"Puravankara Projects Limited Q3FY16 Earnings Conference Call"

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Moderator: Ladies and Gentlemen, Good Day and Welcome to the Puravankara Projects Q3FY16 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Jackbastian Nazareth. Thank you and over to you, sir.

Jackbastian K. Nazareth: Good Evening, Everyone. We welcome you all on the Puravankara's Call for the Third Quarter and Nine Months ended 31st December 2015. The current macro environment has not resulted in demand pick up on the ground which in turn has resulted in market swings across the industries. Interest and inflation rates have still not helped the industry to address the liability side of the balance sheet and hence companies are on a wait-and-watch mode before committing to new investments. While we are happy on the initiatives taken by the Central Government, we await for further signals at the macro level before the value in the latent demand is unlocked. We continue to see a positive momentum in the leasing side of the business which will translate into Residential demand in the coming quarters.

Coming to our own brands – Puravankara and Provident: Notwithstanding the challenging market, we are focused on timely execution and delivery. I believe that this is one metric that will differentiate us from the rest. We are well positioned to deliver 9.86 million square foot of projects for the next 18-months. Of this, 3.44 million square foot is to be delivered in the remainder of this fiscal. The balance will be delivered in the next fiscal. This would significantly revise our balance sheet strength on all fronts. The launch pipeline stands at 17.52 million square foot under both Puravankara and Provident brands across Bengaluru, Chennai, Pune and Hyderabad. We have a very strong and well diversified launch pipeline backed with a lot of research done on these micro markets which has led us to ready ourselves with marketing plans for each of these launches.

We are also immensely happy to inform you that our launch in Hyderabad, Provident Kenworth has been extremely good with 330 bookings and we expect to continue this momentum into the coming quarters. We will be also launching our Pune Project of 2 million square foot in Q4.

I would now hand over the call to Mr. Hari Ramakrishnan – our Deputy CFO to share the Financial Performance for Q3FY2016. Over to you, Hari.

Hari Ramakrishnan: Thank you, Jack. Good Evening, Everybody. Let me begin with the Sales numbers: Area sold for the nine-months ended December 31st 2015 stood at 1 million square foot., and the realizations stands at Rs.5908/sq.ft. which is up against Rs.5445/sq.ft. on the corresponding comparable basis.

On the Financial front, I will begin with the Debt Position: Our net debt as on 31st December 2015 stood at Rs.1,783 crores and the net debt-to-equity stands at 0.77. The promoter backed funding in net debt stands at Rs.259 crores, making net external debt at Rs.1,524 crores. As of 31st December 2015, the weighted average cost of debt stands at 12.28% as against 12.39% in September 2015. This has been further reduced to 12.13% with a further replacement of high cost of debt as of today. We continue to evaluate opportunities to further reduce the debt cost from the current levels.

Revenue for the quarter stood at Rs.363 crores as against Rs.379 crores in Q3FY15. EBITDA for the quarter increased by 19% on a year-on-year basis and stood at Rs.79 crores.

Collections for quarter ended 31st December 2015: We have collected Rs.305 crores from projects compared to Rs.343 crores in sequential quarter of September 2015. Of the above, Rs.224 crores was from Ongoing Projects and the balance of Rs.81 crores from Completed Projects. Overall balance receivable from ready-to-move in sold units as on 31st December stands at Rs.202 crores as compared to Rs.136 crores as on 30th September 2015.

Outlook for the balance quarters: As said earlier, during next 15-months we have lined up deliveries totaling to 9.86 million square foot., of which we have sold 5.32 million square foot. Of this area sold of 5.32 million square foot., we have balance of gross cash collections of Rs.503 crores which will be reflected in the financials in the coming quarters as and when the deliveries happen. Unrecognized revenues from sold units in ongoing projects as of 31st December 2015 stands at Rs.726 crores which will be recognized in the P&L from Q4 onwards. The gross margins on these numbers are comfortable and this also will be released on a consistent basis going forward. Addition to this, the new sales which we are witnessing coming from the current ongoing projects and the ready-to-move in will further increase the profitability position of the company.

Now, I hand over the call to the floor for any question-and-answers.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the Question-and-Answer Session. We will take the first question from the line of Anubhav Gupta from May Bank. Please go ahead.

Anubhav Gupta: Hi. Good evening everyone. My first question is on your pre-sales numbers. So quarterly presales were at 1.5 million which obviously are below expectations. So just wanted to understand what is affecting pre-sales more – is it the external environment or you would say the right product at the right market which is not there?

