"Puravankara Limited Q1 FY21 Earnings Conference Call"

September 11, 2020

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Moderator: Ladies and gentlemen, good day, and welcome to the Puravankara Limited Q1 FY21 Earnings Conference Call. This call will be represented by Mr. Ashish Puravankara -- Managing Director; Mr. Kuldip Chawlla -- Chief Financial Officer; Mr. Vishnu Moorthi -- Senior Vice President, Risk and Control; Mr. Abhishek Kapoor -- Chief Operating Officer and Mr. Neeraj Gautam -- Vice President, Finance. 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. Kuldip Chawlla. Thank you. And over to you, sir.

Kuldip Chawlla: Thank you, operator and a very good evening and a warm welcome to all of you. My name is Kuldip Chawlla, the Chief Financial Officer of Puravankara Limited. We hope you and your family are safe and well during this pandemic. Thank you so much for taking time to be with us on this call.

The 'Investor Presentation' and the 'Financial Results for the Quarter ended June 30, 2020 have been uploaded on the stock exchange and we hope that you had a chance to have a glance at it.

I will start with a short update on the business and how we have been navigating these unprecedented times. Following that, my colleagues and I would be delighted to answer any questions that any of you may have. The last several months have been remarkable. And that has led us to adapt and become much more agile in how we carry on our business. The economy has faced unprecedented challenges. The real estate sector has also had its share of challenges coming on top of a long slow down especially in the residential segment. The country has only recently opened up following the nationwide lockdown.

Given the slow pace of reopening, coupled with the threat of a second wave of infections, we expect the near-term to remain a little bit uncertain. However, on a medium-term basis, we believe that there are several positives for the sector. We are seeing one of the best affordability levels in the last decade. A combination of low mortgage rates and higher affordable and value for money project launches along with good prices, the current EMI-to-gross income ratio is down to around 30% from a peak of 50%. Affordability for NRI homebuyers is even better. All this combined with other factors will help revive housing demand cycle, once the impact of COVID recedes on the economy. In addition, the accelerating tailwind of consolidation augurs well for the organized, well established and branded players, such as Puravankara and Provident.

Of the total launches in the year ended March '20, approximately 60% were from the top-25-odd developers in each region, the balance 40% coming from approximately 1,000 developers. Residential demand in the tier-one cities over the last couple of years seems to have been around 300,000 units despite multiple setbacks and regulatory disruptions.

Coming to the quarter, we focused our efforts on business continuity and adopting newer and improved ways to do business. Our digital transformation efforts continue and we feel it is important to adapt more than ever before. We see digital catalysts, such as supporting work from home, or taking cost out driving these initiatives. Our digital platforms such as "Book My Home" has seen an excellent engagement. And we have already had three launches through this platform.

While decision making cycles have lengthened, the conversion rates have been much higher. One of the biggest dynamic changes is how customers are also getting more conversant using digital technologies to buy what was traditionally a very physical experience. We have had to virtually create the experience to engage with our customers. And we are very pleased on how our teams have adapted to these new approaches, but also to how customers are engaging with us.

We also launched or relaunched our website in the quarter ended June 30, with a new interface and a lot of features and customizations and expect that to add to our digital efforts going forward. One of the new launches during this period was a plotted development under the Provident brand 'Provident Woodfield'. This is probably the first online launch of any project in India. Provident Housing is poised to redefine the way plots are identified, developed, sold and sustained. These plots for sale near electronic city promise large wide boulevards with beautifully manicured landscaped gardens, a plethora of amenities, a luxurious clubhouse, community infrastructure, and underground concealed services planned to seamless perfection. We recognized that customers want more flexibility and space especially in the light of COVID-19 and we are pleased to report that the project has seen an excellent response.

Looking at plotted projects from a business point of view, we have many advantages such as quicker monetization of land, faster sales compared to apartments, better cash flow generation and a faster turnaround on investments. We already have two more such projects, and we will continue to look at such opportunities.

