

"Sobha Limited Q4 FY2020 Results Conference Call"

June 29, 2020







ANALYST: Mr. Adhidev Chattopadhyay - ICICI Securities

LIMITED

MANAGEMENT: MR. J.C. SHARMA - VICE CHAIRMAN AND

Managing Director – Sobha Limited

MR. SUBHASH BHAT - CHIEF FINANCIAL OFFICER -

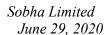
SOBHA LIMITED

MR. RAMESH BABU - VP, FINANCE - SOBHA LIMITED MR. VIGHNESHWAR BHAT - COMPANY SECRETARY

AND COMPLIANCE OFFICER - SOBHA LIMITED

MR. TEJAS SINGH – HEAD OF INVESTOR RELATIONS -

SOBHA LIMITED





Moderator:

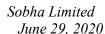
Ladies and gentlemen, good day, and welcome to the Sobha Limited Q4 FY2020 Results Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by 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. Thank you, and over to you, Sir!

Adhidev Chattopadhyay: Good evening everyone. Thank you for joining us today on the con call of Sobha Limited. Today from the management we have with us Mr. J.C. Sharma, the Vice Chairman and Managing Director; Mr. Subhash Bhatt, the Chief Financial Officer; Mr. Ramesh Babu, VP Finance; Mr. Vigneshwar Bhat, the Company Secretary and Compliance Officer; and Mr. Tejus Singh, the Head of Investor Relations. I would now like to hand it over to the management for their opening remarks. Thank you.

J.C. Sharma:

Thank you Adhidev for hosting this con call, and good evening ladies and gentlemen. We are pleased to connect with you today post declaration of our audited financial results for the fourth quarter and financial year ended March 31, 2020 through this con call hosted by ICICI Securities. We already shared the details of operational update of the company in the first week of April 2020. The investor presentation based on the financial results adopted by the board has also been uploaded in our website, and it is available for you to download.

The economic impact of the 2020 Coronavirus pandemic in India has been largely disruptive. The World Bank and rating agencies had already initiated downgrading of India's growth for fiscal year 2021 which we have ever seen in the last three decades since the economic liberalization had started in the 1990s. However, after the announcement of the economic package in mid-May, India's GDP estimates have further downgraded even more to negative numbers, signaling a deep recession. On May 26, 2020, CRISIL announced that this will perhaps be India's worst recession since independence. The economy was under complete lockdown from March 24, 2020, till May 2, 2020 and it has impacted adversely every sector. We were also not insulated from this kind of an impact where the production has stopped completely. Sales were impacted, collections were impacted and we had to go through managing the fixed cost of the organization. After the lockdown was opened the migration of the labor also somehow escalated the situation. The production could not come back to the normalcy. Despite Sobha having more than 10,000 workmen and despite Sobha having paid to the workmen basic wages during the lockdown period, we were not able to hold onto the workers and as things stand today, less than 50% of these workmen we have been able to retain and with these workmen, we are continuing with our current operations, both on the real estate side as well as on the contracting and the manufacturing side.





We also see that the adverse impact on Indian real estate has been quite huge during this lockdown period, and it will take its own time to come back to the normalcy. This is an industry, which was already overleveraged and somehow was coming out of this deep recession starting from demonetization to RERA to GST and if you look at our financial results for the whole year, up to March 15, 2020, we were going ahead with record sales, record collections, record profitability and almost record on every parameter, be it contracting division, be it real estate division, be it manufacturing division, but this stoppage of work due to the lockdown has hurt us as well, and this is reflected in our fourth quarter results and likely to be seen in the current financial year, especially in the first quarter of this financial year. However, we were prudent enough to bring down our fixed costs, improve efficiency and even in the last quarter, we were able to bring down our debt by Rs.70 Crores, which our CFO will be talking about in greater detail. We also took proactive measures to see to it that wherever collections are getting delayed, we identified those customers and we started engaging ourselves with them. Some of them, we believe, will not be going forward, the sales numbers, and some of them will continue. But as things stand today, we started delivering some of that inventory to the new customers to see that our cash flows improve. On the positive side, the liquidity of the company has remained quite robust. The interest rates continue to come down. Available limits also remain where most of the banks continue to support and fund. Especially, we would like to be thankful to the public sector banks who have given the new limits during this pandemic.

On the new sales front, the first two months has been a bit difficult, but we are clearly seeing the signs of revival from the month of June onwards. The levels of inquiries or the opportunities are now almost back to what it was a pre-COVID level and if this trend continues, in our view, we not only will be able to recoup most of the sales, which we have lost in the first two months but maybe at the far end, we may start doing even better than what we have achieved in the last quarter of this financial year.

Our optimism also stems from the fact that we are continuing to go ahead with our new launch program. This somehow will get delayed because of the approval-related challenges, but definitely we will try to launch them in this financial year to the extent possible. We also believe that this year, we will not be making new investment in new opportunities, though we will continue to explore new opportunities on a development manager model, and which will ensure that even in this financial year our debt does not go up rather it comes down and the debt equity level further comes down. Net-net, the comfort is on the new sales, the comfort is on bringing down the debt, the comfort is on reducing the interest cost, but on the billing side, we have been affected. It will take at least another three to four months for us to go back to the normal contracting cycle where the billing will be better, but the cash flows on the unsold inventory should help us to manage the outflow and see to it that our performance overall is above the industry performance. I will now leave it to our CFO, Subhash Bhatt, to continue with the performance details of the company.

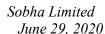


Subhash Bhatt:

Thanks, Sharma Ji. Good evening, friends. FY2020 has been one of the best years for Sobha in spite of all the unforeseen global events that we had gone through. The best practices that we follow, being a pioneer player in view of our own self-reliant model of contracting and timely delivery of quality products, we are able to achieve record operational performance. We have achieved higher sales volume during the year, proving again the confidence entrusted in the brand of Sobha by our customers. During the year, we have also delivered 5.86 million square feet of developable area, which reflects our strong delivery capability. While our real estate vertical continues to be a major contributor to our top line, the contractual and manufacturing verticals contribution is also incrementally growing year-on-year and proving to be a strong support to our overall operations. During FY2019-2020, the contractual and manufacturing verticals have reported highest ever revenue. We also have good visibility of ongoing and future projects in this vertical during the coming quarters. While there are estimates and projections for first half of FY2021, especially Q1 FY2021 would be a washout due to all the economic activity coming to a grinding halt, we do continue to see consistent inquiries through our various digital and conventional models that we have. Overall, we have unsold inventory of 16.51 million square feet, which we consider adequate in the given market scenario and we continue to see good demand for our core offering, that home price between Rs.50 Lakhs to Rs.2 Crores during FY2020, which comprised 81% of our sales volumes for the year.