Hari Ramakrishnan: There are two reasons for this, Anubhav – the First one is that on the projects which we are already ongoing, weighted average sales for all these projects we have sold 60%. So whenever we see any project sold at 60%, the balance 40% takes time for us to sell which has been our experience in the past projects which we have witnessed. The second reason is that our new launches which we are planning for quite some time has got delayed because of various reasons. So what we were expecting to launch in the last two quarters has not flowed in and it started only from Q4 starting with Provident Kenworth. So all these things have resulted in our sales numbers not reflecting the actual strength of company which we are used to perform up till last year. So while I agree that 1 million is not a number reflecting our strength, but we will catch up on this from Q4 of this financial year onwards. As stated earlier by Jack, Provident Kenworth has been great for us and we will also be launching our Pune Project soon. We are waiting for a final plan approval. So we will be catching up on the sales numbers coming from this quarter.

Jackbastian K. Nazareth: Along with the Bengaluru launch.

Anubhav Gupta: So would you be able to give any guidance not quarterly presale guidance but for the full year in FY17?

Jackbastian K. Nazareth: Anubhav, our experience has been that if you look at our guidance for the launches also, we basically had certain plans but on the ground reality that is changing. Just to give all of you quick brief that the current SSI rules in Bengaluru are under deliberation. So we are kind of thinking about what to launch and at what price. So more importantly, please understand that we will be giving guidance in probably another 15-20 days when we reach out after our specific research on all the launches that we could do.

Anubhav Gupta: How would you see the sale of Ready-to-Move In inventory? Obviously it has come down in the last few quarters. So any signs you see that it could accelerate over the next few quarters?

Jackbastian K. Nazareth: Yes, like you rightly said that the Ready-to-Move In inventory basket from a target of the inventory level of as on April 1, 2015 to now have reduced. The momentum will continue. Thankfully in the last two weeks we have seen some good numbers also coming from Cochin, but our focus will still remain on pushing this Ready-to-Move In inventory. In fact, we got a specific team that only tackles with this which I had a chat with you and that momentum will continue.

Anubhav Gupta: And say if for example, prices are lowered by 5 to 10% or some discounts are offered to the buyers, do you think that could spike the sales or that would not affect the numbers much?

Jackbastian K. Nazareth: On the call, want to reiterate the fact that last time even Ashish had mentioned that we are not letting any customer who comes to buy our Ready-to-Move In inventory just let off like that.We sit across, understand his need, what best we can do. In short to say that we are accommodative of looking at our selling price, but our focus will remain on liquidating this Ready-to-Move In inventory.

Ashish Puravankara: Just to give a little further clarity, if you see Ready-to-Move In inventory where the pain really was especially three projects which was one project in Cochin, which is Eternity, then we had one Swanlake which is in Chennai and the other one Welworth City, which is in Bengaluru. So when we started out 1st of April, out of 3,360 apartments at Welworth City, we had about 500 unsold units, in the last nine-months we have been able to sell almost 250 units from that.

Anubhav Gupta: On the full year guidance delivery of 9.5 million square foot., so I guess you have delivered 5 out of it, right, so balance 4 million square foot., how would be the margins -- will there be cost escalation in the same manner we have been seeing in last few quarters or we can expect better margin?

Hari Ramakrishnan: Cost escalations are primarily driven from interest cost allocation. So with the new launches coming in, my interest cost will get allocated to other new launch projects. So we will not be witnessing the margins dipping on these projects which are getting delivered. But again, while we are awaiting the final plan for all these new launches, we are comfortable enough to say that we will not be seeing these kind of escalations coming in, in those projects which are up for delivery.

Anubhav Gupta: On the increase in debt in the last quarter, so what were the main reasons in escalation in the debt?

Hari Ramakrishnan: It is primarily for completing the construction. So while this 9 million is up for delivery, also you have to understand that we have delivered in this quarter close to 2.86 million which is coming from Provident Sunworth Phase-1 and on Commercial Project Primus in Chennai. So post completion of all this, the possession monies will not come in a single quarter, it takes a lot of time. So this mismatch has been addressed through this debt, but it is temporary, which will go back to its original level what we were witnessing in the earlier quarters.

Moderator: Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: Sir, if I were to look at the launches seem to be kind of pretty weak this year, it has only been 0.11 million square foot is what we have launched. So is that a conscious decision on our part to kind of go a little slower on new launches or we are seeing some delays in terms of getting approvals from the authorities which is why we have had these kinds of numbers in the first nine months of this year?