We also started sales in two Puravankara projects – 'Purva Atmosphere' in Bangalore, and 'Purva Aspire' in Pune, both of which were well received by the market. With Purva Atmosphere, we started a new world home series, which will be ultra luxury series under the brand Puravankara.

Coming to the operational performance, Q1 was relatively good when compared to the impact of the lockdown with 536 units being sold as compared to 588 units being sold in Q4. The booking value for these 536 units in Q1 was INR 398 Crores, an improvement of 5% against the sequential March quarter.

Collections lagged, but are likely to pick up going forward along with both sales and customers, sales increase in customer inflows. We continue to focus on selling our ready-to-move inventory. Ready-to-Move inventory sales in Q1 FY21 were INR 136 Crores as against INR 147 Crores in Q4 FY20. We are on track to reduce our existing Ready-to-Move inventory to zero over the next 12 to 15 months. We believe this bodes well for the company.

Coming to the Financial Performance, the consolidated revenues for the quarter were INR 190.53 Crores and were adversely impacted due to COVID as both customers and the authorities either deferred registration or were unable to complete the transaction. EBITDA was reported at INR 67.04 Crores. Loss after tax was INR 16.75 Crores. These losses, as we mentioned before, were due to a significant delay in registration of units across all our projects alongside the marketing and other pre-launch expenses for the launches that were done during the period and going forward. That said, the gross operating surplus was INR 36.4 Crores for the quarter. We have continued to maintain good liquidity during this period. Debt was at similar levels compared to March 2020. Our net debt-to-equity has been generally trending down or remain steady and we will see this continuing going forward. Our net debt-to-equity stands at a similar level of 1.33x compared to March of 2020, but is lower than the 1.42x seen a year ago.

We have a very prudent capital allocation strategy in place with a clear objective to release capital from existing land holdings, plotted developments and judicious investments and launches going forward.

On the new launches, we had announced plans to launch almost a dozen projects this year. And we are continuing with that trajectory. This would be spread across four/five projects in Bangalore, two or three each in Mumbai and Pune and one each in Chennai and Cochin, both of which are Provident.

Finally, we would like to touch upon some of the policy measures announced by the government. The housing sector is one of the most important sectors in the economy, and its importance has been further strengthened and realized with everyone wanting the comfort and safety of their own home during this pandemic. The government has announced certain measures such as extension of registration and completion date under RERA by six months. The use of force majeure clause, special liquidity support for housing finance companies and NBFCs and support to the affordable housing segments, and even the recent reduction of stamp duty by a couple of states, all of which should help spur demand as we return to more normal times.

We remain confident that with our established brands, the continued trust of our customers, as well as our quality, our execution capabilities, our digital and widespread geographic footprint and our launch pipeline will allow us to bounce back to normal in the next couple of quarters and emerge from this situation as a much stronger and formidable organization.

With this, I would like to hand over the call back to the operator.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ankit Thakur from SKS Capital & Research. Please go ahead.

Ankit Thakur: Sir, you talked about the affordability and EMI-to-gross income ratio going down. But on the demand side, how has it been as a sector? I understand that we are launching new things, but is there a demand for the same?

Kuldip Chawlla: So, let me answer that question and then maybe Abhishek or Ashish can also add in. I think, as they say the proof of the pudding is in the eating, Ankit. During this period, we did three new launches across two cities in both our brands. Provident Woodfield sold more than 60%-65% of the entire project. Both Aspire and Atmosphere sold 55%-60% of what we had launched. The realizations that we received in these micro markets for all three projects were ahead of other developers in the region and in fact in the case of Bangalore, where we have a comparable Grade-A developer, who are in excess of that, two of these three projects were Puravankara projects. The point being that the launches a) without any physical thing, completely digital were successful; b) we have seen very interesting responses to the manner in which both our teams are operating on a completely digital platform, and customers are engaging with us on that platform. Going forward, we expect a similar response to the launches for the rest of the year across the markets that we have identified and laid out across both our brands.

Ankit Thakur: Basically, you are seeing good demand coming back to normalcy or at least picking up. But on the sales side, is it all digital and how does our digital strategy work here?

