gupta: Also the new launch pipe line for next 18 months of 13 million sq. ft. is very encouraging. So can you just give some sense with the launch pipeline of 13 million sq. ft. I think 3 million sq. ft. of presales guidance to be conservative number?

Ashish Puravankara: Yes I agree with a conservative number but I think we rather promise a number which we can achieve and then over-deliver, so we've been very cautious on giving the guidance of 3 million. So you are right in terms of the contribution from the ready to move in inventory along with the ongoing sales to that if you add the new launches, we should be able to surpass that number.

Ashish Puravankara: So also Anubhav while we have 13 million, so we are in the final stages of approval for few other projects in Puravankara and also in Provident. So considering that we are going to launch, the entire thing is not going to be launched in two months or a quarter. So it will be phased out over the next 2 to 3 quarters. So keeping all of this in mind we have prepared to have guidance of 3 million sq. ft. We believe definitely a portion of it can be higher if the market pickup is higher. So definitely we will achieve 3 but anything beyond that is always a bonus for us.

Anubhav Gupta: And on the new land acquisition, any new cities you are looking for the Provident brand since the brand is pretty much established now. When do you think it would make sense to take it pan India?

Ashish Puravankara: We are obviously looking at Pune right now so we will continue to operate in the cities that we're already present which is predominantly it will be outskirts of Mumbai in this case of

Provident. Pune we are looking at a JV for Provident and of course the existing cities that we're already present which is Bangalore, Chennai and Hyderabad. We are also looking at another launch in Goa for Provident. This is right next to the one that was recently launched by Tata and they had a very successful Facebook, only digital launch where almost 50% of the stock sold by think in about two months. Again we are trying to be very risk averse there so the responsibility and any cash outflow will only happen after we receive all approvals which is environment, MoEF, plan sanction, etc.

Anubhav Gupta: And just lastly on the profitability since fourth-quarter profit also kind of suffered because of legacy projects. So when do you think you will start from the clean slate, can we expect some time in 17 in any of the quarters?

Ashish Puravankara: So what is happening is while we are having a stock coming from ongoing and ready to move in which will give us the margins. The sales which we had done this year which was not reflective of our strength has impacted our profitability. And the second thing is even if I do a new launch in FY16-17 we will not be able to recognize the revenue until I meet the guidance in our threshold norms. Keeping all this in mind, definitely from end of Q3 or early part of Q4 we will be able to see change in the numbers totally. So until that time we will have some kind of profit pressures but having said that if the market starts picking up on the current ongoing inventory what we have definitely we will be able to come out of it in Q1 or Q2.

Anubhav Gupta: So we are looking for quarterly profit run rate of 40 crores sometime in second half?

Ashish Puravankara: Not in this financial year definitely unless the market starts picking up the existing inventory at the rate at which we were selling in FY14-15 or 13-14.

Moderator: Thank you very much. We have the next question from the line of Kunal Lakhan from Axis Capital. Please go ahead.

Kunal Lakhan: There was a news article sometime back stating that Jack has resigned from the company if you could just comment on that please?

Ashish Puravankara: Jack has decided to move on so his current position was Chief Development Officer, he's on this call as well and he has decided to move on at the end of this month.

Jackbastian Nazareth: Just want to mention that I have had some great things here at Puravankara's six years and I still believe that Purvankara is that cusp of growth, process has set up, Ashish is taking over, there are lot of launches coming up. I think what we missed in the last year and a half or two was just the launches bit but if you really see as a real estate company where we stand today is from our execution skills which I believe puts us at the forefront whether its precast of Sunworth or whether it's the way we sold Welworth in terms of our ready to move in inventory in times like these. I still believe that Puravankara will grow from here on. We have got some wonderful set of leaders in Anand, Veera, Jagdish and the entire team. I am moving on for opportunities to pursue another challenge.

Kunal Lakhan: Ashish you could elaborate little on the succession plan and also like this is probably the second resignation of a key management personnel in the last one year or so. How do you see the management structure going ahead?