Ashish Puravankara: No, it is primarily on delay in getting sanctions. So I have to just go down a broader list for example even Cochin, where we have seen new launches of other developers, we have seen good traction, we got stuck in environment, which were hoping to get our sanction almost 8-9-months ago, we finally got our environment clearance about a month ago. And we are hopeful of getting our final sanction in about a week from now. So that is that. As far as Bengaluru is concerned, one of our CBD projects is stuck in because of the new TDR rules. The sanction is done. Entire TDR regulation was undergoing a change, which we are hopeful should be closed in a month from now. Pune, while we would have got the sanction about six months ago, we decided to just re-tweak the plan considering the local micro market there. That sanction we should be receiving in about two weeks from now. Unfortunately, all those got delayed, but at least 4 or 5 of the larger projects we are hopeful at least in next one month of getting all these clearances in place.

Prem Khurana: Sir, you talked about delivering some 9.8 million square foot of area wherein 5.3 million square foot of area is still unsold. So I was wondering how do you manage this kind of area which will come to you and we were struggling with our 2 million square foot of inventory level there with us, completed real estate projects, now the problem with these completed projects seem to be if someone is going to buy he would have to pay 100% money now only, which kind of makes people defer their decision. So now given the fact that we are only sitting on 2 million square foot of area and then we will get to another 5-odd million square foot of area, so how would we go about as in our focus would be more on to kind of liquidate these inventories because this will be about 5 million square foot at current price would be about Rs.2500 crores, you would focus more on liquidating this inventory or launching new projects because even if we were to launch a new project there the problem is the markets are little sluggish. So there again if we were not to sell a significant chunk upfront, you would not be able to kind of generate any free cash flows, so you will kind of there again there would be kind of cash flow mismatch as well?

Ashish Puravankara: One thing is that in terms of marketing strategy we have two independent teams focusing on sort of the Ready-to-Move In inventory focus is a separate independent team, the guys who are focusing on launch and ongoing projects is a separate team. The new launches we are being very careful where we are not opening up to larger in terms of the spaces. If we were to be in a situation where the sales are let down and you do not have to complete the entire project, but if you go by our past experience, all the recent launches, you take Westend or you take Palm Beach, we are all in excess of 50-60% sold. So we have been able to sell quite well. Even Kenworth, which we just launched over the last weekend, in two days we have had about 330 units of sales, we are hopeful in the next month or so, we should touch about 450 units. The new projects are seeing good traction. Having said that your concern on the ongoing projects, this will be completed over the next 4-5-quarters; a); b) like in the past inventory, there were much larger projects, like for example, Welworth it was 3,360-units. So we do not have any such project which is very large and where a huge chunk of inventories unsold.

Prem Khurana: So this 9 million square foot would be spread over how many sites, sir?

Hari Ramakrishnan: It will be 13-sites.

Prem Khurana: So on an average unsold area would be around 0.8 million square foot in each site, right?

Ashish Puravankara: Yes, we still have five quarters for it to get completed.

Hari Ramakrishnan: There is no demand or enquiries in these products. So conversions are taking time for various reasons, but we are confident that better part of it out of our way before we complete these projects.

Prem Khurana: The dedicated team that you talked about, how big the team would be in terms of number of persons that we have in that team as in - count?

Ashish Puravankara: There are about 22 people who are dedicated across these three markets on the Ready-to-Move In inventory. Obviously, they have one head on top, and the balance would be about for the ongoing projects and the new launches would be about 50.

Prem Khurana: The new launches that you talked about wherein we sold 330. This would be expression of interest as of now, this would not be final sales as yet, right?

Ashish Puravankara: These are final sales. Expression of interest to share that number with you, it was about a little over 900 and out of which we have converted 330 and the team is working on it, because logistically it is difficult to allot so many numbers. So the team is sitting in Hyderabad allotting this and converting this. We are confident of hitting the 450 mark over the next month.

Prem Khurana: I was looking at the cash flow situation, it seems construction spend has come down substantially, so we were spending almost Rs.250-260 odd crores on a quarterly basis at least for last quarter. It has come off to Rs.199-odd crores. Does it mean that we are going a little slow on some of these projects wherein we have…?

Hari Ramakrishnan: No, it is the timing, because we completed two projects, the balance projects are going on. So in terms of work done, it is full swing. So you will have a catch up of that happening in Q4.

