Updated: 01-11-2018 11:23 **Tags:** @vishnu570

100-127 minutes

Bangalore Nov 1, 2018 (Thomson StreetEvents) -- Edited Transcript of Prestige Estates Projects Ltd earnings conference call or presentation Wednesday, October 31, 2018 at 9:30:00am GMT

* Venkata K. Narayana

JM Financial Institutional Securities Limited, Research Division - Assistant VP of Equity Research

- * Parikshit D. Kandpal
- * Puneet J. Gulati

Ladies and gentlemen, good day, and welcome to the Prestige Estates Q2 FY '19 Earnings Conference Call, hosted by Axis Capital Limited. (Operator Instructions) Please note that this conference is being recorded. I now hand the conference over to Mr. Kunal Lakhan from Axis Capital. Thank you, and over to you, sir.

Kunal Lakhan, Axis Capital Limited, Research Division - VP of Realty and Aviation [2]

Thanks, Sunil. Hi, everyone. Thanks for taking the time to attend this con call. From Prestige Estates' management, we have today Mr. Irfan Razack, Chairman and Managing Director; Mr. Venkata K. Narayana, Chief Executive Officer; and Mr. VVBS Sarma, Chief Financial Officer.

I would now like to invite the management for their opening comments. Over to you, sir.

Hi, everyone. Venkat is here with me, and I request him to give the opening remarks.

Venkata K. Narayana, Prestige Estates Projects Limited - CEO [4]

Good afternoon to all of you. Thank you for taking time out to be in our post results conference call. The quarter that have gone by has been very good in terms of operational performance, as you could see from the presentation that we have uploaded. We have crossed the presales of INR 1,000 crores, recorded INR 1,026 crores of presales for the quarter, up by 28% year-on-year. And in terms of collection, even collections have crossed INR 1,000 crores, stood at INR 1,028 crores, again up by 29%.

The leasing momentum has been good. We've leased close to 0.5 million square foot in Q2. The rental income also has seen the increase, up by 21%. Q2 have seen the maximum amount of deliveries in any given quarter for the company, but completions spread across 6 projects stood at 12.10 million square foot. With these completions, the overall deliveries for the company from the inception have crossed 100 million square foot. And as we speak, we stand at 105 million square foot of completed projects. That's an important milestone that we have crossed during this quarter. And even the completions overall for H1 as a whole stand at 17.13 million square foot in last 6 months. We also had 2 small launches in Kochi, aggregating to 0.6 million square foot of area, namely Prestige Panorama and Prestige Cityscape.

Overall, in terms of exit rental income, as we guided at the beginning of the fiscal, between INR 800 crores to INR 825 crores. We may end up over INR 850 crores. That's what we've guided. The revised number is INR 862 crores of total rental income.

Moving on in terms of the financial update, the total revenue for the quarter stood at INR 1,362 crores, up by 23% year-on-year. EBITDA is up by 35% and stood at INR 406 crores, and the PAT is at INR 102 crores, up by 13%.

So in terms of other highlights for the year apart from these is: number one, we had a large project completion, which is, of the 6 Prestige Lakeside Habitats, one of the biggest residential project that was ongoing. And the other important thing being -- even Prestige Shantiniketan mall became operational, of course, that is recently after the quarter, that's operational point of in terms of completion. In terms of the projects that came for revenue recognition because, as you all know, we moved on to 115, Accounting Standard 115, and doing away with the POC method that we used to follow earlier. The total revenue in terms of breakup, if you look at Prestige Golfshire contributed to significant amount of top line at INR 413 crores, Sunrise Park is at INR 200 crores and landowner (inaudible) related accounting is around INR 200 crores, and various other projects that contributed to the balance. As you all know, close to INR 7,400 crores of top line has been derecognized, along with INR 1,100-plus crores of PAT last quarter. These are the projects where we had earlier recognized under POC. And because of

115, which says we can only recognize the revenue after the completion, we have derecognized those. But having said that, those revenues will come back for recognition as we move forward as and when they reach completion.

In terms of cash flows, we have spent close to INR 980 crores of money towards the construction during the quarter, significantly on the projects that are meant for sale, which is INR 770 crores. And around INR 210 crores on other CapEx projects, which are commercial, retail and hospitality.

