



**“Prestige Estates Projects Limited  
Q4 FY2022 & FY2022 Earnings Conference Call”**

**May 30, 2022**



**ANALYST: MR. SAMAR SARDA – AXIS CAPITAL LIMITED**

**MANAGEMENT: MR. IRFAN RAZACK – CHAIRMAN - PRESTIGE  
ESTATES PROJECTS LIMITED**

**MR. VENKAT NARAYANA – CEO - PRESTIGE  
ESTATES PROJECTS LIMITED**

**MR. AMIT MOR – CFO - PRESTIGE ESTATES PROJECTS  
LIMITED**

**MR. SHARMA – PRESTIGE ESTATES PROJECTS LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to Q4 FY2022 and FY2022 Earnings Conference Call of Prestige Estate Projects Limited hosted by Axis Capital Limited. 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. Samar Sarda from Axis Capital. Thank you and over to you Sir!

**Samar Sarda:** Thank you Margaret. Once again welcome to you all. As always we have the senior management from Prestige Estate Projects. I welcome Mr. Irfan Razack, the Chairman, Venkat CEO, Amit the CFO and Mr. Sharma. I congratulate the prestige team for a great FY2022 and also good luck for the recent set of launches in Mumbai from May 17. Mr. Razack over to you for your initial comments.

**Irfan Razack:** Thank you Samar. As usual our team has been batting hard and actually trying to create value to the company as well as to the stakeholders and I think the highlight of 2022 was the sales itself, operationally and the collection both crossing 10,000 Crores and also 7500 Crores. Both are a record high. It is just not showing sales and not getting the collections though the collections have also been very, very good and then rest of the component all asset classes have started doing well including the hospitality, which was in sort of gray area or in stress mode for the last two years. It has really picked up and it is booming now as also retail malls. Of course most of our malls are now with Blackstone. We hold only 15% stake in all these malls whatever our share was. I am happy to say even the Blackstone transaction has been concluded and during this financial year, we also completed our stake sale to CPPIB one of our office block, so all in all we are in a very comfortable position in terms of liquidity and also doing a lot of work and like you mentioned Samar on the Mumbai launch, we had a good event on the 17<sup>th</sup> of May in Mumbai and this has led to a lot of demand. We still have not even started officially publicizing, but the sales have been extremely good, response has been fantastic and I think that will show in the results in June quarter. So with this I will hand over to Venkat to add whatever else he wants to add and then we can take the questions.

**Venkat Narayana:** Thank you Sir. To get into little bit of details and the projects, this quarter as chairman said has been a fantastic quarter both in terms of Q4 sales as well as year as whole. Q4 total new sales are at 3468 Crores up by 77% year-on-year.

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We sold 4.85 million square foot of area overall. The collection for Q4 was 2461 Crores and we launched 5 million square feet of project in the commercial as well as residential and we completed during the quarter almost 5 million square feet of project. So year as a whole if you look at operationally total 10,382 Crores of sales up 90% year on year and we sold overall 15 million square foot of area and collections are at almost 7500 Crores up by 47% compared to the previous year. We launched in all geographies that we operate, 16.77 million square foot of projects during FY2022 and we completed 14.26 million square foot of projects in all. The contributor, catalyst for the sale have been primarily Prestige City that we launched at Sarjapur road in Bangalore and the projects that we launched in Hyderabad so these two led the momentum for the sales. Of course all other projects also have contributed. In terms of financial parameter again it has been a good year, year as a whole if you look at, we had total top line of 6600 Crores, EBITDA of 1744 Crores and PAT of 1214 Crores. The EBITDA margins were at 26% and the PAT margins were at 18.41%. For this quarter the top contributor for the revenue recognition has been Prestige High Fields in Hyderabad which got completed and had revenue contribution of over 1000 Crores. As chairman said in the opening remarks, we have completed Blackstone phase 2 transaction, but there was some money that was linked to CS in terms of demerger even that got done that is during this quarter and we have a balance money of 250 Crores which should come in the next couple of weeks. So with that transaction is fully complete whatever we have envisaged to be done in two phases as informed earlier. We will in addition to whatever we have launched, we will have other launches coming in Mumbai which we will update you as we go by maybe at the end of next quarter. So far whatever we have got, the momentum has been good that gives us the confidence to take up the launch whatever else is in the design and planing stage and we are happy to say that with the expansion to the Mumbai region and the NCR region where we will have launch in the next quarter even the contribution from those geographies will come in. We hope to consolidate at this level and in fact try and grow from the presales number that we have achieved for this year.