Prem Khurana: We also seem to be making some land payments, last year the number was around Rs.72-odd crores and this year the number has gone up to almost Rs.115-116-odd crores is what we do in the nine months. Are we acquiring any more land or this is your commitment payments that you require, you make for some JDA that you would have done?

Hari Ramakrishnan: These are all JDA-related payments and better part of it are excellent locations. These are really required for us to ensure that we will capitalize on the market in the coming quarters.

Prem Khurana: How much more is yet to be paid to these guys wherein you think these projects are critical and you need to have these projects in your portfolio?

Jackbastian Nazareth: For the new launches that are due now immediately we do not have any specific payments on those.

Prem Khurana: So the number of Rs.16-odd crores in this quarter would come down to almost zero-odd going forward?

Hari Ramakrishnan: Yes.

Prem Khurana: I was looking at unrecognized revenue, it seems to be only around Rs.655-odd crores which in effect the numbers seem to be there only for next two quarters and if I were to look at a current run rate of sales this quarter we have done only Rs.170-odd crores kind of a number. So does it concern in terms of P&L statement even if we want to sell more, we would not be able to post numbers and even if you launch a new project it will take you at least sometime, the revenue recognition threshold which is why you would not be able to show any numbers on these new projects as well, how do we intend to take it up this thing in terms of income statement?

Hari Ramakrishnan: In terms of income statement, the actual number is Rs.726 crores of unrecognized revenue and you will also have sales coming in from the existing ongoing projects as well as Ready-to-Move In which we explained earlier. So we will definitely not be in a situation where we will have to rely on the sold units profitability to manage our income statement. That scenario does not arise. You do not need to worry about it.

Prem Khurana: You used to talk about the private equity transactions of 2-odd million square foot of area. Is it still open or…?

Hari Ramakrishnan: Yes. We have not killed it. There are two issues on that – one is on tax and other is on the ownership of the SPV who is going to buy those units. So we are still discussing with our legal counsel to ensure that if it is a way out then we will definitely jump into it.

Moderator: Thank you. The next question is from the line of Samar Sarda from Kotak Securities. Please go ahead.

Samar Sarda: I had a few questions; my first question is on the launches. I see most of the launches have been shifted to FY17 second half. Like in the past also we have had a launch schedule which has been delayed quite a bit. Particularly the Marine Drive launch, now you just mentioned you got the EC and you will be getting a plan approval soon. So why this launch showing Q4FY17 or is there an error there?

Hari Ramakrishnan: The reason why we have done that is because the Kochi plan sanction which we undertook as a process from last year, the way the official government machinery went about it was a little long drawn. So to take care of these uncertain events in terms of official process, because the land is very close to the backwaters. So taking into account the CRZ requirements as well as the plan sanction authorities and the environment requirements, so we have factored this, but we are hopeful of getting it much earlier than that.

Samar Sarda: But wasn't this land which was auctioned by the government like in the first place?

Hari Ramakrishnan: They went back on their own statement at the time of plan approval. So while they had submitted it a year back on the plans and everything it is still not happening the speed at which we want it to happen.

Samar Sarda: The Provident launch in Hosur Road is also been delayed by quite a long time. So what is the reason for this?

Hari Ramakrishnan: It is a new JDA which we signed up two quarters back; this is one which is on Hosur Road after Electronic City, which will come into the operating cycle by Q3 of FY17, we are working on the designs now.

Samar Sarda: The Pune Kishore Nagar Property, again, like another large listed developer has done JDA and already launched the project in the remaining land of the land owner, it is a location which again has good amount of supply right now. So what is the view like pricing because with respect to your launch, your share in the JDA is also pretty low and since you are going to launch it this quarter, how are you going to place it?

Hari Ramakrishnan: In terms of the size, we have 30-acres there, we are going to launch 20-acres one, which is going to give us 2 million square foot., out of the 2 million square foot., the way we are looking at it is it will be in two phases, it will not be a single phase and based on single phase of roughly about 8 lakhs to 1 million square foot., current UI which we did about 3-quarters back on this particular project, we are very hopeful that we will be able to even convert minimum of 300-400 units from those expressions of interest. That is the visibility given to us right now via our sales team. In terms of pricing, yes, we are aware of our competitor there in that micro market and its rates, so we will ensure that we do get a good deal out of this project.

Samar Sarda: Your JDA share is only 32% which means you are doing all the construction and only going to get 32% of the top line?

Hari Ramakrishnan: Yes, it is not the top line, it is structured in two forms – both development fee as well as the profit sharing. So based on that math, 32% is how is a final economic interest. So, if out of 100%, 15% is split between the partners in the form of development fee, out of the balance 85%, 50% is used for construction and the balance is used for splitting the profits post completion of the project. So net impact of that is working out to 32%.