In addition to that, we also had spent close to INR 350 crores of money and on the buyback, refundable deposits and land payments. Important spend in this is our entry into Mumbai, where we had an outlay of close to INR 150 crores, wherein we are tied up for residential project, which hopefully should get launched in Q4. This is a brief update on the operational as well as financial performance.

We'd be happy to address any questions that all of you have. We may open up the forum for Q&A please.
Questions and Answers
Operator [1]
(Operator Instructions) We have the first question from the line of Puneet Gulati from HSBC.
Puneet J. Gulati, HSBC, Research Division - Analyst [2]
Congratulations on the good sales. I have a few question, more on the land bank side first to start with. I've noticed that ther was a project, Prestige (inaudible), no longer figures in the land bank. Has it moved to upcoming projects?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [3]
Yes, it has.
Puneet J. Gulati, HSBC, Research Division - Analyst [4]
Okay. And what's the status now with Prestige Budvel, is that renamed?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [5]
It's renamed as Prestige Nirvana.
Puneet J. Gulati, HSBC, Research Division - Analyst [6]

Okay. And Prestige Beta also, was 58 acres, now showing 20 acres.	
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [7]	_
Phase 1. Split into 2 phases.	
Puneet J. Gulati, HSBC, Research Division - Analyst [8]	_
Okay, okay. So what is the outstanding land bank at this point of tim	e in million square feet?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [9]	_
Leaving aside the upcoming projects, it's around 42 million square f	oot of developable area.
Puneet J. Gulati, HSBC, Research Division - Analyst [10]	_
42 million square foot. Okay. Secondly, if you can give some color o deal on the GIC?	n what's happening on the HDFC platform and potential
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [11]	
Sure. As far as the HDFC is concerned, we have signed a platform do the platform. The first one of them being the Smart City project, whe has happened, and we have there are now 40% holders in that SP under Prestige, HDFC residential platform. So that way, we've made discussion. I think both of them will get concluded in this quarter and in all, by March, we should have 5 to 6 projects under this platform. unfortunately, we couldn't proceed with the transaction. There is the deal, which we could not reach a landing, and we decided not to pro-	re the land is located in Sarjapur Road. That transaction V, that is jointly developed now by Prestige and HDFC a beginning. There are 2 more projects that are under d there are a few of them which are under discussion. All So HDFC platform is live. And as far as GIC is concerned, here are some important aspects with respect to that
Puneet J. Gulati, HSBC, Research Division - Analyst [12]	- -
Okay. So that's shelved now for good. So is that closed now or is the	ere still a possibility?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [13]	_

what it implies. But if we were to liquidate the stocks that we have, that is 10.55 million square foot, the overall of these projects which are ongoing -- this is a summation of many projects that are ongoing, can give us net positive cash flows of INR 6,813 crores, that's what it implies. So let me try to help you understand the numbers better, that is the sum of: INR 3,500 crores, that is balance to collect, which is A; balance to refundable deposit, which is B; and down below there is a balance to income, INR 5,068 crores. Yes, so that's the difference between those. Puneet J. Gulati, HSBC, Research Division - Analyst [22] Okay. Great. Sorry -- lastly, what is the launch target now, and how are you progressing on that? Venkata K. Narayana, Prestige Estates Projects Limited - CEO [23] ______ We have, I mean, 5, 6 projects that are nearing, getting in the final stages of approvals, which we should be able to launch towards the end of Q3 or Q4. I think it's possible to launch 78 million square foot across Hyderabad, Bangalore and Chennai. But what's important is, in spite of launches not being on track, we are still able to get presales on track, that's happening because more and more of ongoing projects are nearing completion. Projects starting getting sold. But having said that, we want to launch the projects, especially Prestige Smart City is the biggest project. Along with that, Prestige Finsbury Park and Prestige Nirvana, will certainly be launched in the [third quarter]. Puneet J. Gulati, HSBC, Research Division - Analyst [24] What's leading to delay in the launches? Venkata K. Narayana, Prestige Estates Projects Limited - CEO [25] Some last-mile approvals, that's all. And we also have Willow Tree, which has got all the approvals. And it's just under RERA registration, that will also get launched in Q3 itself. Puneet J. Gulati, HSBC, Research Division - Analyst [26] Okay. Last, if you don't mind. You have a lot of completed inventory, where is that mostly housed? Venkata K. Narayana, Prestige Estates Projects Limited - CEO [27] The breakup of which has been good. I mean, you're referring to the location, right?