Ashish Puravankara: We have got Veera who earlier was with Sobha and then with Mantri, who is taking over the entire construction responsibility. The other responsibilities are being taken up by me. Then we have Hari, we have Mr. Choksey who look at the finance function and also legal which comes under Mr. Choksey. So as of now got all hands-on board and confident that we have the right team in place.

Kunal Lakhan: Can you just elaborate a little on this tie-up with Snapdeal and JLL for monetizing the ready inventory.

Ashish Puravankara: This is more of an investment plan. Time and again we have been just trying to find ways and means to push the ready to move in inventory faster. So we have also gotten a lot of interest from customers overseas who at this point would not like to move to India but at some point maybe three years or five years down the line would like to move to India. Their biggest concern what we understood was by the time we moved we buy-today we wait and postpone that purchase. If I buy an apartment today who is going to take care of our maintenance so we don't mind so we like the project but we are not quite sure when we will be moving to India, who will lease this space out for us. So that's where we came up with the scheme which is more like an investment scheme and for people who would like to move and occupy the spaces maybe 3-4 years down the line. Wherein we have tied up with Snapdeal for the sale, we have tied up with JLL for leasing and managing these residences post the sale.

Kunal Lakhan: On the guidance front, Hari, you gave a guidance of about 700 to 800 crores of construction outlay for FY17. Now this is lower than what we spent in FY16, what could be the reason behind it? And secondly, that would translate into lower revenue recognition in the years to follow, right?

Ashish Puravankara: Couple of things, one is also some projects are nearing completion so this is more of an estimate of the ongoing projects. So as the new launches come, this number will definitely go up within for the year. So depending on how fast we get these launches out over the next 2-3 quarters that number will go up. So this is an estimate for the current ongoing projects.

Hari Ramakrishnan: Also to expand what Ashish just said, the last two years we have burnt about roughly 1950 crores on construction and result of that burn rate is what has resulted in meeting our delivery guidelines on 5.92 million sq. ft. and that also includes a better portion of the projects which will get for delivery in this year. So we had indicated 6.55 million sq. ft. of delivery this financial year 16-17. Better part of that construction has already been taken up in the last two years. So, what has been left now is only the finishing and the last 20% to 30% which will consume this amount of money. And with also RERA coming in and we getting into this Escrow mechanism, the new launches construction will be separate and it will have a separate earmarked cash flow arrangement which is taken care of by itself.

Kunal Lakhan: Just one clarification, this 6.55 million sq. ft. of deliveries for FY17, does this also include the 3.09 million sq. ft.?

Hari Ramakrishnan: No.

Kunal Lakhan: This is excluding the spillover?

Hari Ramakrishnan: Yes, in 3.09 what had happened is, two projects are in Tamil Nadu and because of the election Occupation certificate got delayed that's the reason and we will expect that any minute now.

Kunal Lakhan: Hari one last question on the accounting front. You did touch upon the point on the impact of the new accounting norms. Can you just little elaborate on that like in terms of which line items will get impacted and which won't?

Hari Ramakrishnan: So all period cost where it doesn't have the ability to capitalize like selling, expenses, advertising, marketing, traveling and other related expenses towards the project will all get charged off into the profit and loss account as expenditure. So what happens in the relevant quarter just to give you an example in Q4 we launched Kenworth so we have spent roughly 1.4 crores on selling, marketing and related travel and other expenditures so that has hit the bottom line. Whereas the revenue on Kenworth is not going to come for the next three quarters until I meet the threshold norm. So going forward you will have these mismatches and we will be able to come out of this based through our other sales from the existing projects and ready to move in. But on a like-to-like basis expenditure is ahead of income.

Kunal Lakhan: From the time a project crosses threshold, the margins won't be like truly reflective sort of?

Hari Ramakrishnan: Yeah you are right.

Moderator: Thank you very much. We have the next question from the line of Abhishek Anand from JM Financial. Please go ahead sir.