Now overall spend in terms of construction this quarter has been 1200 Crores, 850 Crores towards residential and 140 towards office and 210 Crores towards retail capex and hospitality and year as a whole we have spent 4373 Crores on construction this year, almost 3000 Crores on residential, 650 Crores on commercial and around 270 Crores on retail and 500 roughly on hospitality so that has been the spend. The spend on hospitality is little higher because last year we had completion of JW Marriott Golfshire which is doing extremely well and that got opened in March 5 so there was substantial spend towards that property during the year. So these are the spend numbers and given

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operational and financial snapshot. With this brief I would request Samar to open the forum for question and answers.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Atul Tiwari from Citigroup. Please go ahead.

**Atul Tiwari:** Sir just a couple of questions, so normally your presentation has pretty detailed guidance for the next year so for FY2023 what would be the key guidance numbers in terms of total sales your share etc.

**Venkat Narayana:** From last year to this year if you look at we have registered 90% growth. The primary focus and objective this year would be to consolidate and ensure that we register sales upwards of 10,000 Crores. We would have more or less clarity on the launches that we can do this year because last year sales of 10,000 has come at the backdrop of 16 million square foot of launches so launches are the key. We do not have too much of inventory in our hand right now, all put together at this moment what we have is pre quarter inventory so therefore launches becomes key. We will be able to spell it out to you in detail maybe the next quarter along with the results as to what sales guidance we can give since it is going to be linked to launches and we want to take stock of all approvals. It should be upwards of 10,000 Crores is what we have in mind.

**Atul Tiwari:** Okay Sir and Sir the second question is on the debt figure so just trying to kind of get some more understanding. So your consolidate net debt is about 34 billion but if I add the debt across different segments that you have disclosed obviously the number is 56 billion so the difference between gross and net and does it mean that across different businesses we have about 20 odd billion rupees of cash.

**Venkat Narayana:** No this is both, so there is a gross number and there is a number that comes for consolidation and there is a net number. This is a combination of all three because the debt that we have borrowed in some of the SPVs where there is other partners who are holding equal stake. They account it as joint venture company, therefore that debt does not come for consolidation and whatever has come for consolidation minus the cash that we hold is the net debt.

**Atul Tiwari:** Okay Sir how much is the cash number used for arriving at the net consolidated debt.

- Venkat Narayana:** So specifically to answer that question that you are talking about is whatever the number that we have looked at minus cash, 2200 Crores that we hold.
- Atul Tiwari:** Okay and Sir lastly very quickly I mean would it possible to share the balance capex for under construction office, retail, and hospitality project.
- Venkat Narayana:** Yes we can. So office, retail and hospitality all put together balance to spend our share is 2317 Crores.
- Atul Tiwari:** 2317 and any rough breakup I mean half of it will be on office.
- Venkat Narayana:** 1600 is on office, 170 is on retail and 540 roughly is on hospitality.
- Atul Tiwari:** Sorry Sir how much on hospitality.
- Venkat Narayana:** 540.
- Atul Tiwari:** 540. Okay great Sir. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Pritesh Sheth from Motilal Oswald. Please go ahead.
- Pritesh Sheth:** Yes Sir. Thanks for taking my question and congrats on a great year for the company as whole. My first question is on your debt number going ahead in FY2023. How much you envisage to spend on the capex and land acquisition that we have done this year. What is the outflow that you are expecting for this year and how should we look at the net debt trajectory this year.
- Venkat Narayana:** We have always guided for the net debt of 0.5 even in the previous quarter when we were having interactions with you we said our endeavor is to ensure that we stay around that number and we will be guided accordingly. We just mentioned about the capex balance to spend 2300 odd Crores on commercial, retail, and hospitality. Yes the other point that you have raised is what is that we are going to spend. We need to spend on the land yes that number I think would go up because of the scale at which now the operations are happening. Earlier at 5000 Crores of presales we need to have X amount of raw material to launch the project. Now to sustain 10,000 Crores of top line and grow on that the raw material that we need to have so that sales will be slightly higher so therefore we need to get

up to the next level having said that we still endeavor to work towards and endeavor to keep our debt equity around 0.5.