Despite few launches during FY2020, we have achieved all-time high presales volume of 4.07 million square feet. We continue to enjoy sufficient liquidity from banks and financial institutions for meeting our obligation and as of March 31, 2020, we have delivered overall 109.74 million square feet of developable area, which is one of the highest in our sector. Bangalore market continues to dominate with about 74% of our total sales and has seen the least impact of COVID-19 among all the metros and is expected to perform better as we go forward. Though there is a temporary shortage of labor, which Sharma Ji mentioned, still all our project sites are operating with sufficient labor required for the construction and building activity for our ongoing projects and all our ongoing projects are on schedule for delivery as per the RERA time lines.

Our dependency on rental income is very minimal in our top line and hence, we feel that in the medium and the long-term, our revenue stream will be more sustainable in this industry. Good cash inflow visibility from ongoing and completed projects, focus on cost optimization and cash flow and working capital management will help us keep our debt equity under control in these uncertain times and help us perform better. On the planned launches, as Sharma Ji mentioned, we will continue to focus and reposition our offerings as per the Indian market behavior and within the overall market sentiment. We have visibility of 14.23 million square feet of planned launches in residential real estate and about 0.39 million square feet of commercial project space, which we believe show our wealth in the projected market scenario in the coming quarters and years.





As of March 31, 2020, we have unsold completed project inventory of only 0.62 million square feet, valued at Rs.3.5 billion, which is one of the lowest in the industry, and it shows our capability to sell inventory before the project completion. We have achieved 60% sale on the area, which is released for sales in ongoing projects. Committed receivables from the sold units stand at Rs.32.2 billion as of March 31, 2020. This provides a coverage of 72% of the balance cost to be spent on ongoing projects, which are offered for sale. Additionally, we have cash flow visibility of Rs.22.13 billion from contractual and manufacturing verticals, which supplements the overall cash flow visibility for the company. With this backdrop, we summarize the company's performance for fourth quarter and the financial year as follows.

For the Q4 FY2020, our total income was at Rs.9.28 billion. The real estate revenue contributing at Rs.4.31 billion, and the contract and the manufacturing revenue at Rs.4.79 billion. The contract and the manufacturing revenue were up by 26% as compared to the Q4 of last year. The EBITDA has returned at Rs.1.84 billion, with the margin at 20%, PBT at Rs.0.81 billion, with a margin at 9% and PAT at Rs.0.51 billion with a margin at 5%. We are pleased to announce that the net debt was reduced by Rs.0.71 billion during this quarter and consequently, the debt equity as of March fell to 1.24. The cost of borrowings has come down for consecutive quarters and now stands at 9.69% as of March 31, 2020.

Coming to the full year highlights. Full year, we had all-time high total income at Rs.38.26 billion, which is 9% higher as compared to FY2019. The real estate revenue clocked, again, all-time high of Rs.22.8 billion, and contracts and manufacturing at an all-time high of Rs.14.74 billion. The contracts and the manufacturing revenues were 25% higher as compared to the earlier year. The all-time high EBITDA for this current year was Rs.8.31 billion, which was 11% higher as compared to the last year. The margin continues to be at 22%, with the PBT at Rs.4.33 billion and the margin at 11%, the PAT at Rs.2.82 billion with a margin at 7%.

Coming to the cash flows for the quarter, the total cash inflow for the quarter was Rs.9.45 billion, which is 5% higher as compared to the sequential quarter of Q3 of this year. Real estate inflows stood at Rs.6 billion, 5% higher as compared to the sequential quarter and the contracts and the manufacturing inflow was at Rs.3.45 billion, again, 5% higher as compared to the sequential quarter. We generated net operating cash flow of Rs.2.14 billion and a net cash inflow of Rs.0.71 billion. For the full year, we had the highest cash inflow, which stood at Rs.36.47 billion, and the real estate inflow contributed to Rs.23.64 billion, and the contracts at all-time high of Rs.12.83 billion, which was 21% higher as compared to the last year.

Coming to the operational highlights, as communicated during first week of April 2020, we sold 0.91 million square feet during the fourth quarter of FY2019-FY2020, totally valued at Rs.6.94 billion. We have achieved total sales price realization of Rs.7668 per square feet, which is 13% higher as compared to the sequential quarter of Q3. During FY2019-2020, we have recorded



highest ever presales volume of 4.07 million square feet with a total sales value of Rs.28.80 billion, with average price realization of Rs.7075 per square feet.

During the financial year, we launched SOBHA Nesara in Pune with a developable area of 0.68 million; SOBHA Verdure in Coimbatore with a developable area of 0.14 million; and SOBHA Blossom in Chennai with a developable area of 0.3 million. We have also launched SOBHA Sterling Infinia Block 1 and Block 2 projects under DM model in Bangalore with a total developable area of 0.3 million square feet. In total, we have launched projects totaling 1.42 million square feet during FY2019-2020.

During FY2020, we have completed a total of 3.98 million square feet of developable area. Some of the major project completions were SOBHA Clovelly with a developable area of 0.53 million; SOBHA Silicon Oasis Wings 7, 8 and 17 row houses with developable area of 0.35 million; Sobha Meadows in Mysore with a developable area of 0.25 million and our Green Acres segment, we completed 8 wings well ahead of the RERA deadline.

This has proved our ability to deliver ahead of scheduled time and in addition to this, we have also completed the commercial mall, One Sobha, in Bangalore with a developable area of 0.38 million square feet. The company is also planning during the current year and coming quarters, thereafter, to launch 14.23 million square feet of new housing projects in Bangalore, Gurgaon, Delhi, Chennai, Hosur, Thrissur, GIFT City, Hyderabad and Trivandrum, and 0.39 million square feet of commercial projects in Bangalore in the coming quarters. We have a strong presence in residential real estate and contractual business verticals and we continue to have limited exposure to commercial and rental projects.