Abhishek Anand: Just following up from the previous question on that Snapdeal, JLL deal. So as I understand that we are giving a seven-year rental commitment plus a clause where basically the buyer can anytime cancel the contract. So just wanted to get the details that who is taking the liability in case those assets are not leased, so just trying to understand the contours of the agreement with JLL and Snapdeal?

Hari Ramakrishnan: I will explain the transaction little bit more in detail. The transaction has three parts to it – first part will be, we will sell the apartments to the customers so that will be the sale transaction. Then after that the apartment owner signs up with us on a lease transaction where we commit the yearly rentals for seven years what we have just mentioned. It means that liability is on Puravankara. So we fixed, based on each of the projects which we chose, the rental in the market for 2BHK and 3BHK and we have circulated the marketing material to the relevant people for them to understand and invest in this. Now there is also a third angle to it, we've also taken a sub-lease right from the existing customer where while we are spending money on the rental yield committed rentals for 7 years. We also have the right to sub-lease it to X or Y or Z and if the rental at which we are getting is higher than what I commit that entire surplus comes back to Puravankara. So in effect I have the ability to either break even, I can reduce that cost to the extent of me renting it out at the rate higher than what is the current market rate.

Jackbastian Nazareth: In a nutshell the rental income that the customer will enjoy will essentially come out of us renting that apartment out for which we have roped in JLL in a situation where it has not been rented out. I think there is a cost that is already been factored in the sales price.

Abhishek Anand: So we have taken a bit of a hike on the ticket size or ticket price?

Jackbastian Nazareth: Yes that will be factored in.

Abhishek Anand: And we are also offering to 8% annual increases, is that understanding correct?

Jackbastian Nazareth: Yeah correct.

Abhishek Anand: As you were mentioning that marketing expenditure is going to be expensed much before the revenue recognition actually happens. So in real estate regulator act as well we have a clause of 70% being deposited in an Escrow or schedule bank which will be released as per the construction spent. So as per your understanding will these expenditures like marketing expense, interest costs upfront, will this be capitalized or part of the project cost or it will be in the similar manner?

Hari Ramakrishnan: RERA only talks about the Escrow mechanism and stocks. With respect to the 70% whatever money has come in it will get escrowed at 70% of the value and the balance 30% is what will be allowed to take out into the corporate cash flow. With respect to you having marketing expenditure the accounting will continue to be the same even now and post RERA scenario.

Abhishek Anand: No, I'm not talking about accounting. I'm talking about cash flows.

Hari Ramakrishnan: Cash flows what will happen is we will have to structure it little differently. For each of the projects we will have to factor a pullout of marketing expenditure from each project from the relevant escrow account.

Abhishek Anand: So basically that will be in different kind of accounting, is that correct? Rather we can say it will be part of the total cost of the project.

Jackbastian Nazareth: Yes, so all those expenses that you mentioned will be part of the project cost.

Abhishek Anand: If I'm looking at your Hyderabad project launch I think we did pretty well we sold almost of about 30% of inventory there, so what's the outlook there?

Ashish Puravankara: So Hyderabad, in fact just to be cautious, we had broken that up into almost 4 phases, approximately 400 each. But in the first two months we've been able to cross the 500 number so it's actually clubbed the Phase-I and Phase-II. The average realization of the apartment sold is about 24% higher than that micro market, so we are achieving almost Rs. 4300 per sq. ft. there in Provident. So we have reset the price in fact in a way of that micro market in the market, which looks quite positive. Even in terms of commercial uptake I'm sure you have been hearing the news, you have all the big names from Novartis to Apple to Google to IKEA to everyone setting up shop there so that's a good sign in terms of job creation which will translate into a stronger demand for residential.

Abhishek Anand: My last query is with regards to your completed inventory sale during the fiscal year. Did we see any price appreciation on those completed apartments and if you did by how much roughly?