Abhishek Kapoor: As Kuldip mentioned, we launched online booking platform called "Book My Home." And that has enabled us to do all three projects as e-launch and we have obviously been investing in the digital platform of ours for last four years. And that had given us that leverage and advantage in the marketplace to take it to the market very quickly. What we have seen and again to just reiterate and give you a number, which is there, if you look at the number of March '20, and you look at June '20 number, we had sold 6.8 lakh sq.ft/ 6.9 lakh sq.ft. If you look at the number of units sold, we had sold 588 in March '20 & 536 in June '20. In terms of value, if you see, the sales value is 398 and it was 380 in March '20. So, what you see is that clearly there is traction. Customers were happy to engage with us on digital platforms. After the lockdown opened up, customers did visit the site and the site visit has only improved. So, if we look at the whole process leading up to now, with this whole unlocking, the site visits are only increasing but the way we had conducted ourselves and the information that was available online, we had some very interesting and innovative tools and methods of selling, which has been very exciting honestly. When you are in constraints, innovation really matters. And that I think the customers have recognized and this is the result of that recognition.

Kuldip Chawlla: I just had two or three quick comments to what Abhishek just said. The journey has been about how do you engage with all the stakeholders, whether it is our own people, whether it is customers, whether decision makers, channel decision partners, influencers, so on and so forth and transform or replace what is essentially a physical experience to a digital experience. So, whether it is transparency of information, access to information, the use of technology to inform, engage, demonstrate, convince, follow up, and use data analytics, artificial intelligence so on and so forth, you can do a much more targeted marketing pitch and engagement that is not intrusive and does everything.

Ankit Thakur: Just to understand more, you said you are using different tools, so, is it that during the lockdown if I want to buy a house, do I go on your website and do I get to see a video? And is it because of that video or is it the trust of the consumer on the Puravankara plan that is there that also kind of helps?

Management: I think it is a mix of both. You are right over there. The fact that Puravankara as a brand is clearly something which customers believe and have tremendous amount of faith in. And that is one reason why they engage. But the second reason obviously is what you said, we have virtual tours to interfaces with the RM, the digital experience is in terms of the way we share the information, and the way people endorse that information, right from other customers to experts on the amenities that we have designed and the project the way it is designed. So there are multiple marketing initiatives that enable that customer to really get the first hand experience without really going to the site. And the fact that he can actually do it at the convenience of his house, that he does not have to travel all the way. I think it just adds to the whole perspective that it becomes far more efficient and easier way of booking and getting information. So, the answer is both.

Ankit Thakur: But do you see this trend continuing post-COVID as well?

Kuldip Chawlla: Yes, absolutely, I think this digital transformation has given a completely new experience to the customers. So, a lot of customers have realized that they can get a lot of information sitting at home from their convenience. And in last couple of months, especially since they have opened up the lockdown, even on the weekends, there is tremendous improvement on site visits. Having said that, customers do like a lot of this information on the digital platform. And thereafter, a lot of them do want to visit, a lot of NRI customers do not ever visit and I think this whole process has enabled them to take a lot of decisions without even visiting the site. And I think they have definitely grown to like it.

Moderator: Thank you. The next question is from the line of Saloni Bindra from Aakash Consultancy. Please go ahead.

Saloni Bindra: If you could just help me with the absolute value of the completed inventory as on the end of quarter?

Kuldip Chawlla: The absolute value of completed inventory as of 30th of June, 2020 would be in the range of INR 600 crores.

Saloni Bindra: Sir, how much does Chennai and Bengaluru contribute to it?

Kuldip Chawlla: Chennai will have a meaningful impact in that because Chennai should be around a third of this or maybe slightly more; it will be about 35% to 40%. Bangalore will have much less. For Chennai, across our projects, the sales have been outstanding including during this pandemic. And Chennai sales have grown at a very healthy pace over the last three years. The only thing that we faced a problem in Chennai with is on the registrations, and therefore on revenue recognition because of the lockdown restrictions during this period until June- July.

Saloni Bindra: Also, if you are seeing any signs of revival due to ease in lockdown restrictions in the festive season coming by, do you see it bringing buyers back?