Coming to our contracts and manufacturing business. Our contracts business is a consistent contributor to our top line and during this financial year, contractual revenues and cash flows have grown by 25% and 21% respectively, as compared to the last year. In total, we have completed projects to the tune of 51 million square feet since inception. Currently, ongoing contract projects aggregate to 9.44 million square feet under various stages of construction. We have a healthy order book as of March 31, 2020, which is at Rs.22.13 billion, giving us good visibility for revenue and cash inflows in the coming quarters as well. All these segments are contributing meaningfully in our top line as well as our bottom line. We can now start taking questions. So you can open the conference for questions. Thank you.

Moderator:

Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan:

Sir, quickly on these cancellations, I do not know whether you covered it because I have got logged out during your opening commentary. Sir, just wanted to understand like in terms of what



is the value of these cancellations of 1.9 million square feet firstly and is it across the board or is it specific to certain projects and if you can also like help us understand what is the time line of these sales, which got cancelled, are these sales which have happened recently, like just prior to COVID or these are sales which were done a while back and got canceled during last quarter?

Subhash Bhatt:

Yes. So Kunal, the overall value of the 1.93 million, Sobha's share is about Rs.1235 Crores of which we have received about Rs.202 Crores till date. So these are spread out probably last three to four years. So these are not just last quarter or last half year or even one year numbers and you have to look at it in line with the total area that we have sold in the projected cash flow, which is 19.18 million in completed and 10.81 million in the ongoing. So overall, it is not a big number as compared to what we have sold and we are delivering and as I said, the amount of collection also from these are significant at Rs.200 Crores plus. So what we have done is we have done a deep dive into all these units with lower collections and we have sent out cancellation letters to these customers and at the same time, opened the cup for sales to our sales team. As and when the sales happen, we will keep hitting the cancellation from these customers. So as the money comes in from new customers, the old customers will get paid out.

Kunal Lakhan:

Okay. So basically, there is no forfeiture of the amount. So you are saying that they will get...

Subhash Bhatt:

Some of it is at forfeiture. We will go as per the contract, some of them are pre-RERA, some of them are post-RERA. So each individual case will have to be dealt in line with what the contracts are.

Kunal Lakhan:

Okay. So in that case, so Q4 number that we have reported that is a gross number, right? There is no net of some cancellations that we had recorded?

Subhash Bhatt:

No. Those are projects...

Kunal Lakhan:

And going ahead also like, say, for example, like, in Q1 or rather in Q2, you would have some sales, some gross sales, and then there will be some resale of these units. So you will be reporting a net number going ahead, right, net of these resales that you will be doing of the cancellations?

Subhash Bhatt:

No. We will be reporting new sales because it is difficult to track and report a net number however, in the projected cash flows, we will continue to show these cancellations till they get over.

Kunal Lakhan:

Okay and in your assessment, do you expect this number to grow in the coming quarters?

Subhash Bhatt:

As of now no because we have looked at these numbers during the lockdown period. So the two months of lockdown was seriously utilized to go through with the sales team, the sales finance team, speak to the customers, understand if they have some concerns and these numbers have



been arrived at by a team of almost the entire sales management team and the top management, that is myself and Sharma Ji together. So we do not expect this to go up right now unless the situation worsens further in the economy.

Kunal Lakhan:

All right and from what I understand like so there will be no P&L impact or balance sheet impact of this since you are reselling these apartments and then will be refunding the customers. So would there be a P&L impact of this or you will be writing off some amount of inventory in Q1 or Q2?

Subhash Bhatt:

If there is a P&L impact, it will be on the positive side. So whatever we profit from the customers will come into P&L as income as and when it happens. There is no adverse impact because, as you are aware, under AS 115 we are recognizing revenue only on (audio cut) 25:36. So naturally, these apartments were not handed over, so we have not recognized a single rupee revenue on these till date.

Kunal Lakhan:

Sure. Secondly, on the cash flow side, we have seen a positive surplus in Q4. How should we look at this going ahead and second part to that question is like in terms of cash conservation strategies right now, I mean, if you look at our corporate overhead, there is still Rs.200 Crores plus and if you look at some items like land-related payments of Rs.264 Crores in FY2020, seems a little on the higher side. So how should we look at this outlay going ahead, firstly, on the land-related payment and, secondly, on the corporate overhead and overall, what is the trajectory of the cash flows in the coming quarters?

Subhash Bhatt:

Okay. So as Sharma Ji mentioned in his address, we have internally taken a decision that we will not be looking at new land investment during the current year. However, if you look at the status of our land bank, we have a balance payable of almost Rs.142 Crores, which we are trying to work out and defer out as much as possible from the current year to the next year. So we will try to conserve our cash payments in that sector. However, new transactions may happen with very, very miniscule investment by Sobha under the DM model for the land purpose. Sharma Ji, would you like to...

J.C. Sharma:

You can continue with the fixed cost and other things also, Subhash.

Subhash Bhatt:

Yes. Okay, so on the fixed cost, what we have done is we have looked at in detail our overhead and interest. So if you look at the cost of overheads, which is the salary cost for the payroll that Sobha carries as well as the indirect labor cost that was being carried under our Atma Nirbhar model that we have, so we have taken various good decisions to curtail whatever is possible. Overall, we are looking at 15% to 20% reduction in the overhead cost going forward. This is mainly coming in from the job rationalizations that we are looking at plus a lot of people who have gone back, the labor, they would not be coming up at least for one or two more quarters. So



Moderator:

Sobha Limited June 29, 2020

those savings have been factored in and 15% to 20% saving is what we expect on the fixed cost. On the interest side, we are working with the banks, pushing them to pass on the reductions that the RBI has passed on in terms of repo rate cuts, but it is not turning out to be as easy as one would expect and yes, even on that front, we should see interest cost reduction coming in from better debt management as well as getting actual reduction from the banks.

Kunal Lakhan: Sure. That is very helpful. Thank you so much.

Thank you Sir. We have next question from the line of Sameer Baisiwala from Morgan Stanley.

Please go ahead.

Sameer Baisiwala: My first question is just couple of clarifications from your opening remarks. One, did you

mention that you expect net debt to go down by end of fiscal 2021? That is question number one and second is, did you also mention that if things start improving, then you expect net new presales for this year to be same as previous or even better than that? So just these two

clarifications.