Ashish Puravankara: What is the second part of the question?

Abhishek Anand: Basically the completed inventory which you sold, so what was its pricing versus FY 15? Did we see some appreciation coming in?

Ashish Puravankara: If you look at it I think you need to dissect that into location and project. Certain projects of course did see an appreciation so if you look at Grandbay, Oceana saw an appreciation. But if you look at Swanlake and Eternity, it was flat to marginal increase. So I think net basis it was just a marginal increase.

Abhishek Anand: So we don't require to take any price correction or maybe offer certain discounts to the customer or not?

Ashish Puravankara: No, so it's again the way you look at it. What we did essentially was we increase the price, for example now if something was being quoted as Rs. 4000; we increase the price to Rs. 4500 and then offered a Rs. 350 discount.

Moderator: Thank you very much. We have the next question from the line of Prem Khurana from Anand Rathi. Please go ahead sir.

Prem Khurana: My question was with respect to our Pune projects, I think it's already been marketed but then if I were to look at our presentation doesn't appear to be as of it has been launched. So just want to understand how has been the presale response, is it seeing any good traction or has it been because we are facing severe competition where you already have Godrej there and there are couple of more projects so how has the response been?

Ashish Puravankara: I think as a location we believe it's a great location. About a month ago we've got the permission to actually build a bridge across the river right in front of our project which will connect us to that the Eon Panchshil SEZ that site opposite Kharadi so which makes I think now in terms of reach and the micro market very positive. We have been able to sell over the last two months a little over 150. In terms of presales we have got interest of close to about 800 so now we are reaching out to all these guys where we had the EOIs and concluding them and doing the apartment allocation.

Ashish Puravankara: And this is going to be in the first quarter because we started the launch around March 27th or 28 so that's why it will be the Q1 of this financial year.

Prem Khurana: Who would bear the cost of this bridge that you're talking about I mean it will not be exclusively for our projects, it will be used by other projects as well, so how would the cost be split between cost and the other developers?

Ashish Puravankara: It's a government project by the local PMRDA but there it's going to be some PPP sort of a model so all the local developers there including Kalyanis who have a house there and a lot of land there, so everyone is sharing the cost.

Prem Khurana: I was looking at the cash flow statement I mean this quarter came with turn project surplus negative so I mean what kind of run-rate would be required or have so as to be able to ensure that we remain project surplus on a sustainable basis. This year we have done almost 1.9 million sq. ft. kind of number, what number would you need to be able to remain surplus positive on the sustainable basis? Because I mean if we were to believe that surplus level itself do you then interest cost to take care of and then other payments to take care of which in effect our cash flows debt would never come down, if you're going to have this kind of situation.

Hari Ramakrishnan: As I said in my introductory statements will need roughly about 1600 crores to ensure that we meet all the expenditures. Rather than 1600 crores, the 240 crores is a principal obligation so if you knocked that off, it's about 1460 crores. We are collecting roughly about 1300 to 1350 crores in the last few years. So if I up the number by another 100-150 crores which we definitely believe will start flowing in higher because of the possession money which will come in and the new sales which we will do, we will definitely not be in a situation where we will be operating cash flow negative. So this could be one of those aberrations where because of the heavy deliveries which are happening, you have the short-term mismatch which is getting created and resulting in the numbers getting disclosed like this. But on a project level basis we don't have to worry about it.

Prem Khurana: But given the fact that in last year as in FY16 we could do only Rs.828-830 crores odd of number in terms of presales. So does it mean at least in terms of the milestone payment that you received on a yearly basis would come down to that last year number was somewhat down vis-à-vis FY15 wherein we sold out this Rs. 1400 crores odd of presales. And what kind of number are we looking at for this year in terms of incremental bookings that you're looking at?

Hari Ramakrishnan: Definitely we are looking at based on a 3 million guidance anywhere between 1400 to 1600 crores. But as I said earlier if the market absorption is very high and it can pick up then definitely we can touch 2000 crores because of the kind of launch that we have planned.