Okay. So that signifies what is the balance to collect money and what is the balance to spend money. If we don't sell any stock. As is, where is. So we are to spend INR 1,115 crores more than what the tied up cash flows we already have, that's

Puneet J. Gulati, HSBC, Research Division - Analyst [28]	
Yes. So completed and unsold part, basically, is what I'm trying to get.	
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [29]	
(inaudible) million, so I think that you'll see most of it is in Bangalore.	
Puneet J. Gulati, HSBC, Research Division - Analyst [30]	
Okay. Which projects, if you can give some sense?	
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [31]	
There are many. I mean, we have because when we gave a complete and mid income. That is across projects like Golfshire, White Meadows	
Puneet J. Gulati, HSBC, Research Division - Analyst [32]	
Okay. So it's not loaded upon a few projects, it's spread across?	
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [33]	
In fact, 10, 15 of them have got 10 units, 15 units left, but all that adds completed as many as 70 million square foot so far in this fiscal. And a look at Sunrise Park, we'll have about 30 units to sell. Ferns has about 3 that this will get liquidated as soon as the community develops over the	oll of them will have that 5%, 10% of stock left. If you 30 units to sell. But then this all adds up, and I believe
Operator [34]	
The next question is from the line of Abhinav Sinha from CLSA.	
Abhinav Sinha, CLSA Limited, Research Division - Research Analyst [35]	

Few questions. So firstly, can you just maybe just a follow-up on the previous one. Can you give a breakup of what sold better this quarter?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [36]
What sold better? Okay. There are 8, 10 projects that have contributed to the presales. One is the Jindal City, contributed the maximum; followed by Falcon City, Lakeside Habitat, High Fields in Hyderabad. So these 4 have been amazing contributors followed by various other projects.
Abhinav Sinha, CLSA Limited, Research Division - Research Analyst [37]
Okay. And what is the split between the more expensive ones, the premium ones versus the normal mid-income ones, as such?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [38]
In terms of value I mean, in terms of volume, of course, it's led by all mid-income projects. If I were to give exact split between in that INR 1,084 crores or INR 1,026 crores exact split, it will be 15%, 20% will be premium and luxury and the balance is mid-income.
Irfan Razack, Prestige Estates Projects Limited - Chairman & MD [39]
But we don't have that much stock also of luxury. Slowly it's all getting depleted, except for Golfshire, which is a little thoug it's moving, I think the momentum is there. It will take us a little more while to clean that up. (inaudible) landowners, otherwise it would have been okay.
Abhinav Sinha, CLSA Limited, Research Division - Research Analyst [40]
Sure. Sir, secondly, on the P&L, so I mean, the 12 million square feet sort of delivery that we saw, the revenue recognition is not fully aligned with that, right, the sales correspondingly should have been much higher than that?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [41]

Yes, we are now currently going through the transition under 115. Now as far as we are concerned, operationally, completion is when occupancy certificate is received. And a substantial amount of money that need to be incurred in the project, except for the retention that we kept until the end has been spent. These are the 2 criteria that we apply to see if a project is complete: occupancy certificate received and substantial amount of money has been spent as per the budgets that we had, except for the 5% to 10%. Now recognition under 115, we'd say is either when the unit is registered by the customer or the possession has been given to the customer. So these are 2 criteria. So for example, if any project gets occupancy certificate,