J.C. Sharma: We do expect that overall net debt in this current financial year ending March 31, 2021, to come

down and accordingly, we have been working out our cash inflow, cash outflow program and we believe that it is the best possible time because in the last quarter also there was a reduction of

Rs.70 Crores and though one more day left is, we believe the way we have managed the first

quarter, we can bring down our net debt as well in this current financial year with the clarity that

new investment on the new opportunity will not be there. On the sales front, we have definitely seen improvement in the month of June. Our digital marketing is fetching good number of

inquiries. It is a bit premature because site visits are still quite restricted. There are so many cities

where the movement of people and goods is still not normal, but within those parameters, the

number of inquiries and some conversion what we have seen in Bangalore give us comfort that

the consolidation process is clearly on, and we should be one of the large beneficiary of that

contracted demand, which should allow us to start doing better and better with the new launches. Please understand that whatever sales we have been doing they are from the existing projects and

the kind of response what we have got gives us some kind of a comfort that, yes we are not

shying away in admitting that the environment is tough, but at the same time, we are clearly

seeing that there are buyers who are taking the call, there are banks who are prepared to lend us

the money, and there are opportunities which need to be converted into some kind of liquidity,

which will bring our debt down.

Sameer Baisiwala: So just to understand, Sir, are your show flats or the sites open for customers to walk in? I mean,

you mentioned about online, but also is physical inspection possible at your major sites,

especially Bangalore?



J.C. Sharma:

Yes. So far, it is possible, but there have been lesser number of walk-ins. The Saturdays and Sundays, nowadays because most of the offices still they work from home kind of the thing are not that kind of great Saturdays and Sundays, but weekdays have started giving good sales conversion. So net-net, we believe that though the site visits are a bit lower, the conversion ratios are a bit better and I am only basing on the kind of inquiries that we have got, which is as good as pre-COVID level, and the nature of inquiries which gives us the comfort because the sales people are telling they are confident of converting some of these inquiries into sales. This should give us better-than-expected conversion and the outcome in the coming quarters.

Sameer Baisiwala: Thank you so

Thank you so much. I have got few more, I will get back in the queue.

Moderator: Thank you Sir. We have next question from the line of Abhinav Sinha from Jefferies. Please go

ahead.

Abhinav Sinha: A couple of clarifications, so first, on the new sales that you were just discussing, are you saying

that the sort of Rs.2 billion per month run rate should be back sometime in Q2 or by the end of

the year?

J.C. Sharma: It should to be back. It should be back sooner than what we believe.

Abhinav Sinha: Sharma Ji, when we are seeing these new sales, what is your experience in pricing and what sort

of product is doing better?

J.C. Sharma: See, we have been able to protect our prices as well as the margins while doing the new sales.

While the schemes are being offered, some kind of a concession is definitely being offered, but net-net the savings that we will be able to do on our fixed costs as well as somewhere on the variable cost will ensure that our overall margins do not go below what we expected is what we

are looking at.

Abhinav Sinha: Okay, so pricing has not really changed such as compared to pre-COVID?

J.C. Sharma: Yes.

Abhinav Sinha: Okay and on the cancellation front, sorry, I think I missed out, you said about close to Rs.1000

Crores was the value associated with that, is that correct?

Subhash Bhatt: Rs.1236 Crores to be exact, of which Rs.200 Crores is already collected and is with the company.

Abhinav Sinha: Okay. So in these cases, I mean, you have not canceled the house, but you have offered it to

some other customer do you have sort of an MOU with the pre buyer, the earlier buyer that he

will vacate the house. I mean, how exactly is this working?



J.C. Sharma:

See, contractually, these customers were supposed to make us payments. The ERC, the sales finance department had been sending the reminders. During normal days, we would have collected because the refund would have become difficult the contractual obligation was always that until unless I am not able to sell this to a new customer, I will not be canceling it and the onus was on the customer to find out a buyer or you suffer sort of the thing. Here, we changed that part though contractually still the same condition applies, but having understood that somewhere the jobs have been lost or the salaries are much lesser than what it was and the payments are not forthcoming and significant payment has been made, but I am deprived of my cash flows, and we will get into the litigation part. So as CFO was telling, a deeper analysis was done, where all the connected people got involved, and this is what proactively we have done.

Subhash Bhatt:

Abhinav, one more thing you need to remember is in Karnataka, till now, registration of the agreement to sell is not there. What you do is just take a very miniscule stamp duty and you sign the agreement and the housing finance companies use that document to enter into the TPA, so there is no need of this customer coming to the registrar and agreeing for the cancellation.

Abhinav Sinha:

Right. Okay. You know my point here was that, if I am a new buyer, I am expecting unencumbered sort of property, right? I mean, so just from that perspective?

Subhash Bhatt:

You are getting it completely unencumbered because it is not a registered agreement.

Abhinav Sinha:

Okay. Sir, just one last question also...

Subhash Bhatt:

Abhinav, the new customer would not even know that it is an existing sold property.

Abhinav Sinha:

Right. Okay. Sir, just last question on the contractual front now with about three odd months or four odd months of effective activity lost, what sort of revenues are we looking at for this year?

J.C. Sharma:

See, the order book is still intact. We first time achieved Rs.1000 Crores plus of contracting revenue and Rs.450 Crores plus of manufacturing revenue. We could have done a little bit more, but again, the last 15 days, we could not do the billing part. This year, again, the order book remains, but the strength of the labor is not that good. On the manufacturing side, we have to be extra careful that whatever we produce and supply, we should be able to get the payment. If amount of money is not collected, we are not going aggressive even if the order is there. So there will be some kind of a constriction in the contracting and manufacturing billing in the first two quarters and we believe that from third quarter onwards only, the normalcy is likely to be restored.

Abhinav Sinha:

Thank you Sir and all the best.



Moderator:

Thank you Sir. We have next question from the line of Swagato Ghosh from Franklin Templeton. Please go ahead.

Swagato Ghosh:

I have two questions on the calculation. You mentioned that these units were sold over the last four, five years. So I just want to understand that for some of the units sold maybe four or five years back, why are not like these kind of steps taken much earlier, like maybe two years ago, when we saw that cash flows were not coming in?

Subhash Bhatt:

Swagato, these are not only for four, five years old transactions. What I said is the entire 1.93 million square feet. Few of these units go as back as four years. So if you look at the Slide 10 that we have put out, it clearly shows it is 0.37 million in the completed one and 1.56 million in the ongoing.

