

Date: February 16, 2022

To The Deputy Manager Department of Corporate Services, BSE Limited Floor 25, P.J Towers, Dalal Street, Mumbai – 400 001 <b>Scrip Code: 532784</b>	To The Manager National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 <b>Scrip Code: SOBHA</b>
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Dear Sir / Madam,

**Sub: Conference Call Update**

Please find enclosed Transcript of the conference call held on February 14, 2022 at 4.00 PM (IST) with the Investors/Analysts in respect of the Financial Results for the quarter ended 31<sup>st</sup> December, 2021.

We request you to take the aforesaid information on record in terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is available on the website of the Company.

Yours sincerely,

**FOR SOBHA LIMITED**

*Yogesh Bansal*

**YOGESH BANSAL  
CHIEF FINANCIAL OFFICER**



**SOBHA LIMITED**

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## “Sobha Limited Q3 FY2022 Earnings Conference Call”

**February 14, 2022**



**ANALYST: MR. ADHIDEV CHATTOPADHYAY - ICICI SECURITIES LIMITED**

**MANAGEMENT: MR. J.C. SHARMA - VICE CHAIRMAN AND MANAGING DIRECTOR – SOBHA LIMITED  
MR. YOGESH BANSAL - CHIEF FINANCIAL OFFICER - SOBHA LIMITED  
MR. TEJAS - HEAD OF TREASURY AND INVESTOR RELATIONS - SOBHA LIMITED  
MR. RAMESH BABU – SENIOR VP FINANCE - SOBHA LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 FY2022 Results Conference Call for Sobha Limited, hosted by ICICI Securities. As a reminder all participant lines are 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 for an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities Limited. Thank you and over to you, Sir!

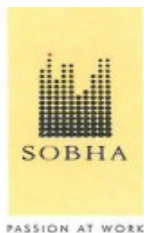
**Adhidev C:** Good evening everyone. On behalf of ICICI Securities, I like to welcome everyone today on the Sobha Limited Q3 FY2022 Results Call. Today from the management, we have with us Mr. J.C. Sharma, the Vice Chairman and Managing Director, Mr. Yogesh Bansal, Chief Financial Officer, Mr. Tejas, Head of Treasury and IR and Mr. Ramesh Babu, Senior VP Finance. I would now like to hand over the call to the management for their opening remarks. Over to you Sir!

**J.C. Sharma:** Thanks Adhidev. Good evening friends. We are pleased to connect with you today post declaration of our unaudited financial results for the Q3 and nine months ended December 31, 2021 through this concall hosted by ICICI Securities.

We have already shared the operational update of the company in the first week of January 2022. The investor presentation based on the financial results adopted by the board can be downloaded from the website of our company.

I would like to give some flavor about the outlook of the sector and Sobha’s performance. As we all are aware, the housing sector has started doing well from past many quarters. According to the Knight Frank Research Report Real Estate Outlook 2022, India’s housing sector is showing signs of a healthy growth in 2022. Housing sector has shown strong resilience in this COVID period with tough macroeconomic environment. The year 2021 has also been a difficult and eventful one for this sector.

Structural changes in the housing sector had created new opportunity for the established financially strong and multilocation based developers. The same is reflected in the presales number reported by major listed real estate players and we are clearly seeing the gradual market share gains over the past many quarters by these developers.



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The housing sector is also showing trends of sustainable demand with good growth prospects. There has been rise in input cost in the same quarter; however, at Sobha we were able to take price increases across various projects. It is heartening to note respect price increase did not have any impact on the sales volumes.

The REPO rate is unchanged for the last 10 consecutive bimonthly monetary policies thereby extending the benefit of lower interest rates to the home buyer. This pandemic induced trend together with work-from-home concept, significant pickup in the prospects of IT sector, increase in salaries, low mortgage rate, affordability and other positive variables have fuelled real estate growth which is expected to continue to be in the future years as well.

In the month of January 2022 COVID third wave has shown some uncertainty and temporary disruption of economic activities, but unlike first and second COVID wave, third wave seems to be so far less harmful resulting in renewal of COVID restrictions across various states and economic activities, we believe should start picking up from now onwards.

The year 2022 continues to drive the investment push, from the top as the government engages all levers to ensure that the Indian economy remains the fastest growing large economy. New initiatives on promulgating the startup ecosphere and improving the ease of doing business are likely to give market direction on the governments' thinking of a future ready Indian economy.