**Pritesh Sheth:** Okay and any update on the fund you were looking to raise to fund your residential land acquisition any update you can provide on that.

**Venkat Narayana:** Yes so on that front we had made a significant improvement. We have indentified LP from the investors who are going to participate that has been chosen. Now it is about some modalities that we need to complete as to how much can be invested in each project and the governance mechanism and regulatory related stuff. Hopefully that should be done during this quarter and next time when we have interaction that should be live in operation.

**Pritesh Sheth:** I think you are also doing the Shivashahi project in Mumbai, any details on the launch on the investment that we need to make because what we know that this development has been stuck because of some issues with the erstwhile developer so any update on that.

**Venkat Narayana:** Okay so the discussions are on right now. There are many loose ends. It is not just about erstwhile developer, it is about bank related issues. It is about existing customer issue. It is about plan and allocation of units to them and all this aspects step by step we are resolving and hopefully by 30<sup>th</sup> June everything should get concluded and we should be able to sign definitive documents.

**Pritesh Sheth:** Okay so launch should be like 2024 or even later than that.

**Venkat Narayana:** No launch should be if all goes well this fiscal maybe by December 2022.

**Pritesh Sheth:** Okay great. Thank you. That is it from my side and all the best.

**Moderator:** Thank you. The next question is from the line of Kunal Lakhan from CLSA. Please go ahead.

**Kunal Lakhan:** Hi good afternoon. If you can give some colour on the Mumbai residential launches, how they have done so far and I had a particular question on Jasdan Classic, the west tower there seems to have been sold out. Just any colour on these projects individually if you can share.

**Irfan Razack:** I am really happy to say after the launch that we had on 17<sup>th</sup> the momentum has been really good. The channel partners and our team has worked hard including our publicity still has not yet started maybe we will start this week, but the response has been

tremendous. We have a target set for our self till June end and I think we will exceed that target especially in TPCM Mumbai and then the other one you have talked about Jasdan it is only a question of releasing which units when, construction of course is going on at a good pace so we want to bring it to some critical mass and get the interest and I am very, very sure we will get some numbers from there, already the sales have picked up. It is not that west towers is fully sold that is not the story but work is going on and I think the sales team have a certain strategy of how to handle that.

**Moderator:** Thank you. The next question is from the line of Biplab Debbarma from Antique Stock Broking. Please go ahead.

**Biplab Debbarma:** Good morning Sir. Sir first question is on the FY2022. Congratulations on the great set of numbers. Sir just wanting to know what are the top three projects in terms of sales booking and how much they contributed in FY2022?

**Irfan Razack:** FY2022 what contributed the maximum was Prestige City, Bengaluru, Sarjapur and that has done amazing numbers. It continues to do good numbers and it has got scale. It is a very large development almost 160 odd acres and quite substantial inventory, but we thought that we will sell this inventory over the next five to seven years, but it just seems to have flown off the shelves so that is the good news. Apart from that we have projects in Hyderabad and also other projects, which we launched in Bengaluru like the Primrose. All have contributed well and going forward like Venkat rightly said we need to be beef up and get some more launches. Of course Mumbai has been launched now. Mumbai this fiscal will have a lot more launches. Apart from what three we have launched now, we have also got the Ocean Tower which will happen in August and September so that is how it is and I believe all these will give us also good numbers.

**Biplab Debbarma:** Sir my question was because I know that Prestige City Sarjapur had a great response so just wondering whether we can replicate that kind of because that is the unique project we got from what we heard from you as well as from the channel tech that it is an unique response and robust response because one project contributing so much so in FY2023 that is why the question was asked whether we can replicate similar kind of in other projects?

**Irfan Razack:** We plan and we will because Prestige City is continuing to be sold as I said in this fiscal plus now we have got TPC and that is Mumbai and that has is also now got fancy and is selling very well and like I said now we are going to get sales from Mumbai. We have got projects, which is fully ready to be launched in Noida where there is a lot of interest. We are

just waiting for the approval. The moment that approval comes, it gets launched, we will see it happening and now in Hyderabad we have got some large developments and some large land. We have tied up. Even the planning process is on and let the approvals come, we will launch that. Apart from that in Bengaluru itself we cannot afford to ignore Bengaluru. They have some three to four very large developments that we have tied up which the planning has happened. It is all in approval process and even those will happen in this fiscal itself like we have got Lavender Fields, we have got Serenity Shores as well as Park Grove. These are large developments and these also will give us numbers so there is a certain thought process, strategy and the whole idea is that we should and we must cross the current fiscal what all we have gone by in numbers and we cannot slide backwards. We are only going and looking at things going higher and not lower and we are confident we will cross it.