Samar Sarda: Second thing was this quarter, blended average pricing has come down a bit. Is that because of a mix of the sales you have done or you have softened your prices a bit?

Hari Ramakrishnan: It is a product mix issue.

Samar Sarda: Say for example, the schemes you have taken in the past, just to mention one, the 20-80 Scheme in some of your near completion projects, so the interest burden which you usually take on that, is that cut from the realization or is that added to your cost from an accounting perspective?

Hari Ramakrishnan: From an accounting perspective, it is added to the cost.

Samar Sarda: Ok. On the cash flow side, it is negative on operating cash flow this quarter, and first quarter was negative, nine months has been negative net-net. So how do I see this trend - like because you have some deliveries which will happen this quarter as well and sales are pretty slow, you have been borrowing, will this continue for the next few quarters or with the new launches will this turn around over like in the first half of next fiscal?

Hari Ramakrishnan: Definitely, it will turn around with the new launches because that cash which is going to come in is going to be deployed back into the system and we will ensure that we will not go beyond a particular number which has already been reflected in the nine months' number. So just to again reiterate, Provident Kenworth has been great for us. So we will start seeing the monies coming in from those sales by March and flowing into even first quarter of next financial year, so that will take care of my operating cash issues, we will not be having any negative which will require us to borrow more and also this Pune project which we are looking at, once those sales also come in, we will start getting cash back into the system. So we do not foresee a larger mismatch issue coming, warranting us to borrow more for operational purposes.

Samar Sarda: Did you take some escalations with regards to your completion in this quarter?

Hari Ramakrishnan: It is an interest allocation issue which is primarily because of the depletion in my base. Earlier, we used to absorb the interest cost across 30 million square foot., but because of the deliveries which is happening, the same interest cost is getting absorbed over 21 million today and this will happen and replace with new launches. So unless that happens, my psft cost to allocation across these projects become higher which has an impact in my financials. So that is the kind of escalation which we have taken and nothing to do with construction cost.

Moderator: Thank you. The next question is from the line of Nitin Eidnani from Axis Capital. Please go ahead.

Nitin Eidnani: Just on these escalations because of the interest, can you quantify it for this quarter?

Hari Ramakrishnan: Rs.35 crores.

Nitin Eidnani: You got another 9.86 lined up for delivery over the 18-months, of which 5.32 is sold, so your price is locked in. Closer to hand over is when you know how much is the escalation. So, any delays expected here as in can we expect this Rs.35- crores odd sort of number to continue for a while and which are the key projects on account of which there is a significant amount of interest that keeps coming on to the ongoing projects?

Hari Ramakrishnan: The interest is on allocation basis. So this quarter it was because we completed Sunworth Phase-I and Primus, so a better portion of that interest got reallocated back to the other projects. So that is the primary reason why we had to do this. Following it up with your question on the price getting locked up and whether we will have any delays on these projects, currently, we do not have any such problems, the technical teams are going full swing and we will be crossing Rs.1,000 crores on construction spend this year definitely and we will ensure these deliveries are done within the committed timelines. So in terms of interest cost absorption, as I said earlier, the new launches once it starts kicking in, we will start spending money and it will start absorbing, the interest will get allocated back to the other new projects as well. So that will reduce the load in my ongoing projects.

Nitin Eidnani: Any update on the refund from Hyderabad or Kochi land sale?

Hari Ramakrishnan: The matter is sub-judice and we are also working on various other options which we have explored in terms of whether there is an alternate land parcel or whether there is an opportunity for us to exit the land totally. So we will get a fix on that by the end of this quarter definitely. The judicial process is taking time because it is in Supreme Court and it gets postponed for various reasons in Supreme Court because the matter is being heard there currently. So we will be getting a fix onto this by the end of this quarter definitely.

Nitin Eidnani: Assuming that the refund does not come through, where do you see the debt as on March '17.Do you have a target in mind in terms of how much you want to reduce the debt?

Hari Ramakrishnan: We have committed repayments of Rs.242 crores up to March '17 and we are looking at as I said earlier the Ready-to-Move In deal which if we get a fix on that, then that entire money will go for debt. So anywhere between Rs.250 crores plus another Rs.200 crores is what we are looking at.

Nitin Eidnani: That should be down to about Rs.1400-odd crores?

Hari Ramakrishnan: Yes.