Notably in its attempt to push growth the government has significantly opened up the economic wallet, leveraging the above estimate revenue collections and the large borrowing program. We believe all these initiatives should help the sector going forward and we have to believe that Sobha should be able to take advantage of the same as things start becoming more and more normal. I would now like to hand over to Yogesh, our new CFO who would be talking about our Sobha's performance and will give the details and the flavor of the company's performance.

**Yogesh Bansal:**

Thanks, Sir. Good afternoon everybody. We are happy to announce that Sobha has achieved a total sale volume of 1.32 million square feet valued at Rs.10.48 billion with a total average price utilization of 7920 million square feet. These are primarily driven by this sale numbers achieved in Bengaluru, Gurgaon, Pune and GIFT City. Our consistent focus on



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cash flow and efficient cost management has helped us to reduce net debt by Rs.1.23 billion during the quarter.

If you remember in earlier concalls, we had informed the investor's community that we are targeting to achieve debt equity of 1.10 by March 2022. We are happy to inform you that in this quarter, we were able to bring our debt equity to 1.07 one quarter before as committed to investor community. Now we are targeting to reduce debt equity below 1.0 in the coming quarters.

We would also like to inform that the average cost of borrowing has come down to 8.65% as on December 31, 2021 probably this is the lowest in real estate sector. During the quarter, we had launched Sobha Avalon Residential project in GIFT City with super built up area of 329550 square feet.

On the planned residential of 13.41 million square feet across various cities we are on track for the same. These launches are expected to further boost our sales in the coming quarters. We would also like to inform you that all these planned launches are from our existing land bank and balance land payment will be made through our internal accrual and not through any fresh debt.

As of December 2021 we have an unsold inventory of 14.05 million square feet in ongoing and completed projects, which we consider adequate in the given market scenario. As on December 31, 2021 we have an unsold completed project inventory of 0.44 million square feet valued at Rs.3.25 billion which is one of the lowest by the industry standard and it also shows our capability to sell the inventory before the project completion. Overall, we have delivered 115.93 million square feet of developable area which is one of the highest in our sector.

We have achieved 69% sales on the area which were released for sales in the ongoing project. Committed receivables from sold unit stand at 56.29 billion as on December 31, 2021 which provides full coverage for balanced course to be spent on further ongoing project offered for sale.

I would now like to come to sales highlight for Q3 FY2022. We have achieved quarterly sales volume of 1.3 million square of super built up area valued at 10.48 billion. We have achieved best ever Sobha's share of sale value of Rs.9.08 billion during the quarter. If we compare Q3 2022 versus Q3 2021 total sales volume is up by 17%, sale value is up by 18%



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Sobha's share is up by 34%. Average realization during the quarter has grown by 4% as compared to Q2 FY2022.

Bengaluru sales volume during the quarter has grown by 20% and 22% as compared to Q2 FY2022 and Q3 FY2021 respectively. Gurgaon sale volume post Q3 FY2022 has grown by 97% as compared to Q3 FY2021. During the quarter we have launched Sobha Avalon Residential project in GIFT City with super built up area of 329550 square feet.

Now I am coming to sales highlight of nine months FY2022. We have achieved highest ever nine months total sale volume and sale value of 3567087 square feet and Rs.27.61 billion respectively. We have also achieved best ever Sobha share of sales value of Rs.23.33 billion since inception. We have achieved highest ever sale volume in Bengaluru during last nine months.

Total sale volume and sale value, Sobha share of sale value are up by 33%, 34%, 46% respectively as compared to nine months 2021. Coming to cash flow highlights for Q3 we have achieved total cash inflow of 10.59 billion during Q3 FY2022 which is again highest ever since inception. Total cash inflow is up by 22% and 16% as compared to Q3 2021 and Q2 2022 respectively. We have achieved real estate cash flow Rs.8.09 billion during last Q3 2022. This is again highest ever since inception.

Real estate cash inflow is up by 27% and 16% as compared to Q3 2021 and Q2 2022 respectively. We have generated operating cash inflow of Rs.209 billion during Q3 2022 that is same up by 15% as compared to Q3 2021.

Our net debt got reduced by 1.23 billion in Q3 2022. We are able to receive net debt of Rs.4.39 billion in last nine quarters. Our borrowing cost has so far come down during the quarter and stands at 8.65% as on December 31, 2021.