**Biplab Debbarma:**

Thank you Sir. Sir my second question is on the status of BKC 1 and 2 so where are they and Sir what will be the outflow in terms of cost incurred plus loans and advances total outflow till date in each of this project BKC 1 and 2?

**Irfan Razack:**

Good question. It is BKC 1 and 2 and Liberty Towers as in Mahalaxmi. All three are office projects totaling to almost 6 million square feet. All approvals are in place now. All premiums have been paid. In BKC 1, there is one CR grade approval that is awaited and the meeting is fixed for June 6. It is just about one week away from now. Once that gets done, I believe that we are on good track. All these projects already piling has started. Work has started in all these three. The structuring is still happening. We are working out the structuring. We working out the methodology and also we are trying to see how we can have more reliance on equity than that so it is a work in progress. We cannot spell out everything just now. Once something gets done we will let you know, but mostly these projects also Venkat and the whole management and the whole idea is how to see that we use more equity than that for these projects and see that they are produced quickly and I am very confident because of location and the design, it will get consumed faster. There is a lot of interest in both these projects.

**Biplab Debbarma:**

Sir did you say BKC 1 project approval not received but work started?

**Irfan Razack:**

All approvals are received. I cannot start work without approval. There is one portion where I need to get that CRZ which will come in the month of June so with that we are fully through and I have got the approval to start piling so we have started the piling. All premiums also have been paid.





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- Biplab Debbarma:** Sir you have received all the approvals and work has started in BKC 1?
- Irfan Razack:** Yes.
- Biplab Debbarma:** Fine. Thank you.
- Moderator:** Thank you. The next question is from the line of Girish Choudhary from Spark Capital Advisors. Please go ahead.
- Girish Choudhary:** Thank you. Good morning. Firstly if I look at your upcoming project list if you can provide some more clarity on the Noida project which is around 3 million square feet and Prestige Highline in Chennai it is 4.5 million square feet and also the Park Grove project in Bengaluru which is 9 million square feet because outside of Mumbai these projects appear to be large so any clarity on approval, launches micro market will be very helpful?
- Irfan Razack:** Actually Noida, our marketing suite and units all fully ready. It is a bride ready to get married. We are just because of the elections, the approvals got delayed. Hopefully we should get the approval in the next 60 days. The moment the approvals are in place and the RERA number is in place there is a good enquiry like I said. This is for Bougainvillea in Noida. Then the other one is you talked about Highline in Chennai. Yes even that there was one or two regulatory issues which we have sorted out fully now. The plans have been redrawn to meet those regulatory issues and hopefully the approvals also should fall in place in the next two months. With that Highline is a large development in Chennai and we do not have any other residential project of that size in Chennai and I believe that also will give us good numbers. Only in this fiscal because this will definitely launch this fiscal Inshallah and then we have got Park Grove. Even that is also work in progress. It is again a function of approval.
- Girish Choudhary:** Park Grove is this more FY2024 launch?
- Irfan Razack:** It will be this fiscal only including Lavender Fields which is again a large one so all this will be this fiscal. We need to now really put effort and put in a lot of pressure to see that we get the approvals quickly. There is demand and we need to see that we are able to cater to the demand and not miss it.
- Girish Choudhary:** Alright and secondly if you can just give some outlook on your Hyderabad pipeline in terms of both the launches and also the incremental business development?