Kuldip Chawlla: Yes, absolutely. So, we are seeing an increase in trend of site visits and an increase in interest in buying. So, as far as we are concerned in the marketplace, customers are coming back. And, in fact, the reduction of interest rate has also enabled their decision making because they have realized that this is a great time to take that buying decision. During the COVID period, we have had a few insights wherein customers' desire to have their own homes has gone up and therefore they are definitely looking at buying. And, so on an overall basis, the answer is yes. But of course, I am sure that they are evaluating the developer and investigating before they are taking that decision. But we have seen a lot of revival in terms of customer site visits and interest and the leads we are getting from the market. And in this situation, if there is a customer who is visiting the site, or who is taking the decision to spend time with us, is definitely a serious buyer. So, in our mind, there is definitely an improving sentiment.

Moderator: Thank you. Next question is from Harshvardhana from KVS Investment Managers. Please go ahead.

Harshvardhana: Regarding digital initiatives that you were talking before with the previous participant, I need to understand some more points regarding cost implications. Would that be leading to cost savings going forward?

Kuldip Chawlla: Yes, definitely, in fact our sales and marketing and distribution cost has come down because of these digital initiatives and people have really preferred that media for consumption of information. So, yes, the cost has come down.

Harshvardhana: Any marginal cost saving that would be coming financial years?

Kuldip Chawlla: At current point in time, I can share with you that our cost of marketing has definitely come down by over 30%.

Harshvardhana: In the similar lines, there has been significant reduction in other expenses this quarter. So, is this because of marketing spends only or any other expenses that have been there?

Kuldip Chawlla: So, we have taken multiple initiatives during this period to conserve cash flows and reduce overheads. And, yes, it has resulted into multiple savings because it gave us an opportunity and time to relook at our entire strategy and costs and the answer is yes, and that is long term.

Harshvardhana: It is permanent in nature, right?

Kuldip Chawlla: Yes, these are long-term savings.

Harshvardhana: What kind of expenses that have been reduced other than marketing, can you name a few so that it can be attributable towards that?

Kuldip Chawlla: There have been reduction in multiple fixed overheads from the business point of view, right from salaries to rentals, travel has come down significantly most of our meetings that are happening online. So, a lot of savings, which are pretty much permanent in nature.

Management: Let me put it this way. We have looked at the productivity of expense of every head. Across the board you will see rationalization and productivity of money spend.

Harshvardhana: What would be your monthly fixed cost in terms of expenses?

Kuldip Chawlla: Should be in the rage of about INR 10-11 Crores a month.

Harshvardhana: There are multiple reports that suggest that construction activity is going to remain slow going forward also. So, what kind of expectation do you have regarding the construction activity? What capacity are you working on? And if there is any wage increment that you have given to the laborers or any other steps that you have taken.

Kuldip Chawlla: So, when the lockdown had happened, obviously, we have taken a lot of initiatives to take care of all the labor on the labor camps, whether it was hygiene, food, because work had come to a halt and all of that. And all our contractors and laborers have appreciated the effort that the organization had put behind supporting them during that process. After the lockdown opened in the first phase, we had a lot of reverse migration which I think they wanted to go back home, meet their families, etc., That process had brought down our manpower significantly. But we are seeing a resumption of the laborers coming back to the site. And that has improved almost three times from the bottom. So, we are now over 60%, in fact & are every day improving. So, we believe that in this month, we will get to about 70% of our labor strength. So, definitely there is improvement, but obviously, there is a lag between this improvement and actual milestones and then regarding things to come back to normalcy. There is still some time to go, but we are definitely on our way back both in terms of the labor strength and the milestones.

Harshvardhana: How is the Q2 looking for you, how have the enquiries been and how has been the sales and order book been in Q2? If you could give a little bit of guidance or outlook for Q2 and financial year '21?

Kuldip Chawlla: I think we can take that offline. We do not offer forecasts of projected numbers for the subsequent quarter or years. What we definitely can tell you is that the number of enquiries are increasing. We are seeing good traction across the board both on ready inventory on sustenance sales, and on recently launched projects.