Swagato Ghosh:

Yes, I understood that bit. I am saying for those units, for those older units, why did we wait four, five years before taking this call? Why were not have proactive steps taken before?

Subhash Bhatt:

There is substantial collection, which is there from these. So it is out of the Rs.1200 Crores, almost Rs.200 Crores is collected and sitting with the company. So these are not small sums of money that the customer has paid right now and suddenly, you go and tell him that I am going to cancel. So we do not have a policy of going and canceling on our own. So that is what it is. This is a first-time we have looked at it, and we have proactively called the customers, spoken to them, understood what is happening, are they going for home loans and then a few of the cases we checked with the home loan finance companies also and due to, as Sharma Ji mentioned, some few of these customers losing their jobs or the salaries coming down, the eligibility for the loans also would have gone down.

J.C. Sharma:

NBFCs had stopped funding, certain eligibility issues were there and we believe that this is a time where if we carry, we are going to have adverse impact on our own cash flows by not releasing this inventory. At the same time, under normal circumstances, we would have tried to forfeit as much money as possible and kept these bookings in our books without any problem.

Swagato Ghosh:

Got it that is helpful, and Sir, any broad breakup of how much of this is from Bangalore market and how much is from the other markets?

Subhash Bhatt:

It would be in the same ratio, 75:25.

Swagato Ghosh:

Okay and one other follow-up is, has the entire dealing been done this quarter or in the Rs.32 billion of receivables, we might see further these kind of cancellations, if the situation in the economy worsens further?



J.C. Sharma:

See, on this front also, approximately 75% of the sales come from Bangalore. The Bangalore had introduced that model sale agreement now, it has been notified, and it will be used. So it will become extremely difficult both for the seller as well as for the buyer to go for the cancellations once the 10% of the payment has been made, but at the same time, if the economic conditions deteriorate, this will happen not only to us, but in our view, with almost every single developer today in India. We believe that it is the time where we do our own analysis and come out and communicate it proactively. I cannot comment but if the economy deteriorates and the customers are not going to go forward, we have both the options, either we do not cancel, keep the booking and enjoy the money and sell the other apartments, or we show sympathy, right, allow the cancellations to go ahead, at the same time, have that extra apartment available to be resold to a new buyer who will give us the full payment. The choice will be with the Sobha, not with the customer.

Swagato Ghosh:

Got it very helpful Sir. I will come back in the queue.

Moderator:

Thank you Sir. We have next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal:

Sir, my question is again on the cancellation. So if I understand, this Rs.200 Crores on Rs.1236 Crores is basically 15% or 16% of the collections. So if you can, on an average, quantify like what kind of construction progress you would have incurred on these projects?

J.C. Sharma:

That is also given for this combined entity in Page 10 presentation, the amount spent. So that is the collective spend what we have done. This has got nothing to do with the cancellation part.

Parikshit Kandpal:

Okay, but cannot we give them some because your realization here is around Rs.6,000, if I do the math, which is a little lower than your Rs.7000 average realization, so if we give them some discounts or it is just because if they were just there...

J.C. Sharma:

We did do that also. See, when we say probable was, they come forward and buy also, but this is what we have done just now, and we will keep a close watch. Basic, again, issue is, we are not in default. The products and the projects are being executed as per RERA guidelines. In none of the projects, we are on the default side. It is they, they are on the default side and we have ensured that when they are on the default side, what we should be doing, deliberate and came to this conclusion.

Parikshit Kandpal:

So any large chunky projects, Sir, by break up 1.9 million? So how many projects this would comprise of and...



J.C. Sharma:

It is spread through, as you said, even on the completed projects also, some sales which have taken place, the payments have not come. So from completed projects to the projects which got launched, it will be there.

Parikshit Kandpal:

So on 15, 20 projects. the impact would be on 15, 20 projects, 10 projects, 5 projects? Only thing I want to understand that is how many...

Jagdish Sharma:

All the ongoing projects. Every single project got what you call...

Parikshit Kandpal:

So the entire area under development is basically being appraised and wherever there is a sense of possibility, you are getting that...

Jagdish Sharma:

Precisely, precisely, yes.

Parikshit Kandpal:

Okay. The second question is on contractual pipeline now, Sir. So, we have been hearing about the IT companies and the client now looking on a cash conservation kind of a thing and they will cut down on their capex or expansion plan. So you have an order book right now. So are you hearing from any of your clients that they want to basically stop the work for time being and also a commentary on what is the future outlook, how they are looking to award more area or go for expansions, if you can touch upon this?

J.C. Sharma:

We have limited exposure to one client, and I continue to work for them. Otherwise, our experience is limited on this aspect. I do believe that, yes, somewhere some delays and other issues as we move forward will be felt by the developers as the clients delay, but in our case, fortunately or unfortunately, how you look at even the workers are also not there. So even if you would have got, suppose, the orders, rather the pressure is there on a few clients to complete the projects and workers are not there. So I do not know how to assess that situation, but none of the order has been lost. The order book remains intact, and none of the clients says, go slow on the projects which we are executing.

Parikshit Kandpal:

Any commentary on the outlook from your clients like reevaluating, going for more expansion so any visibility on the upcoming order book in the contractual segment?

J.C. Sharma:

See, my views, again, is not of an expert but what I gather is following. The new clients as well as the existing clients, they are definitely asking for the price cut. They work-from-home for the limited number of employees is going to be there. They are tentative on their growth or capex program. At the same time, they are confident that as such the core outlook of the India's IT sector has rather become better with the kind of restrictions and the benefit what the India provides to these global clients. This uncertainty may last for maybe one or two quarters more,



but per se the core significance and importance of the India being the back office and the IT backbone, in my view, had not been impacted at all.

Parikshit Kandpal:

Okay. Just last question, Sir, on presales versus pre-COVID so what kind of like monthly run rate or a little color on like where we should be now, 30%, 40%? What kind of level we will be now?

J.C. Sharma:

We will be sharing our operational numbers next week. But the context what I am trying to communicate is that even in the month of April also, we did few sales. In the month of May also, the sales momentum was there, but the June has been particularly a good month. Whether it is a pent-up demand or whether it is a consistency, that is too early to announce, but the kind of inquiries and the kind of confidence which our sales people have expressed, it is almost back to the pre-COVID levels as far as we are concerned.