- Irfan Razack:** Hyderabad we also got this new land which we bought, the company bought that and the plans have been drawn and the land also has been registered to the company and now the approval process is on. Even that hopefully we should be able to get the approval this quarter but then the launch will happen only in the next quarter and apart from that we have tied up large track of land almost 70 acres and that also we are going again name it either the Prestige Falcon City or the Prestige City in Hyderabad. That is a large track which will have high rise apartments. There is going to be a million square feet retail mall as well as villas and that I believe will be a huge number mover. Even that could be the Q3 of the year because it is a large project. We need to spend a lot of time on the design. Design process is 50% through and once it is done and land is already tied up. Regulatory issues have to be sorted out and I believe we should be good to launch in the last quarter of this year.
- Girish Choudhary:** Got it. Thank you Sir and all the very best for FY2023.
- Moderator:** Thank you. The next question is from the line of Kunal Lakhan from CLSA. Please go ahead.
- Kunal Lakhan:** Thanks for taking my question. So Venkat like a couple of weeks back there was an article stating that you have already spent about Rs.4500 Crores and you plan to spend to Rs.3000 Crores so if you can just give a breakup of this Rs.4500 Crores that we have spent in Mumbai?
- Venkat Narayana:** It is the other way around 3000 and 4500. Anyway I will give you a breakup. The amount that we have invested for Mulund the payment that we have made for NCLT and Jasdan Classic now it is 100% owned by us the amount that we have incurred towards that and BKC 1 and 2, two projects there and Prestige Liberty Towers what we have paid and Marine Lines project where we have paid close to Rs.300 Crores of money and Jijamata Nagar what we have incurred so combination of all this.
- Kunal Lakhan:** Okay that is Rs.4500 Crores?
- Venkat Narayana:** No. I said what we have incurred overall would be at Rs.7500 Crores what we have incurred is around Rs.3000 Crores. Rs.4500 Crores is what we have to incur.
- Kunal Lakhan:** Okay and you mentioned that the balance capex is Rs.2370 Crores which is Prestige share. This includes these projects?

- Venkat Narayana:** Kunal I will just summarize the entire Mumbai for you so that we put things in perspective. Right now we have three residential projects that is Prestige City at Mulund and Prestige Daffodils at Pali Hill. Prestige Jasdan Classic at Mahalakshmi in Byculla so these are the three residential projects. All three have been launched. Now we have got three commercial projects which are two at BKC and one at Mahalakshmi that is Liberty Towers. In addition to these six projects, we have three in pipeline that is one is Prestige Ocean Towers at Marine Lines. We have not named the project at Shivashahi which earlier I mentioned in the call and project at Jijamata Nagar so except for Shivashahi on account of everything there has been an outflow so I gave the summary of outflow that we have incurred. Now as far as three commercial projects are concerned is the outflow that I said capex projects outflow.
- Kunal Lakhan:** So the Rs.1600 Crores of balance capex for office that you shared does that include BKC 101, 2 and Liberty Towers?
- Venkat Narayana:** Yes it does.
- Kunal Lakhan:** In your share of capex?
- Venkat Narayana:** Sorry.
- Kunal Lakhan:** You mean your share of capex is included in that Rs.1600 Crores for these projects?
- Venkat Narayana:** Yes.
- Kunal Lakhan:** Sure great. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.
- Adhidev C:** Good afternoon everyone. Sir first the question is on this construction cost since some of our recent projects which we launched last time we have sold a substantial portion of that considering the rise in construction cost could you help us understand how it impacts you in terms of the ongoing projects and for the new and upcoming launches how are we looking at pricing and if could also quantify what is the price hikes we have taken across the portfolio in the last 12 months that is the first questions?

- Irfan Razack:** So as far as ongoing projects are concerned we have not made our budget unless they are nearing completion because there could be price fluctuations. We did provide some contingencies in the budget so therefore we will not finalize. If you notice the prices, the steel prices have started coming down and plus we have inventory in both. The prices of inventory yes have gone up a little. The price rise in the construction materials have been factored in the new launches in terms of increased pricing so therefore we believe that we should be able to maintain the margins that we had in mind at the time of launch of the project and if the price rise were to continue maybe when we come closer to the completion of the project we will see if there is going to be any impact. Increasing the cost of the pricing of the inventory that we are holding and also the pricing for the new launches.
- Adhidev C:** Sir quantification in terms of rise in prices and rise in cost any percentage you could share at portfolio level?
- Irfan Razack:** Now what has happened is price did go up for just about couple of months. Now again they have cooled off. The government has taken some good measures. Steel price again has dropped. Cement has dropped and I believe that it will be a 7% to 8% overall if you look at the lifecycle of the project, but whenever we do our budgeting and pricing we always factor the 7% to 8% increase because we are also cognizant of the fact that prices will never be stagnant so when we do our selling price as well as our budgeting this is already factored in. Only if there is some extraordinary rise like that happened for a couple of months that we have to take that into our stride and what we have done is suitably corrected our selling prices also so I think net, net there will not be any big hit on the bottom line.
- Venkat Narayana:** Only impact that we may have to look at, because there is no inventory realization because this is a capex project that will consider.
- Adhidev C:** Just to clarify on the slide #23 you give the ongoing projects commercial, you said that our two BKC projects send a Mahalakshmi project commercial the area is almost 10 million square feet, so what is the conversion factor we should use to calculate the leasable area in these projects.
- Irfan Razack:** It includes the parking and everything.
- Adhidev C:** The question is for the gross from this developable to leasable, what is the conversion factor we should be using across projects?