Nitin Eidnani: Any guidance that you want to give for FY17 in terms of sales or …?

Hari Ramakrishnan: Not right now. So we will be getting a better fix once the next two launches are ready and we will be in a much better position to give that.

Nitin Eidnani: Are there any land parcels in the portfolio identified for sale as in have there been additional lands that you have decided to try and put on the market?

Hari Ramakrishnan: We have one in Coimbatore which is a small 5-acre land parcel which we do not have any visibility on development. So that is something which can come up for monetization.

Nitin Eidnani: But anything besides that from the 61 million square foot of land assets that would not have immediate monetization visibility?

Hari Ramakrishnan: Currently no.

Moderator: Thank you. The next question is from the line of Samar Sarda from Kotak Securities. Please go ahead.

Samar Sarda: Sorry, I got disconnected. with regards to the escalation point.

Hari Ramakrishnan: What I was saying is it is primarily because of interest cost allocation across by ongoing projects. So I used to absorb the interest in 30 million earlier, currently because of the deliveries which has happened it has come down to 21 million and I have to replace that with new launches which is what is happening as we speak starting with Provident Kenworth. So this number will go down and it will definitely be not an issue in the income statement going forward.

Samar Sarda: But if you are taking project specific loan, should this interest not be allocated to that particular project rather than the entire portfolio?

Hari Ramakrishnan: What we do is we do not do pure construction loan as a benefit. What we do is we take construction loan which is used for a general corporate purposes and we take that for other projects utilization as well. So when we have that kind of an arrangement it becomes a general borrowing and is eligible for capitalization across all projects.

Samar Sarda: Other than interest allocation, are there any like construction cost escalations or budgetary escalations?

Hari Ramakrishnan: No, not at all.

Samar Sarda: On the completed apartment deal, now, there have been quite a few deals which have happened in the last 1.5-years, unfortunately we have not able to complete our thing. So other than the structure, can I just push myself and ask is there the market which is holding such deal back because Kochi is a difficult market right now, Highlands you had some project-specific issues earlier, because some of your peers have taken apartment funding deals in the last 18-months?

Hari Ramakrishnan: Market is not holding back because of any city specific issue. So the deal which we had explored 2-quarters back was for all the three cities – Chennai, Bengaluru and Kochi -- so where we got stuck was only on the structuring and tax, we have not again killed that option, if we get a fix on that, definitely we will jump into it.

Samar Sarda: Ok. One last question was on the approvals in Bangalore. Some of your peers mentioned there are some approval issues going on in Bengaluru, can you throw some light if at all there is something like this and what kind of approval issues are these?

Ashish Puravankara: Approval issue was basically on account of two major things – one was in terms of getting a height approval. So there was confusion if we should get it from HAL which is the old airport or BIAL which was the new airport. Having said that, now we found a way around it. So while HAL had stopped giving height approval, BIAL started giving provisionally height approval basis which corporation has started processing the application for sanction. Second issue is on TDR which mainly would affect CBD Projects wherein we load the TDR. So the TDR rules are undergoing a change. The new rules have already come out. We are filing objections to it and I think it should be formalized in a month from now. But this confusion on TDR has been going on for the last six months. Finally, last week the rules came up.

Samar Sarda: Bengaluru has seen a lot of supply and what we understand is that there is some amount of ready supply also in the market. So do you see a smaller player actually breaking down launches over the next few months or probably this year, do you think the amount of launches which will happen in Bengaluru overall market will be lower than 2015?

Ashish Puravankara: Coincidentally, JLL did a detailed study which has started 1st of December. They contacted all the CREDAI developers and independent non-CREDAI members and have taken data. So in terms of total number of units under construction is about 1,98,000 number of units. From that if you see almost 60% has been sold and these are ongoing projects like construction 20-30-40-50-60% complete. In terms of Ready-to-Move In inventory only Bengaluru-specific is about 4,800-units which is not an alarming number.

Samar Sarda: But do you see like the overall launches in '16 coming down a bit?

Ashish Puravankara: Compared to earlier years, I think because of all these delays and the hype, maybe, but otherwise in terms of micro markets traction, demand not on account of that.

Moderator: Thank you. As there are no further questions, I would now like to hand the floor over to the management for their closing comments.

Jackbastian K. Nazareth: Thank you, everyone for being on the call. Hari and me are available in case you have specific questions to be taken offline.

Moderator: Thank you, members of the management team. With that we conclude this conference. Thank you for joining us and you may now disconnect your lines.

(this document has been edited for readability purposes)