Parikshit Kandpal:

Well. Okay. Great. We will wait for your update, but good to hear that we are almost at the pre-COVID level. Thank you.

Moderator:

Thank you. We have next question from the line of Dhaval Somaiya from PhillipCapital. Please go ahead.

Dhaval Somaiya:

Majority of my questions have been answered, but I wanted to understand, firstly, on the Bangalore sales for Q4 seemed to be dipped significantly any specific reason for the same?

J.C. Sharma:

See normally, the sales people, they try to give certain benefit to the customers and try to do the booking disclosure, the logging in part in the last week. Sometimes 15% to 20% of the monthly sales is getting logged in on the last day of the month. But normally, it is always in excess of 10%. So they keep the checks let us say 30th, or 31st, and login sort of a thing. This did not happen, and all those sales got lost. But at the same time, as I repeat that in the months of April and May also, certain sales have happened. We have progressed quite a bit in tying up with the banks, especially with the HDFC and with the SBI, where for KYC, where SBI has sent its representative even to the customers' home and also extended that in any SBI branch, any customer can go and do the KYC. They have been quite helpful in doing the agreement in releasing the money and certain things which we have achieved during this COVID period has made us more efficient in, what you call, raising the demand letters, in collecting the money, in completing the agreements part and all such things should augur well as the normalcy is restored. Right now in the midst of the pandemic, so the certainty part is definitely at a discount, but at the same time, I keep repeating that the optimism has come back as far as the Bangalore market is concerned, and this should augur well for our sector as a whole.

Dhaval Somaiya:

Sir, second question is that, as you mentioned that the optimism is coming back, especially from June and some of your peers have done some new launches in the month of June, and they have



also experienced some good traction. So do we have any plans to launch any project in the next quarter, anytime soon in Bangalore through certain areas, e-launch or something like that.

J.C. Sharma:

We are working on a couple of projects, but we need to be sure because if we launch, again, the RERA commitments and other things connected with that are there. The productivity and the production had to come back to the normal. See, right now, we all have got RERA extension. Launching is not only what is we should be focusing on. At the end of the day, we need to deliver, we need to complete and we need to collect money against all the ongoing projects. We are at 5% of our normal production and we need to go back to the 100%. We still feel that it may take one more quarter to get back to that normalcy. So even if you launch a project and you cannot able to mobilize the resources, that may sometimes prove to affect.

Dhaval Somaiya:

Okay, And one last question, if I may. Subhash sir, the contractual and manufacturing expenses in this quarter were around Rs.250-odd Crores, whereas historical run rate has been around Rs.300-odd crores. So is this a one-off? Or should we expect the contractual expenses to be on the lower side going forward?

Subhash Bhatt:

Contractual revenue or inflow?

Dhaval Somaiya:

Expense. Contractual and manufacturing expenses. Your cash outflow.

Subhash Bhatt:

So contractual and manufacturing was one-off because, as Sharma Ji mentioned, the last 15 days because of the lockdown, the sales could have got curtailed.

Dhaval Somaiya:

Okay. Thank you.

Moderator:

Thank you Sir. We have next question from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

Sameer Baisiwala:

Yes thanks for the follow on. Sir, just wanted to check on your commercial new launch, 0.39 million square foot and that too spread across three projects. So just how are you thinking about building this rental portfolio? Would you be thinking of doing large format, campus-style developments, your thoughts please?

J.C. Sharma:

It is like this Sameer that we believe to begin with that preserving the cash or the liquidity is important and to that extent, we will be careful to see that our debt does not go up. Even the commercial level activities, whatever we do, we have to do keeping such things into mind where somewhere the cash flow has to improve upon. These are small projects, and I believe that the company has got the required strength to absorb the outflow as the things progress. The retail mall, if you look at, which got started after 80 days of closure, has reached to 60%, 65% of the opening, the food court and the cinema hall not working. So it is only 1% of our total top line,



less than 1% rather, but it gives us the kind of discomfort that new investment needs to be done with utmost caution. At the same time, SPMC kind of a project we have started discussing in the market if you can bring an investor or a partner, if we look at that option also to see that the opportunity and the cash flow is also right, somehow minimized on this kind of a project.

Sameer Baisiwala:

Okay, Sir, that is great. And on residential pipeline of 14 million square foot, how much of this is dependent on your confidence in the market and how much is really regulatory approvals which is holding back and what is a realistic number for the current year?

J.C. Sharma:

See, if you look at this Nagenahalli project, we have got both the layout approval as well as the building plan approval, but the building plan approval comes with certain costs, ground rent and others, where the developers are getting some comfort from the court, gone to the court. Since we do not get those kinds of a relief, we are not going to go ahead to launch the project. Similarly, the Devanahalli project also in Bangalore, a luxury project, we have got the layout approval, but there are certain compliances like environment, where public hearing is a must and, in this environment, the government has not dispensed with the public hearing. So those projects, till this situation comes to the normal or the government dispenses with this public hearing kind of a clause, those projects will be stuck. So we have somewhere the environmental type regulatory issues, somewhere our own issues but at the end of the day, all such things, in my view, government is looking for revenue, some concession will be granted, and we should be in a position to give better clarity by the end of this quarter's figure.

Sameer Baisiwala:

Okay Sir, one final one. I think you have got large land parcels in Chennai, in Sriperumbudur area. So what is the thought process of monetizing those land parcels?

J.C. Sharma:

See, a smaller one, we have got certain inquiries on Tambaram again this lockdown has impacted going ahead. If we succeed in monetizing the Tambaram land parcel, we will be focusing on the Sriperumbudur land parcel also.

Sameer Baisiwala:

When you say that, so you mean to say you are thinking of selling down some land, not developing and selling apartments?

J.C. Sharma:

That includes that also. At the same time, we do get certain inquiries from the logistic, warehousing kind of things, but we are not applying thoughts on that for the time being.

Sameer Baisiwala:

Okay Sir, great thank you.

Moderator:

Thank you We have next question from the line of Swagato Ghosh from Franklin Templeton. Please go ahead.



Swagato Ghosh:

Sir, on the canceled units, I presume those buyers did not tie up for housing loans. So can you help us understand that what percentage of your customers historically do not have housing loans?