Moderator: Thank you. Next question is from Chirag Muchhala. Please go ahead.

Chirag Muchhala: I wanted to ask you about the commercial business that we are trying to develop. Has the pandemic changed your plan or opinion on how to develop these commercial assets? The cost of debt that we do incur, the commercial assets, are they still viable at this kind of cost?

Kuldip Chawlla: So, as far as our current portfolio of commercial assets are concerned, so this land is already bought, most of them are all historic lands, they are mostly CBD properties held at historic value. I think we will continue to pursue development, most of them are in the design phase, and the design should take another quarter or so, two or three of them we have completed design, completed sanction, on that we would start construction. Today, even for a country like ours for construction finance for good projects, the cost has not gone up. So, therefore, I think we will stay committed to building that book of commercial.

Chirag Muchhala: Is there a change in the landscape in terms of the kind of commercial assets that are demanded by the market right now, or is everything as it was six months ago?

Kuldip Chawlla: I think different companies are giving different sound bites in terms of work from home, how much percentage will be work from home, will it be mandated, will it be voluntary, we do not know. So, we believe the effect if any will be more felt in these large campuses. CBD fortunately, you do not have enough supply of Grade-A office space. So. because of the lack of supply and very few developments that are already built and very few that are going to be built because there is no more land available, I think they should hold their value and importance.

Chirag Muchhala: Does it make sense to sell land as it is rather than develop properties on the land you own?

Kuldip Chawlla: End of the day, I think land is our raw material. We are in the development business. For example, we have land in a tier-two cities, small ones, right, so part of which I will take an example like Coimbatore, where we have already developed two projects; one under Puravankara, one under Provident. So under Puravankara, we have developed the phase-1 which is I think 98% sold out, phase-2 which we are going to start handing over now, I think that too is 99% sold out. So, there we will launch phase-3 as well, but it is a small project. In the same land, we have a commercial plot, very small, five acres. Coimbatore is not a city that we have identified for future growth. That land being in Coimbatore, we may look at development versus monetization, right. Or some location in Chennai we may look at it. But in the core markets that we are present in which is Bangalore, which is Hyderabad, main city of Chennai, Pune and Mumbai, I think this is the city we believe that we want to stay focused on, once obviously sentiment stabilizes the demand in these cities will continue over the next 5-10years for projects that are launched at the right location at the right price at the right ticket size. Any development has two components in terms of profit, it has your land profit, and the value add that you do, there is a margin on that as well. So, by selling the land, you will be letting go of development process. So, it is going to be a tough call, but this is a very interesting question.

Moderator: Thank you. The next question is from Ankit Thakur from SKS Capital. Please go ahead.

Ankit Thakur: Just wanted to click on the pricing side. Are we giving any discounts currently due to sub-optimal demand?

Kuldip Chawlla: The short answer is no. I just want to add one more color to it. When you draw inferences from the average realization given in our 'investor corporate presentation' it may be very misleading because it is a function of product mix. Let me give you an example, if you look at Provident, we sold plotting at around INR 3,700 a square foot, that is significantly lower than the average price that Provident apartments realize. So, we do not want you to infer from that that there has been a price reduction. So, it is a function of product mix. But in specific answer to your question, we have not needed to give discounts. In select cases, maybe instead of somebody paying in 45-days, we would have said, okay, pay in 60-days because you cannot do registration, because registration was not open. That may have been the only exception.

Ankit Thakur: Coming back to the debt profile, I was seeing our debt has been flat for the quarter and I think we have around INR 164 crores of cash and cash equivalents on our balance sheet, and due to COVID, we are kind of booking losses. So going forward, do you think we would need to go for a fund raise?