- Irfan Razack:** 60% to 70% would be the number.
- Adhidev C:** Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.
- Sameer Baisiwala:** Thank you very much and good afternoon everyone. Venkat, first question is on fiscal 2023 outlook, if you can give us a rough idea of what would be the collections versus what would be the construction spend?
- Venkat Narayana:** Fiscal 2023 outlook very positive and optimistic. While chairman was answering the earlier question he mentioned the Prestige City at Bangalore has been a catalyst in achieving Rs.10000 Crores benchmark and Prestige City as a concept now will be taken to other cities wherever we are doing larger developments. Therefore you saw the launch of the Prestige city at Mulund, we will have some one of its township coming in Hyderabad and we have a large project not named like that, but sizeable in Chennai as well, though we have had 90% growth compared to the previous year this fiscal, FY2023 outlook is that we want to work towards bettering those numbers. Approvals are underway for many of the large developments, so we will work towards that and outlook is promising across the cities that we are present in. Now, the second question, the spent on the construction and business development. Construction is based on the ongoing project that we have done, but the business development per se if you have to look at now we need to have our land bank that is capable of giving these kind of presale numbers, so we may have to invest little more on that front, we need to have that pipeline. If you look at our entire inventory, premium luxury, completed, ongoing everything put together is around Rs.7000 Crores that is now what of scale up operations is pre-quarter inventory, so we are strategizing a plan now because now that we have done with our first set of launches in Mumbai, what should be the plan for Mumbai region, we are also looking at something in Pune now and also NCR we have one project that is about to get launch subject to approval and we need to have that strategy for NCR region as well. On business development front, there will be outlay, but as we said earlier, the way we are looking at growing business we have been now through float fund and make that fund buy the land and give for further scope of development, so that the out level has been minimal from Prestige Estates point of view to embark on those developments under scale.

- Sameer Baisiwala:** Thanks for this Venkat, but are you sharing any the numbers or rough estimates on the inflow versus outflow?
- Venkat Narayana:** Inflow versus outflow for the next fiscal or generally business development what will be the outflow?
- Sameer Baisiwala:** Just for fiscal 2023?
- Venkat Narayana:** Fiscal 2022 on business development front, it has been high amount that we have spent in land, the TDR and stake buyback and refundable deposits all put together we have had outflow of around Rs.4000 Crores. We may have to spend between Rs.2500 Crores to Rs.3000 Crores at least for business development this year. Now whether this amount will be spent by Prestige Estates or it will be spent by the fund that we are floating and the fund will give you for the development for Prestige that clarity we will be able to give you once the fund is up and operational may be the next quarter interaction when we are doing we will have a lot more clarity.
- Sameer Baisiwala:** That is great and like wise for construction like you did Rs.4300 Crores in fiscal 2022, how do you see the run rate for fiscal 2023?
- Venkat Narayana:** Similar number may be slightly higher by Rs.5000 Crores is the construction number, lot of projects for getting completed and the newly launched project will not have as much spend in the first year of operations because construction period is not decreased between three years majority of that happens in the last year of construction, because there are lot of material being bought out.
- Sameer Baisiwala:** And you had somewhere around collections of Rs.7500 Crores for fiscal 2022, where do you see this number in fiscal 2023?
- Venkat Narayana:** I think constructions will also have improvement because whatever presales that we have made from ongoing projects that installments will kick in and the new projects initial booking amount in the installment also will start coming in. I think collection should be in the range of Rs.7500 Crores to Rs.8500 Crores.
- Sameer Baisiwala:** Thank you and just on the gross debt Venkat that is on your slide #9 where you give segment wise debt build up, so from Q3 to Q4, the number has moved from Rs.4100 Crores to Rs.5600 Crores, so just in one quarter, it has gone up roughly Rs.1500 Crores, at the project level what really driving this big change?