Cash flow highlights of nine months. We have achieved cash inflow of 26.91 billion during nine months which is up by 28% as compared to nine months of 2021. We have achieved real estate cash inflow of 21.12 billion during nine months 2022, which is the highest ever since inception. The same is up by 41% as compared to nine months 2021. We have generated operating cash flow of 5.20 billion during nine months 2022 which is again highest ever since inception. Net debt got reduced by 1.98 billion during nine months. Borrowing cost has come down by 39 basis points during last nine months.



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Now coming to financial highlights of Q3 2022 our total income for Q3 2022 stands at 6.89 billion. Real estate revenue for Q3 2022 stands at Rs.4.47 billion. Contractual and the manufacturing vertical revenues stand at 2.22 billion up by 35% as compared to Q2 2022.

EBITDA for Q3 2022 stands at Rs.1.36 billion that comes to be 20%. PBT Rs.0.44 billion that is 12 to 6%. PAT for Q3 stands at 0.33 billion that is coming to 5%. Debt equity stands at 1.07 as on December 31, 2021, as compared to 1.13 as on September 30, 2021. Contractual and manufacturing order book today stands at Rs.23.48 billion as on December 31 2021. Out of community sales done in the residential business as on December 31, 2021 there is a balance revenue of Rs.77.55 billion to be recognized in our books of account.

Now coming to financial highlights of nine months total income for nine months 2022 stands at Rs.20.29 billion up by 27% as compared to nine months 2021. Real estate revenue for nine months stands at Rs.40.78 billion up by 45% as compared to nine months of last year. Contractual and manufacturing vertical revenue for nine months stands at Rs.5.22 billion. EBITDA for nine months 2020 stands at 4.01 billion which is 20%.

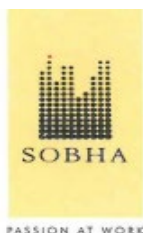
PBT for nine months stands at Rs.1.22 billion that is 6%. PAT for nine months stands at 0.90 billion that is 4%. We were able to have reduced our finance cost by 284 million during last nine months as compared to nine months of 2021. We thank you all for your participation and we now we can open the floor for question and answer session.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Puneet from HSBC. Please go ahead.

**Moderator:** Thank you. Our next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

**Pritesh Sheth:** Sir thanks for the opportunity and congrats on good set of numbers despite very limited launches. So my first question is on launches. I think you have increased your Bengaluru pipeline by adding three more projects so how do you see this going forward. What is your target on overall launches and would we see at least couple of projects during launch in Bangalore every year from here on?

**J.C. Sharma:** Basically, we have got approved plans for almost 2 million square feet in Bengaluru in the last fortnight so now we will be submitting the sanctions, drawings along with other documents to the RERA, hopefully this week and as we launch these projects we have



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started working on couple of more large projects in Bengaluru and that is why you will see more number on projects being added in our Bengaluru bucket. Going forward, we believe that yes the launches will be relatively more frequent and we hope that this all 13.1 million square feet of residential launches should happen by the end of the next financial year.

**Pritesh Sheth:**

Great. That is helpful. Second one is the interest cost in the cash flow statement. I see it is still not reflecting reduction in debt or reduction in interest rate that we have seen over the last two to three quarters so when should we start seeing those interest cash flow getting down to around 600 Crores kind of a level?

**J.C. Sharma:**

If you look at we have given in our investor's presentation also from about 80 Crores plus 84 Crores, 85 Crores now we have come down to about 70 Crores or so. The cost reduction is bit gradual but over a period of time as you have correctly put it across that should get reflected. This quarter itself should see relatively a constant reduction in interest cost and going forward when you come the next year outflow versus this year out flow this benefit will be more profound and impactful. It is a continuous process. Sometimes you have been paying the higher costs and other things and you are taking lower cost loans, some processing fees and other things also you need to pay but in a normalized environment I do believe that from this quarter onwards you will start seeing the benefits of interest reduction reflecting the non exposure as well as the reduction in the rate of interest.

**Pritesh Sheth:**

Great that is helpful. I have few more questions. I will jump back in the queue. That is it from my side all the best.

**Moderator:**

Thank you. Our next question is from the line of Raj Rishi from DCPL. Please go ahead.