J.C. Sharma:

It is given in our presentation. If you are an NRI, sometimes you will not be loaning or taking money through other sources, but about 40% plus customers in our case, they do not opt for housing loan.

Swagato Ghosh:

Okay, but going forward, will you be more, I think, critical in actually selling to these people or would this number be at this level?

J.C. Sharma:

Swagato, this is, as I repeat, a kind of a scenario, which in our view most of the developers certainty it is going through. How they take the call, it is up to them. In our case, we felt that to ensure that this inventory becomes monetizable, we have taken this call. Where the delay is there from the customer side, it was our option to continue or to cancel, continue, keep the money and not to sell that apartment or to release it for sale and at the same time, refund the money with certain administrative costs.

Swagato Ghosh:

Sir, that I understood. I was just saying for any future sales that we make and which do not have housing loan, will we put them under maybe scanner?

J.C. Sharma:

No. As you said, the deep diving was done, did the payment track record was attract, did the concerned salesman was taken into confidence, the CRM people were taken into confidence, you cannot do just like that. After all, they have taken a booking of an immobile property. At the same time, if you do not act proactively, it would have remained in our inventory for a few more quarters and maybe what would have happened anybody's guess thereafter.

Swagato Ghosh:

Fair enough. Thank you, Sir.

Moderator:

Thank you. We have next question from the line of Murtuza Arsiwalla from Kotak Securities. Please go ahead.

Murtuza Arsiwalla:

Two questions from my side. One is on the retail mall, can you give us some color on the kind of renegotiations you may have had or rebates you may have given to the tenant? And second, Sir, the last time we have interacted, you were talking about, in Dubai, the promoter entity sort of separating some of the transactions that we had entered into. Can you give some color on whether those transactions have been closed or where they stand today?

J.C. Sharma:

As far as the retail mall part is concerned, we have given 100% waiver for the closure period. We have also requested these mall shop owners that once they open and they start the mall, we will see to it how to go about on from a minimum guarantee to some other models. We are too small a



player. We are following the leading mall operators of India and will follow the best practices where we would like to retain these mall owners and try to see that, at some point of time, they reciprocate it. On the Dubai front, yes, the joint ventures part, it had been amicably resolved and the agreements have been entered into between both the parties where the promoter has got a large chunk of land parcel unencumbered, paid for with certain reductions in the loan.

Murtuza Arsiwalla: Okay. Thank you.

Moderator: Thank you. We have next question from the line of Manish Agrawal from JM Financial.

Manish Agrawal: So I was looking at the cash flow statement, Slide 14. So the real estate project expenses for this

quarter and contract and manufacturing expenses for this quarter have been lower than the historical run rate. So if you look at Q4 2019 or Q3 2020, it has been lower. So I am assuming last 15 days would have impacted, and this cost would ideally have been higher. Is that the

correct assumption?

Subhash Bhatt: No, Manish. It is lower to an extent because of the last 15 days, exactly not last 15 days, probably

from March 22, 2020 to March 31, 2020. So that is the time when the lockdown happened. But as we have been mentioning also in our earlier calls, the real estate spend was going to come down. So that is a reflection of it. Contractual, yes, we normally end up spending about 80% of

whatever we collect, so that you can attribute the lowering to the last week not being there.

Manish Agrawal: Okay and secondly, on the capex front, so what will be the general capex run rate for the full

year?

Subhash Bhatt: So as Sharma Ji mentioned, we are looking at doing the commercial projects also, but within the

cash flow limitations that we have and overall, we would like to bring down our debt equity to

1.1 before we start spending anything further on the capex.

Manish Agrawal: Okay, thank you.

Moderator: Thank you Sir. We have next question from the line of Abhishek Bhandari from Macquarie.

Please go ahead.

Abhishek Bhandari: Sir, I have two questions. First is on slide #40. Could you help us with the rental rates for these

two malls and when do you expect the rentals to commence at both Thrissur and Bangalore?

Subhash Bhatt: Thrissur is already there, it is an operating mall and during FY2019-FY2020, we had total rental

income of Rs.29 Crores.

Abhishek Bhandari: And the St. Marks property?



Subhash Bhatt:

St. Marks property it is under rent-free period and fit-out period and as and when it starts, probably another two months, it will be about Rs.70 Crores a year.

Abhishek Bhandari:

Okay. My related question on this slide is, for the remaining three malls, what would be your commitment on capex side and what will be the schedule for that in the next one or two years?

Subhash Bhatt:

So right now, if you see the approvals, we have approvals for Sobha City, which is 28,000 square feet and for the rest of the two, the approvals are still not there in hand. So it will take some time before the approval comes in. So right now, there is no actual commitment from Sobha for the spend on it.

J.C. Sharma:

That is a mix development, along with some 70-odd apartments, with the small land parcel in the Sobha City Front so the cash flows of the residential space will be more than adequate to take care of this kind of small expenditure.

Subhash Bhatt:

That is for the Sobha City One.

Jagdish Sharma:

So that approval is there.

Abhishek Bhandari:

Yes, right. Sir, my second question is on your residential business. It might be early, but there are certain experts who came to say that with work from home, the demand for bigger houses would increase and if the prices remain lower or they might fall, the affordability might increase, so in that case, are you changing your launch programs in favor of larger houses where you have a definite edge over some of your competitors in Bangalore or do you think it is too premature to call out that trend?

J.C. Sharma:

See, Abhishek, if you look at, though I have not done a fact study, but my gut feeling says that the average size of the apartment what we sell and the average square feet realization what we do, they are both above the industry average. If we also look at, basically, the sales number, two-third is above Rs.1 Crore and about 34% is below Rs.1 Crore. If you look at between Rs.50 lakhs to Rs.2 Crore of the apartment value, 80% plus of the sales come up within that category. Mostly, our average size is a three-bedroom apartment of 1500 to 1650 square feet and that is good enough, looking at the nuclear family, with that work-from-home kind of a concept. Save and except the Dream Acres and the Dream Series projects, most of the projects what we have been launching or have launched in the recent past, they are in the luxury category and always, we have this belief, while affordable that gives certain GST benefit and certain income tax benefit, in a city like Bangalore, with the prices hoarding around Rs.6000, it will be the three-bedroom apartment, which will be the staple, what you call, product, which will sell the most and this is where we have got some kind of an extra advantage over others. Going forward, this particular segment will get reinforced in my view and Sobha will definitely take advantage out of that.