- Venkat Narayana:** Slide #9 you are talking about.
- Sameer Baisiwala:** Yes, slide #9, if you add up all the components, commercial, residential all of them, it works out to Rs.5600 Crores and in Q3, it was Rs.4100 Crores, so just in one quarter, the gross debt has moved up by Rs.1500 Crores.
- Venkat Narayana:** Some of the payments that we have made towards the acquisition of projects for example, Rs.300 Crores plus money went to pay money Marine Line, but some of these moneys that we have drawn, he is also sitting at cash, so the gross has gone up, but the money is lying with us, so that is why net remains, 2200 Crores of money is with us.
- Sameer Baisiwala:** Okay, so this is a project level will draw down so you will be making these payments, so the cash will probably come down in a quarter or so?
- Venkat Narayana:** It will come down in the quarter also and maybe new projects will get added, because it is including ongoing capex whatever we have and new office projects also will get added.
- Sameer Baisiwala:** That is fine Venkat. I will take it separately and one final question is just a broader macro question, people are a lot worried about interest rate up cycle, so how do see this impact on your business whether it is home business, office business, if the rates were to move up 100, 200-basis point as we go forward.
- Venkat Narayana:** 200-basis points is slightly higher, if you were to go up by little more may be equivalent to whatever it has increased that much has been is practical. 200-basis points increase will definitely affect the sentiments of the home buyer, but if it were to take one more or may be two more at 25-basis points each, that is something I think should not affect in fact historically if you look at there is an inflation and inflation being interest rate high, the best bet against inflation turned over to be by investing in real estate and there is lot of traction even from the home buyer point of view and also know of the fact that the home loan taken for 10 years, 15 years even if they have started off taken at lower interest rate, the increased rate will be applicable even for those guys, so it will get averaged out during this home loan tenure period, they are aware of that. It is mostly about starting at a lower level may be the more eligibility to some extent which are the higher interest rate at the beginning may slightly get reduced, so we do not see that to be impacting so much, because there is a need for buying home and the COVID period impact reiterated necessity for having home of their own, so we do not see much, but as far as office and another capex are concerned, it will have some impact on yield on cost, but fortunately for us that should not significantly

affect because we have factored in slight changes in construction cost in terms of contingencies, we have factored in little change to interest rate. Most importantly even the rents are going up, so that should get negative.

**Sameer Baisiwala:** Venkat, thanks for this, just to complete the point, Prestige is done more secondary transactions on rental assets than anyone else, so just your thoughts if the rates were to move up 100, 150-basis point do you think the transaction value which is CAP rates also move up in the secondary market, you are best because I know you do not have too much to sell any ways, but how would the market look at cap rates?

**Venkat Narayana:** It will get factored in, but we do not have right now anything that we are selling substantially in the secondary market that is something which we have sold even last year sales overall if you look at there is nothing that has come significantly from commercial, but to answer your question will it get factored in, yes, it will.

**Sameer Baisiwala:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Ashutosh Mittal from Axis Capital. Please go ahead.

**Ashutosh Mittal:** Thank you Sir. What is the debt JV projects which it does not get consolidated and what is Prestige share in debt level specifically what is the debt on Ocean, Liberty, 101 and Prestige City in Mulund?

**Venkat Narayana:** There are two projects that we have not come for consolidation. One is a company called Pandora which has got Rs.525 Crores of debt, 50% is what we own and there is other project which is Hotel in Delhi Aerocity, Bamboo, there will be 150% and that has not come for consolidation these two and what is the investment that we have made in Marine Lines, so far we have made investment of Rs.325 Crores in Marine Lines and that project we should be able to launch in Q2.

**Ashutosh Mittal:** Yes, that is it.

**Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal:** Congratulations on a very strong year. My first question is on the Mumbai sales, so now put together all the three projects, so how much will be the total contribution?