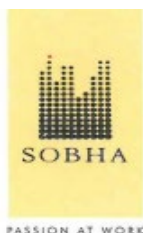
**Raj Rishi:**

What kind of price appreciation do you foresee in this calendar year 2022?

**J.C. Sharma:**

See Raj basically what we have been communicating since last two quarters or so is that discounts and the price reduction is over and we have started selectively taking the price increase. It is being done in different pieces because when you take up a price increase there are certain disadvantages and challenges like the customers who have been waiting suddenly when they are being told that the price increase had taken place sometimes if you do not get such customers again because of that mental block so we are doing it in different spaces but we are doing it in a certain manner where I believe that now days on a quarterly basis at least 2% to 3% on the same project, similar project basis it is definitely getting





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reflected and while this is processed over a period of one or two quarters we hope to ensure that the cost increase is more or less taken care of.

**Raj Rishi:**

That is helpful. This IT scenario which is very robust right now and obviously helping out in demand in cities like Bengaluru. What kind of runaway do you foresee as of now for this kind of robustness to persist?

**J.C. Sharma:**

What we firmly believe that there are so many things which have converged to sustain this housing demand. Prima facie you are seeing a) the lowest ever interest rates, b) you are seeing family higher sized apartment requirement because of this work from home kind of thing where we believe for a larger home is becoming a necessity, c) the sector itself has gone through the edges with cyclical challenges from demonetization era till now you can say because of this COVID related disruption. From there when you go back to the normalcy I believe that the demand is going to come back be technical in nature as well. Number four if you also look now primarily the demand is from the people who still live in bigger cities like Bengaluru. As the offices start reopening these people has to come back and then when they look at the rental cost versus the EMI cost kind of thing, people will start going for home buying at this point of time in greater numbers than what we have witnessed before so these are things which looks favorable from the supply side also. This is what I talked about from a demand perspective. From supply side in a city like Bengaluru there are hardly one dozen developers who are launching new projects or who are completing the existing ones. The availability of capital be it through banks or be it through NBFCs it remains reasonably restricted kind of a thing so most of the developer continues to struggle with liquidity related challenges so they are not able to get the newer opportunities. Also things should also help the bigger and existing players as I have given in my outlook. If you are to ensure that whatever is the demand it is shared relatively few numbers of developer than what it used to be and this is across all cities. We have also seen the demand across all products also so you are selling below 1 Crores, you are selling between 1 Crores and 2 Crores and you are selling above 2 Crores. Similarly we are witnessing demand across all age group also. We have got good number of people buying up to 30 years, between 30 and 40, between 40 and 50 kind of things. Where earlier the age used to be 40 plus now it is becoming 21 plus so this also enhances the size of the market so I believe all this things should give a reasonably clear runaway as far as the housing sector is concerned going forward.

**Raj Rishi:**

Okay thanks a lot. Thank you.



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- Moderator:** Thank you. The next question is from the line of Abhinav Sinha from Jefferies. Please go ahead.
- Abhinav Sinha:** Sir congratulations on good set of sales that we are seeing. I wanted to check on what is the medium term outlook on that gearing now?
- J.C. Sharma:** Medium term means like my CFO has communicated that we are aiming at less than 1 if not this quarter definitely next quarter.
- Abhinav Sinha:** You would like to stick around that or further down trend is likely from there.
- J.C. Sharma:** Right now the visibility is okay from the new launches we are trying to see and Bangalore is reasonably having a good visibility but sometimes while we look for DM and other kind of projects but my view is we will remain profitable. Our CFO pointed that 7700 odd Crores of revenue is yet to be recognized that phase needs to be booked going forward, 2300 Crores of construction revenue will also get recognized in due course so we have a clear amount of visibility so on the one hand your equity base improves. On the hand, the ability to bring down the debt continues at the operational levels. Your land selection during this COVID period certain good facilitates we have introduced and hopefully all such things should help to ensure that the cash flow remains robust and the debt reduction continues say next step in few quarters because of the dividend or because of certain opportunities it may get reflected but I can say with conviction that year on year basis the trajectory will be reduction of debt only till it reaches to a level which is significantly lower than the current level.
- Abhinav Sinha:** Thanks. That is helpful and secondly was there a land transaction related inflow that we had this quarter.
- J.C. Sharma:** Nothing.
- Abhinav Sinha:** Because in the cash flow part I mean the land side was showing a negative number so I was just wondering.
- J.C. Sharma:** Some refund has come against the deposits which as shown as negative balance. We got JDL funds.
- Abhinav Sinha:** Sir last question so you briefly mentioned that there was some impact in January but broadly it did impact our sales run rate of 3,400 Crores a month or the current quarter.