Kuldip Chawlla: So let me answer your question in two parts. Part one is that I think for now, we have enough liquidity and lines of credit are available to us for our ongoing projects. For the new launches, there would be maybe some small raises, but they will typically not be more than let us say INR 100 crores, and I will tell you why the number. When we have done a large number of launches simultaneously, we need a lot of pre-marketing and marketing expenditure to launch the projects. But the important point is that going forward, as we have done with all our launches, including the launches we just did, we do not need money or we need very little money for working capital debt. So, unlikely we will need large amount of raises; however, we could look at raising non-debt type of risk-free capital or capital which participates without there being a committed return for opportunities that present themselves on the long tailwind of consolidation that we are seeing. Just to give you a data point, in the last six months, organized developers have seen their market share in those markets grow up significantly despite a reduction in the overall market in terms of sales and you are seeing that certainly in all the listed developers.

Ankit Thakur: Who are the lenders for us?

Kuldip Chawlla: The bulk of our loans today are from the likes of HDFC, ICICI, IndusInd Bank, Standard Chartered Bank.

Ankit Thakur: Nothing from NBFC side or all the top notch ones?

Kuldip Chawlla: I think we have some money from NBFCs, we have got a little bit from PNB Housing Finance and some loans from L&T Finance, but we have no loans from Indiabulls, YES Bank, DHFL, Edelweiss, we have never had loans from them. We have INR 30-40 crores loan from Piramal & that is it.

Moderator: Thank you very much. The next question is from the line of Saloni Bindra from Aakash Consultancy. Please go ahead.

Saloni Bindra: I just wanted to understand your plan for repayment in FY'21.

Kuldip Chawlla: So, at this point in time, our repayments of loans for the year are secured with cash flow generating projects, and we do not anticipate any problem with repaying or meeting all of our obligations.

Saloni Bindra: Do you see any change in customer preferences towards ready-to-move-in houses as compared to under construction because of the uncertain times?

Management: I think we have seen a constant demand over the last, I would say maybe two, two and a half years in RTM. Yes, post-COVID, there is a slightly higher percentage demand in RTM, but there is equally increased demand in our new launches and ongoing projects. Please understand that today, the number of launches have come down, therefore the choices that a buyer has come down. So if he is going to narrow down to the top four, five brands, and then there is a clear advantage of buying at launch in terms of pricing and choice, there is a clear advantage of buying a product halfway through construction, the price has not gone up the way it does during completion. So, I think at every stage, under construction and ready, there are pros and cons in terms of pricing and choice. What we have experienced, I think the launches have done well. I think ongoing construction, sales are okay. RTM is doing extremely well. So, I think there may be a high percentage boost in the RTM. But I think equally each sector is doing well. In fact, the last four weekends, post the lockdown opening up etc., we are seeing a very sort of an exponential increase in terms of site visits which is very encouraging. And these are for under construction projects.

Moderator: Thank you. The next question is from the line of Ankit Thakur from SKS Capital. Please go ahead.

Ankit Thakur: Are we seeing demand in a luxurious or 3BHK or 5BHK kind of sales or is it going for a smaller affordable flats?

Management: Let me just share with you that we are actually seeing demand in both the categories. We have launched a "World Home Collection" in Bangalore and that seen a very good response. In fact, it is seeing increasing amount of interest from the customers because of the amenities and the product that we are offering. Similarly, plotted saw great demand. As Ashish mentioned in sustenance, in fact, our number of site visits and numbers have improved. And so on an overall basis, we are definitely seeing a good traction. Fortunately, for us, we are not in any of the oversupplied saturated locations. So, overall, we are seeing good traction across the board.

Ankit Thakur: Are you seeing any impact of work from home culture and are you getting more demand for the larger flat due to everybody wanting to have a separate work room or something like that or it is too early to talk about it?

Management: Interestingly, what we are seeing is clearly home ownership is very important now. That has become extremely important and probably work from home has got something to do with that for sure. But having said that, generally I think people are far more particular about space planning in their homes which has always been our strength as well. And they are looking at the product differently. There is obviously a need to upgrade by everybody, because in the current environment, I think people are also looking at it as an opportunity to say that they want to buy long-term and as we said earlier, a lot of people are also buying under construction and new launch projects as well. So, we are definitely seeing a preference. We are also seeing some very interesting response from the customers in terms of their expectations from home in terms of amenities, etc., because of this COVID situation. And that I think they are far more health conscious in the way they are looking at it. And some of the technologies we are implementing in our product is enabling them to understand that. Their demands are getting addressed. So, to answer, yes, there is a change in the way customers looking at the product and the amenities and the way we are designing the product.