say, in September 20, as of September 30 completed projects, but as far as handing over our position, our registration is concerned. That will be spread over 1, 2 quarters. So the recognition will happen there. That's the gap that you're talking about.
Abhinav Sinha, CLSA Limited, Research Division - Research Analyst [42]
Okay, okay, okay. So I mean, even without significant deliveries, we should see descent revenue going forward like right in the next let's say, 2, 3 quarters?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [43]
Yes, all these completed projects, whatever you have seen will definitely start contributing to the top line in the next couple of quarters. Westwood, we need to start with, Lakeside Habitat that will start contributing and many more projects are nearing completion. Even that will add up as and when we get overseas and start handing over.
Abhinav Sinha, CLSA Limited, Research Division - Research Analyst [44]
Okay. And so last question is on the impact of the liquidity in rent that we have seen recently. So a, I mean, how are you seeing your own liquidity; and b, I mean, we have heard about cost going up by even up to 2% for like-to-like loans. So where are you versus that?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [45]
Generally, overall liquidity concern liquidity issues is a concern, but the way I'm looking at it is it could even be an opportunity in terms of a couple of acquisitions. And with respect to growth, I'm expanding. We are hoping that it's a one-or issue that is prevailing and it will settle down soon. But as far as the organization is concerned, our exposure to NBFC is very limited. We have less than 2.5%, 3% exposure. Most of the money that we have taken, as you know, is the LRD, our Lease Rental Discounting money. As far as the construction finance is concerned, it's being driven by PSUs. So at the moment, it's not really impacting, I'm not really concerned. But on the positive side, I think it may throw up a lot of opportunity. As far as the second aspect is concerned, the rate increase. Yes, we've been hearing about it. We haven't got any letters of this sort from any of our lenders. Most of them are well documented. Only at the recent times they can increase. So we'll have to wair and see when the recent dates come, what will be the case. But as of now there's no increase to the borrowing costs that we have.
Abhinav Sinha, CLSA Limited, Research Division - Research Analyst [46]
Okay. But the MCLR-related hikes would still be there, right?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [47]

MCLR-related hikes, again, I believe regular intervals, they need to be passed on. Some of them have informed, some of them will wait and see. They won't immediately pass on, I mean, they take some time to translate that burden or benefit. So, so far we have got 2, 3 bankers writing to us with the increase of 0.15% to 0.20%.
Abhinav Sinha, CLSA Limited, Research Division - Research Analyst [48]
Okay, okay, okay. That looks like a small amount still. Okay.
Operator [49]
The next question is from the line of Abhishek Anand from JM Financial.
Abhishek Anand, JM Financial Institutional Securities Limited, Research Division - Assistant VP of Equity Research [50]
Venkat, if I understand correctly, we launched a Prestige Keys scheme during the quarter, how was the response to it? And I think we have been doing this as an annual exercise. So versus last year, what was the response like? And where exactly was the demand, whether it was for under construction versus ready projects?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [51]
Keys, as you rightly said first of all, thank you, Abhishek. Keys, as you rightly said, it's been now annual event of for Prestige. This is the third edition. The response to this edition has been far better than the earlier editions. We had various projects across geographies participating in the whole thing. The total sales that we have clocked in because of the Keys are around INR 420 crores plus.
Abhishek Anand, JM Financial Institutional Securities Limited, Research Division - Assistant VP of Equity Research [52]
this is our share or total group?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [53]
Total. Total group.
Abhishek Anand, JM Financial Institutional Securities Limited, Research Division - Assistant VP of Equity Research [54]

Total, okay. If I understand correctly, this; Prestige Keys, we were giving subvention scheme for next 1.5 years almost. So did we take any hit on pricing? Or we increased the prices so that (inaudible) hit this quarter, how did we go about it?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [55]
There were so many factors there because what was left to be sold were some ground floor units, some model units. And I mean, whatever good units have gone. We need to push these units and ensure that the project is fully sold out, number on Number two, we also took into consideration that if we can sell now and collect all the money upfront, there is also interest cost savings that it would result in. So we did look at all of that and promoted the scheme. But the hit on the company is not very significant.
Abhishek Anand, JM Financial Institutional Securities Limited, Research Division - Assistant VP of Equity Research [56]
Okay. Sir, the decline in realization, is it linked to this Prestige Keys or is it a mix change?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [57]
Is this third quarter that we're talking about?
Abhishek Anand, JM Financial Institutional Securities Limited, Research Division - Assistant VP of Equity Research [58]
In general, yes. So see, we reported at our level INR 6,000, and whereas, we were reporting around INR 6,800 per square feet.
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [59]
No, although it's the mix of the project, the significant amount of contribution for the presales have come from Jindal City, which has got average realizations less than INR 6,000. So that brought the number down.
Abhishek Anand, JM Financial Institutional Securities Limited, Research Division - Assistant VP of Equity Research [60]
Okay, okay. And then finally, if you could help us so see, we understand that you will make get some lucrative deals. If you could help us understand the Mumbai deal you just entered into. I think this was in the making waiting for some time, but did you see valuations or the expectation of the counterparty being much more reasonable as the deal progressed? The 1 - you paid INR 150 crores for the project, right, as advance?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [61]