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- J.C. Sharma:** Not at all. The problem is the momentum gets lost. When you have weekend life completely shuts down both in Gurgaon as well in Bengaluru two of our best markets and you have night culture kind of thing. This momentum gets lost. It is not an item which you want to buy in a rush. They enquire. They go for the virtual tour. Then they visit. Then the family visit. Then the elders visit. It is a first step which takes time suddenly it gets broken to revise it, it hurts but the demand being secular the duty is again it fix ups, it rebounds sort of a thing so what we are trying to communicate because of this interruption or disruption the momentum gets lost which gets recovered faster but for big interruptions things would have been far better so there is a minor impact but not to the extent what you talk about and hopefully we would like to recover it in next few months.
- Abhinav Sinha:** Sure Sir. Thanks and all the best.
- Moderator:** Thank you. Our next question is from the line of Puneet from HSBC. Please go ahead.
- Puneet:** Thank you so much for the opportunity and congratulations on bringing down the debt for now as you alluded in the quarter. My first question is on debt only so if I look at the performance of free cash flows a part of the contribution also comes from spends on land acquisition and low dividend payout. How should one think about both the land terms going into FY2023 and 2024?
- J.C. Sharma:** Just one or two questions before your question we have answered that we have visibility of 13.5 million square feet and Bengaluru has got good amount of visibility. The investment in the land has been reduced because we have started communicating post the first impact of the COVID thus we would focus on monetizing our own land then to look around and this discipline definitely has helped us a lot. Coming back to the dividend part kind of thing here last year the dividend was bit on the lower side that was also against primarily to conserve the capital in an uncertain environment but with the ability to bring down the debt by more than 100 Crores on a top line of 1000 Crores from cash flow point of view I am talking about and cash point of view is what we are capable of doing after meeting all our operational costs. If there are cash which is getting distributed, it is distributed for further reasons which I do believe the investor community will only appreciate even in one or two quarters some kind of negative impact that has.
- Puneet:** My second question is with respect to the launches. You talked about 13 million square feet launches in the financial year but over the last eight years you have done probably



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maximum of 6 million square feet do you need to maintain the management style, add sales force to do these 13, 14 square feet or the company geared for that.

**J.C. Sharma:**

Puneet we have to ask appreciate that there was a base of 3 million square feet of annual sales for a long time, then it has gone up to 4 million and now we are averaging 5 million square feet of the run rate. Number two you also have to understand that there has been certain launches like Dream Acres 7 million square feet of both Sobha City Gurgaon or Sobha City Bengaluru or International City or Marina one kind of thing these are all 3 million plus square feet of development coming up. Royal Pavilion was also 2 million square feet plus. So when you have larger launch and when you always have an approved inventory of roughly about 3 to 4 years on A current run rate you would not like to launch for the sake of launching. We always understand the constraints, constraints of space, constraints of execution and realtor commitment that is why you see we do not carry finished goods inventory and we would like to tell as the projects during the course of its completion. We do not sell the projects at the time of launch. Sometimes it gets sold. Some projects get better response, some projects do not but the basic idea is an inflationary economy it is wiser not to release all the stock and to sell all the stock in one go and then suffer on the margin front and this specifically has been working with us reasonably well. As you will be seeing in our margins which happens to be one of the most consistent margins because we are able to take the price rise depending upon the interest of cost increase more faster and in a more judicial manner and all these things you have learned hard way. We hope to continue to improve on that going forward also. The big picture is that now we see better visibility on the sales momentum than what we have seen. Now our dependence from Bengaluru is also moving to the other cities. Gurgaon has been doing relatively better and what we have been talking about it is clearly seen as the market also started showing some potential and that market needs to be filled up with new projects and that is what we are going to do in times to come.

**Puneet:**

The last one is on your debt side. How much percent of debt is actually flowed through debt and how much is interest rates go down, yes correct.