Ankit Thakur: When do you see the normalcy coming back? When do you see the demand coming back to its normal level?

Management: What we are clearly seeing is that due to COVID people do not have that fear anymore, people are going out there and doing things people are going back to lead their normal lives. So, we are hoping that that trend will continue and that will definitely enable and it will help build more confidence in people to continue to take their decisions and live a normal life going forward. So, we are hoping that this trend will continue and it will normalize as we go along.

Ankit Thakur: But any timeline that you can talk about? In Q3/ Q4 you think everything will get back to normal or we are still uncertain about it?

Management: I think we will have to continue to watch how it pans out, but the trend is positive and it is looking good. As we mentioned in the earlier conversations also, there is a lot more site visits, a lot more interest by customers, so we are seeing a very positive trend.

Moderator: Thank you. Next participant is Harshvardhana from KVS Investment Managers. Please go ahead.

Harshvardhana: I just want to follow up on a little bit on debt part. So, what kind of debt-EBITDA ratio or debt-equity ratio are you expected to maintain for the next two financial years?

Kuldip Chawlla: Our goal is to go to 1:1 on the debt-equity ratio, but I just want to make a point on this ratio bit because accounting standards change things. What is more important is that we want to look at stability and visibility of cash flow that is able to service the debt comfortably which is the position that we are in. We prepaid over the last year, year and a half a large part of the debt because of the cash flows we have had from things like ready to move inventory sales. So, that is what I would like to just give you as a direction. Beyond that we do not want to give too many forward-looking statements on projected numbers. Suffice to say that, we are in a comfortable position to meet our debt obligations including during this period.

Harshvardhana: And did you opt for any moratorium that currently, many companies are opting for?

Kuldip Chawlla: So, from a moratorium point of view, we took around 85% to 90% of moratorium-1 and we took around two-thirds of moratorium-2 in terms of our loan book. The other point that I would like to make is that we have done this because we do not know how deep and long this pandemic would be, and we want to remain agile and resilient. But as we move from one to two, we got more comfortable. And at this point in time, without any further moratoriums, unless things go really south from here, we should be in a position to very comfortably meet our debt obligations.

Harshvardhana: In the current debt level that you have, how much amount would be attributable towards long term debt? Beyond next 12-months and three years if possible?

Kuldip Chawlla: We have got 92% of our debt beyond 12-months repayment. So, only 8% of our debt would be repaid in the next 9-12months which means that we are ahead of our schedule in terms of our mandatory repayment. Let me just put a little bit of color around that. I told you that if, for example, in April, May, June our ready to move inventory sales were Rs.135 crores, in Jan, Feb, March, they were Rs.147 crores. This kind of thing and the success of new launches both in the short term, ready-to-move inventory sales gives me cash flow in the short term. In the medium-term, good launches, give me two things; one, I do not need to borrow more, and two I am always ahead of schedule.

Harshvardhana: From your customers, what kind of delays are you facing in terms of installment repayments, any ballpark percentage?

Kuldip Chawlla: Yes, to some extent there have been a delay in customer payments because of the moratorium period because people kind of have understood somewhere that they can delay and this is a interest free period. But having said that, I think that is getting streamlined and people are coming back to make the payments. So we have seen improvement in the collections and in the way people are perceiving the whole thing.

Moderator: Thank you very much. Ladies and gentlemen, due to time constraint, that was the last question for today. I will now hand the conference over to Mr. Kuldip Chawlla for closing comments.

Kuldip Chawlla: Thank you very much, ladies and gentlemen, for all your time on a Friday evening. We think these are exciting times, interesting times for organized developers such as ourselves. If there any further questions, we are happy to take them offline and schedule meetings with one or more of you starting next week. Thank you once again for your time and attention.

Moderator: Thank you very much. On behalf of Puravankara Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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