- Irfan Razack:** Mumbai project sales?
- Venkat Narayana:** As Irfan said earlier while answering that the momentum has been very good, so we are compiling the numbers, ideally once the quarter is over next quarter results will tell you the number, but there is a very good momentum and especially Prestige City at Mulund is doing very well and did you ask what the pipeline for Mumbai next?
- Parikshit Kandpal:** My question was for the full year as a whole FY2023, so can you expect like Mumbai to contribute close to about Rs.3000 Crores of presale for year as a whole?
- Irfan Razack:** It should easily give us for about Rs.3000 Crores that is the thing may be more, but as things stand and as things look for the financial year though we have launched it only middle of this quarter, we should get those numbers pretty easily.
- Parikshit Kandpal:** My second question was again on Mulund, we have taken some of the old area which was earlier being developed, so how much of yields do we accrue on account of that to us, what will be opening order book?
- Irfan Razack:** That is a good question. At the moment we are not counting those old sales what have already happened and if it is for accounting purposes at some point of time, we will also segregate and say these are the new sales, these have come because of the old sales historical and of course in terms of value, they will be much, much less because those have been sold the historical numbers, of course we need to look at it and we need to see when collection comes from there, but whenever we declare our June results, we definitely this is a point that I think Venkat and Amit also have to make a note is segregate the number so that you also will know just not showing the some historical sale and saying it is already there, so I am very confident now because till the launch did not happen we were not sure how the response will be and once the response has been good, very confidently we can say that Mumbai also has accepted us.
- Parikshit Kandpal:** Last Venkat on the business development from Mumbai, as you can just walk us through how much has been the total GDV addition till now including these three projects and beyond that how much you would say Mumbai as a potential for you in terms of GDV because if I am broadly work my numbers it should be in excess of Rs.20000 Crores, if you can just focus through light?
- Venkat Narayana:** What?

- Parikshit Kandpal:** In my estimate I think it is almost crossing Rs.20000 Crores on GDV now with all these projects, so can you help us like what is the total GDV according to you for the Mumbai project currently and an upcoming one?
- Venkat Narayana:** If you take Jijamata Nagar full potential that it has, I am talking about residential alone.
- Parikshit Kandpal:** Okay, that is residential alone I am asking.
- Venkat Narayana:** We should be around 25000 number.
- Parikshit Kandpal:** This annually could be a potential which we can do like because there is a huge number, so it is almost like eight years kind of inventory...
- Venkat Narayana:** First year the momentum this is what we are looking at and offering also is limited to these projects, they are minimum number, now if you were to launch Prestige Ocean Towers at Marine Lines, there is a market altogether micro market that also will get added and Shivshahi also we should be able to launch during this fiscal, only Jijamata Nagar will not happen this year that may be year after next. So it is not that we will be stagnant that Rs.3000 Crores for us to apply, 3000 as a denominator, so as the offering increases then the presales numbers also will go up.
- Parikshit Kandpal:** Just one last thing on the total presales of Rs.10000 Crores, how much of that was strata sales, because I understand PKC there was some strata sales which was done similarly I think in Bangalore, so if you could just break up that into how much of the commercial strata sale and how much is the pure resi.
- Venkat Narayana:** All put together around 8.5% to 9% is the commercial strata sales rest of all is residential.
- Parikshit Kandpal:** Close to about Rs.900 Crores?
- Venkat Narayana:** That is around Rs.800 Crores to Rs.900 Crores, rest all is residential.
- Parikshit Kandpal:** And it is more to do with financing it more with equity rather than putting in debt, so it is more like strategy where you want to fund the project through equity as you said earlier.
- Venkat Narayana:** Correct.
- Parikshit Kandpal:** Great Venkat and Irfan ji. Thank you and all the best.



*Prestige Estates Projects Limited*  
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**Moderator:** Thank you. Ladies and gentlemen that was the last question for today. I now hand the conference over to the management for closing comments.

**Irfan Razack:** Thank you again for very enthusiastic and insightful conference we had. As we said we are always in a positive mindset and you would have seen quarter-on-quarter, year-on-year there has been positive stuff that we have been doing and we will continue to do that and your encouragement and participation is always required and the whole team is working hard, we are focused and I believe things will only get better. With this I will ask Venkat to conclude.

**Venkat Narayana:** Thank you Sir and thanks everyone for the very active participation and your inputs have been very good. We are hearing a few things and evolving our business models and directionally looking at what all we can do. We believe we are at the most exciting time and our teams are geared up to capitalize and the opportunities from the consolidation that is playing out and our expansion to various geographies is meeting with good response, so we are quite excited and next three years we believe are going to be very defining and we will do our best to capture and sustain the numbers that we are going to achieve. We look forward to your support and thank you and any of you having any questions post this call, please feel free to reach out to me or Amit. Thank you.

**Moderator:** Thank you. On behalf of Axis Capital Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.