**J.C. Sharma:**

Sometimes because of this accounting standards, it is difficult for us to say how much debt we should have. We today have more than 4000 Crores of cash from the customers, 7700 Crores to be recognized, revenue waiting for that, construction is happening but revenue is not getting recognized and the profit accordingly is not considered. Now this is considered as liability but still when the new accounting standards were implemented earlier we communicated that we would like to be as 1.1 which was equivalent to 0.8 in the old



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accounting standards. Now the company has decided its wisdom that we need to bring it down. The debt from 1.1 to below 1 and at the same time we need to be conscious about the newer opportunity and we have to a balance. Let us see how things move forward.

**Puneet:**

I am very sorry. Sir my question is on the fixed rate debt and the floating rate debt?

**J. C. Sharma:**

Fixed rate versus floating rate okay you are talking about. There are certain fixed increment six monthly kind linked, but what we do. We have more than one banker and other institutions who fund us. We have got more than Rs.1000 Crores of unused or undrawn limits extension we are talking about of a thing so wherever we find that this interest rates are higher or to pull are trying to raise. We talk to them. We reason with them. In most of the cases they listen to us. Some they do not listen we prepay and this practice has been working so far reasonably well.

**Puneet:**

Understood. That is all from my side. Thank you so much and all the best.

**Moderator:**

Thank you. Our next question is from the line of Manish Agarwal from JM Financial. Please go ahead.

**Manish Agarwal:**

Good evening. My first question will be pertaining to the sales volume so as you rightly pointed out our sales volume has been consistently increasing and now we are broadly at 1.35 million square feet of quarterly run rate so what sort of internal target do you have over the next one to two years and what kind of volumes would you possibly hit?

**J. C. Sharma:**

We used to talk about 6 million square feet to 7 million square feet of new sales and we believe that yes in the timeframe what you have suggested we should be able to sustain at this level.

**Manish Agarwal:**

Understood and in terms of the diversification plans so lot of us 75% to 80% is still coming from the Bengaluru so going forward how would it pan out? Would the Bengaluru contribution continue to be that high or are we seeing more traction across projects in different cities?

**J. C. Sharma:**

Bengaluru will grow and the focus on the Bengaluru market will continue. This is going to remain the most demand driven and the logic and rationality is obvious. It has got the highest quantum of leased space and own space in the IT sector who constitute more than 50% of our new sales and most of them they come from outside Bengaluru the employees



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part. At the same time our ratio is already reduced from 70% to 75% what we talked about to about 65% or so rather in the last to last quarter the Bengaluru contributed only 55% of the new sales so there has been some setback in Kerala market as it starts showing its potential once again I believe even next year also it will be about 65% or so Bengaluru and the remaining coming from the other markets. New cities are also getting added and the benefit of that means in a couple of years time Bengaluru will be below 60% and the other markets will be having the remaining 40% of the new sales.

**Manish Agarwal:**

Understood and one last question so we have seen overhead costs which is mainly SGNA and other expenses? They cover back to FY2020 levels broadly for FY2022 so going forward what will be the trajectory? Is this an abrasion? Will it go down or up if you could give some sense?

**J. C. Sharma:**

Thank you for asking this question. Certain things we believe are controllable and fixed cost is a part of that. The COVID has helped us to become efficient on so many parameters. We are not having any hesitation in ensuring that the sales marketing related push will continue. The highest number of new jobs in the last couple of years has been created in that vertical only so the next step to that our other line items we have shown consistent improvement and probably looking at the style, looking at the manufacturing and the construction capabilities what we have, the deficient cost elements of our company is the lowest among the peers is what we can say and that we will continue. Somewhere the GST taxation also helps, where the in house billing means they will be saving on architect fees, they will be saving on the engineers and other people who work for us on the 18% kind of a GST is saved. That also helps us otherwise from an efficiency perspective.

**Manish Agarwal:**

Understood. Thank you. That is all from my side. All the best.

**Moderator:**

Thank you. Our next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

**Sameer Baisiwala:**

Thank you very much Sir. Sir a quick clarification in the new launch pipeline that you have which is about 8.5 million square foot for bang, are there any multiphase concentrated projects or these are all sort of one go launch projects?

**J. C. Sharma:**

The approval has been taken for one go but the release of the towers will be on multiphases. It helps. At the time of design itself the execution team and architects they work accordingly so that the basic idea is to sell maximum possible from the existing towers.



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Once we cross 60% to 70%, we release the other towers for processing and that formula has worked reasonably well with us.