Abhishek Bhandari:

Sure. Sir, my last question is more on your NRI sales. So again, there are two schools of thought. One says that with the oil remaining low, the Middle East economies are going poor, and there will be a lot of reverse migration of Indians back into India, which could impact the repatriation of money. So that could impact the housing demand in markets like Kerala. On the other hand, people who are coming back, might be coming with money saved and might want to buy a house. So do you think the push and pull on these two parameters would be positive for you in markets like Kerala going into next 12 to 18 months? It may not be out in the next one quarter but maybe over 12 to 18 months time period?

J.C. Sharma:

I think answer lies in your question alone. Yes, you have got this kind of a mix disadvantage. If you have lost a job and are returning to India, you will be a bit tentative because with the job security, buying a home and without job security buying a home, they got two different propositions. But whatever little bit we have seen the experience, not only in Kerala but in other markets also, in our belief this year and thereafter, the NRI sales will be higher in absolute numbers than what we used to achieve in last three, four years.

Abhishek Bhandari:

Sure and Sir, one last housekeeping question. What is your debt repayment for this year and what kind of undrawn limits do you have from the banks and on the related lines, do you have any plans to raise equity or incremental debt for the short-term liquidity measures, while towards the later half, your sales will pick up as per expectations, but for next two quarters, would you want to shore up your liquidity?

J.C. Sharma:

Subhash will give the answer about the repayment and other things. But we have no plans to raise the equity. We are quite comfortable. Some of the existing banks have shown even interest to take over some of the loans because we do not have new projects, so these new limits are not coming forward, but they are willing to fund us. So I do not per se foresee an issue in raising the required debt against the ongoing projects. That is why Subhash was mentioning that even in a tough environment, the interest cost will keep coming down, and the liquidity position will keep improving. Subhash, you can give the answer about the other.

Subhash Bhatt:

Yes. So total repayment that is scheduled for FY2021, that is this current year is Rs.583 Crores, and for FY2022 is Rs.640 Crores and as of now, the undrawn limits that we have on our construction projects is Rs.1493 Crores. So that you can see is much more comfortable for next two years.

Abhishek Bhandari:

That is very helpful Sir. Thank you and all the best for Fiscal 2021.

Moderator:

Thank you Sir. We have next question from the line of Mohit Agrawal from IIFL. Please go ahead.



Mohit Agrawal:

So practically, all my questions have been answered just one question on the broader industry. Sharma Sir, you have been a part of CREDAI team, and there has been an appeal by the industry for a onetime restructuring of developer loans. If you have been part of any of the discussions, can you share what is going on. We keep on reading in the news flow about sometimes being allowed, sometimes not and the RBI is not allowing onetime restructuring your thoughts on the same and how critical it is for the industry to get a onetime restructuring?

J.C. Sharma:

See, my view is that what little bit I have seen from our fraternity, with this moratorium what they have granted till August, if the restructuring is not permitted, banks will have greater problems. So it is in the larger interest of the economy that somewhere some kind of restructuring is done because NBFC funding is not likely to come, the private equity funding is not likely to happen. The private sector banks, they are wary of lending money and those who have ventured out now are not showing that kind of keenness. So what is left today is a few public sector banks and the whole economic load is on them to see that MSME gets funded, real estate sector gets funded and the home loans and the individuals also get funded. So our gut feeling is that this government is too careful, and it has got its own limitations. But at the same time to see to it that the border line cases where the projects are viable and equity is still there, they have to do the restructuring of the loans.

Mohit Agrawal:

So it will be a partial kind of a thing?

J.C. Sharma:

See, nobody knows. Even today also, we had a con call with one of the large banker. Even they are not aware of what is going on between the Finance Ministry and the RBI. So difficult to project or predict this. But what we feel that even the banks are also communicating that restructuring, especially in the real estate, where the security has got certain value definitely must be considered favorably.

Mohit Agrawal:

Sure. That is helpful and Sir, one last bookkeeping question. Could you share what has been the collection run rate in first quarter, approximately?

J.C. Sharma:

Difficult. When we give the results only we will be doing. Otherwise, it becomes too premature. But as I was communicating, and Subhash had also been confirming that the company's call is not to invest in new opportunities where cash is required. The company's call is to bring down the debt further despite having the fixed cost and two months of literally working loss. So we are managing both the inflow and outflow prudently. We will also ensure that we remain RERA compliant, we remain customer compliant and, on that front, there is no delay and still, we will also see to it that as we committed in the last quarter that we will be able to bring down the debt, which could have been a little bit more had 15 days been permitted. So here we knew from the day one that things are difficult. Overall, production has been impacted and accordingly, consequently, the overall cash flow also will get impacted, but within that parameter, to remain



liquid, to remain profitable and to keep bringing down the debt is what we have embarked upon, and we are quite confident that we are well on that course as things stand today, when we are about to end the worst possible quarter in our country's history or in our company's history.

Mohit Agrawal:

Sure Sir that is very helpful. Thanks a lot and best wishes.

Moderator:

Thank you very much Sir. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Adhidev Chattopadhyay of ICICI Securities for closing comments. Over to you, Sir.

Adhidev Chattopadhyay: On behalf of ICICI Securities, I would like to thank everyone for joining us on the call today and also the management for taking out their time. Now I would like to hand it back to the management for their closing remarks.

J.C. Sharma:

Thank you, Adhidev, and thank you all the participants for listening to us so patiently. We are again reiterating and making it clear that this has been one of the worst quarter for our Indian economy, worst quarter for our sectors and both the demand as well as the production has been impacted. At the same time, we got enough and sufficient time to relook at each and every line item of our business and we have taken certain proactive steps which we believe will go a long, long way in ensuring that we face this kind of a pandemic situation in a much, much better manner than overall market scenario, which we see to it that the sales momentum we bring back as early as possible. We will see to it that the collection mechanism also is improved further and we will also keep a close eye on our debt as well as on our profitability and we hope that worst is probably from that part, the pandemic does not spread, second wave does not happen and if things remain the way what we have seen, we should be able to weather this kind of a situation with more calmness and confidence than when this problem had begun. Thank you very much, once again.

Moderator:

Thank you very much, Sir. Ladies and gentlemen, on behalf of ICICI Securities Limited, that concludes this conference call. Thank you for joining with us and you may now disconnect your lines.