Prem Khurana: What gives us confidence to be able to achieve this Rs. 1400-1600 crores odd number that you're talking about because last year it's only Rs. 800 crores odd? So effectively you're talking about doubling a number on a yearly basis then…

Hari Ramakrishnan: Let me break it up for you; last FY14 we sold 3.9 million, FY15 we sold 2.94 million and this year it has come down to 1.9 million. This is not reflective of our either our brand or our performance. So if we analyze it, largely it is attributable to the kind of market what we are operating and also the projects where we are currently having the inventory in ongoing projects, we have sold already 50% to 60% of the area which means the balance 40% is predominantly coming from the fact that either the customers are pushing their deficiency to ready to move in stage or they are waiting for some kind of a change in the overall sentiment in the market. Now when we analyzed the reasons for this is the found out that it's both. There is a group which wants to pick up at ready to move in as well as there is a group which waits for some kind of a change in the sentiment for whatever reasons it may be. And the fact that we didn't have launches the rate at which we deliver is not getting replaced with new launches and we have started the new launches in Q4 has also resulted in the lower number of 844 crores in FY16. So definitely we feel that with the new launches what we have plus my completion which will bring in additional sales and also ready to move in inventory in certain micro markets what Ashish was saying earlier has started to see pick-up. So while we have 1.66 million as of 31st March, 2016 and if I sold in 0.52 in the FY15-16 definitely in two years I will be out of this inventory. But we are not going to wait for two years, we are doing schemes like MRIP and others which will ensure that we will liquidate it in the next 18 to 20 months. Also we have receivables around 600 crores plus new launches which will give us another 350 crores. So cash flow wise we are not going to see much of stress. I also want to bring to your notice that the balance collection from sold units to balance cost to go we don't have a gap which means I don't have to worry about meeting the construction obligation which is a big positive. So that delta is not negative for us.

Prem Khurana: If I'm not mistaken we held a board meeting in the month of April, I think last week of April to discuss monetization Raidurg land parcels. Why do we require to have this board meeting generally we don't get to see board meetings as to discuss monetization of any particular land parcels? So does it mean you are planning to sell it a discount to the cost of acquisition which is….

Ashish Puravankara: These lands were actually being held in an SPV so just is because the sale of an SPV subsidy of the company therefore by law we were required to hold the board meeting. It's not been sold at a discount.

Prem Khurana: How was the outcome and have we found any buyer for this Land Parcel or is it still some time away?

Ashish Puravankara: Yes, we are working on that transaction and I think we should have much more clarity in the month from now.

Prem Khurana: Would you swap this land parcels with some other city center land parcel and then sell it as we saw in the case for DLF or you would be selling this land parcel itself the Raidurg land parcel?

Ashish Puravankara: No in the same area so the government is giving us already alternative land they are fixed to it. Right next to this land they are giving us an alternative land and that's what we are looking at.

Moderator: Thank you very much. We have the next question from the line of Kunal Lakhan from Axis Capital. Please go ahead.

Kunal Lakhan: Just wanted to understand the timeline for which basically we are expecting the balance collection of the land which we sold Sobha.

Ashish Puravankara: In March end we got all our sanctions and clearances in place. Now we are looking at an opportune time to launch the project. Since the sanction has come in place some money from Sobha is due. But as per the agreement we have time.

Kunal Lakhan: What will be the timeline so the reason why of asking because in Sobha's call they have kind of categorically stated that the payment will be done only in FY18?

Ashish Puravankara: No, as per the document from the date of sanction they had about three months to pay the money and additional six months which would be interest-bearing. But all approvals have been sought.

Moderator: Thank you very much. As there are no further questions from participants I now hand the conference back to the management for any closing comments.

Hari Ramakrishnan: Thank you everyone for attending the call and in case you have any specific questions you can reach out to us and will be happy to take this call on one on one basis. Thank you all.

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

(This document has been edited for readability purposes)