**Sameer Baisiwala:** Sir what would be the size of the biggest project in that group?

**J. C. Sharma:** Right now.

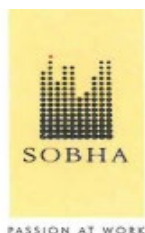
**Sameer Baisiwala:** Yes in the launch pipeline? Is it like 3 to 4 million square foot or less?

**J. C. Sharma:** Yes 3 million plus near the Dream Acres where we have another 7 million square feet of the Dream Acres going on. If you recollect Sameer about two quarters when we talked about monetization part the 26 acres of land parcel so that is 3 million square feet on the Fund II side which are hope to launch now.

**Sameer Baisiwala:** Got it Sir. Very clear. Sir the second question is on your new projects acquisition or JD or JV sort of plans so any update you can share on that?

**J. C. Sharma:** If it would be there, we would because JV and other things we would like to put it across. No payments have been made in the last five 10 odd weeks, not shown, but looking at multiple opportunities because now we believe that at one stage of bringing down the debt to the targeted level of 1.1 has been achieved and we clearly see that on the interest front also more or less we have reached what one can offer to a real estate company with this kind of risk weightage, what this expect carries so there has been optimization part. Now we believe that as I used to always talk about that the company's ability to generate free cash flow above 5 million square feet is going to be significantly superior qualitatively then what it is as four or three so that operating leverage has started playing its role. A little bit of extra push believing that the panelist expect more or less is not likely to be repeated in the next year. Some kind of an aggression will be there but at the same time the debt also we hope we will be able to bring it down from the current level to a reasonable level. That means some significant amount is there in the mind to say that it is brought down to. Both these objectives we hope we should start adjusting from the next year onwards and quarter on quarter hopefully the progress will be observed by you people.

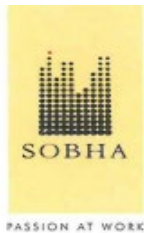
**Sameer Baisiwala:** Sir that is great and it has been fantastic job done on the balance sheet side, but just like over the next 12 to 15 months could you be doing two to three of these JD type transactions?



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- J. C. Sharma:** Possible. We will prefer DM where our investment is the least. Thereafter if we are doing the JD also we are trying to bring down the deposit to the lowest possible and all these things we can do because we believe we have got an ongoing inventory and the results of that hopefully should be visible from the next quarter onwards.
- Sameer Baisiwala:** Sir would these be non-Bengaluru markets or it would be?
- J. C. Sharma:** Both. We are focusing on non-Bengaluru market also and we are focusing on Bengaluru as well.
- Sameer Baisiwala:** Thanks. One final if I may with your permission. Sir you have fairly concentrated large land in Kochi, Chennai, Hosur how do you plan to unlock value, any three year plan that you want to share on these three markets?
- J. C. Sharma:** Hosur will start. Already we are using 24 acres of land to get some aggregate materials. We have also gone ahead with 30 acres of another land parcel where with the help of some other partners some 60 acres to 65 acres of property development we are working upon, which is also shown 1.306 million square feet, the 65 acres land parcel. Then we are looking at Chennai also, Sriperumbudur little bit more closely and as I have been telling the Hoskote is also in the pipeline along with some two to three land parcels of relatively larger size what we talked about coming through so that exercise is on and hopefully some investment on these land parcels also will get reflected in the coming quarters to make them monetizable, developable, and marketable.
- Sameer Baisiwala:** Excellent Sir. Thank you so much.
- Moderator:** Thank you. Our next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.
- Pritesh Sheth:** I had the same question on Chennai plans for Chennai land parcel that is answered so that is it from my side. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraints that was the last question. I now hand the conference over to the management for closing comments.
- J. C. Sharma:** Friends, thank you for your patient hearing and we believe as I repeat that the housing sector is showing all the promises to sustain this kind of a growth momentum what we had





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witnessed in the last two years through some large players. Most of the loosened according to me they have been tied up. There has been demand supply witnessed. We have started seeing. There has been a momentum even with the price increase and the affordability and the interest cost to remain reasonably well within the reach of the would be buyers so we do believe that in the coming years should remain reasonably good for this sector. Sobha as a responsible company will ensure that it capitalizes on this momentum and continues to outperform the market wherever it operates. Thank you once again for your patient hearing.

**Moderator:**

Thank you very much members of the management team. Ladies and gentlemen, on behalf of Sobha Limited and ICICI Securities that concludes this conference call. Thank you for joining. You may now disconnect your lines.