Yes, we do have some more balance to be paid. It's a fair transaction at the end of the day, because everybody was waiting for (inaudible) to come in so that they can build the maximum capacity on the land. The location was good, it's inside of Mumbai. And it's not too big, it's not too small, it's got a sellable area of like lower 0.5 million square foot. So it's a good land transaction. The partner is someone whom we have worked with for the last 20, 25 years. We've known them so well. And they were equally eager that we enter Mumbai with their project as the first project. So that really with the relationship and then math worked out, economics baked in. So it's a good transaction. More of the details, I think, we'll be able to give it out at the time of launch, hopefully in Q3, Q4.
Abhishek Anand, JM Financial Institutional Securities Limited, Research Division - Assistant VP of Equity Research [62]
Sure. And any update on the Noida, Greater Noida project?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [63]
So as far as the LCR is concerned, we had 1 residential development and 1 office development in Gurgaon that we were pursuing. As far as the office development is concerned in Gurgaon, we are in the definitive documentation finalization stage. That should get things done during this quarter. As far as the office is concerned, we are doing the [parallel] documentation as sorry, as far as residential is concerned in Noida, we are in the process of again documentation as well as designing. Because the market has got out of residential supply, we don't want to launch 1 more product which is just me too. We are looking at how can it be differentiated, how can it be made unique? So we're spending a lot more time on designing related in the Noida project. So Q3, you will see Gurgaon project being signed, I mean, which is obvious.
Abhishek Anand, JM Financial Institutional Securities Limited, Research Division - Assistant VP of Equity Research [64]
Okay, sir. Lastly, and I think most importantly, so now what's the outlook on the debt? So the debt has gone up significantly because of consolidation of stakes across. But how do we look at it going forward, especially with the GIC deal not taking place, how should we look at debt? Are you in discussion with other private equity players or strategic investors? Any targets we have by the end of FY '19?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [65]

Right. So there are 3 aspects to it. One is absolute debt [burden] and the other is debt equity. As far as the absolute debt is concerned, yes, it has gone up even this quarter by -- INR 300-odd crores. What is happening, Abhishek, is that we are completing more and more projects. This H1 itself, overall 17 million square foot of projects were completed. If you remove the CapEx projects, only residential projects will be to the tune of 14 million square foot. 14 million square foot on an average INR 6,000, it should take the total sale value being INR 8,400 crores. And 10% to 15% of that money is back ended to be given at the time of possession by the customer. Whereas, spend is just now to make the unit ready for handing over. So there is a temporary mismatch that we have seen, because it's unlikely that in 1/2 of the 6 months' time, 17 million square foot of completions happen for any company. So that's why there is some cash flow timing that has been created. That's one aspect. Second is as we are completing this project, there is also completed inventory of INR 2,000 plus crores that we have got. So as and when we keep selling and getting the money inflow from this, there is no corresponding outflow in this deal, because these are any units. I think that should help us reduce debt. This is in terms of absolute debt point of view. As far as debt equity is concerned, it is higher because the I'm building off revenue that we have received and...

Abhishek Anand, JM Financial Institutional Securities Limited, Research Division - Assistant VP of Equity Research [66]
think it's fine that it sits here.
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [67]
Understand how are we going to bridge that. Historically, we have seen living, as said, last 3 years. We used to launch and sell office properties, 20% to 22% of our sales, presales earlier used to be from office properties. And post which, we stopped and we had only 1 project, which is of 1 million square foot, that around the year before last. Now we are re-looking at that given the interest on the Chennai community and the people who used to invest with us before, whether we should launch any of the office properties also for presale, 1.2 million-odd square foot in our upcoming projects. So this is a call that we need to take, should we launch like should we sell like residential projects, relaunch, sell and complete the project? Or should we hold on, make the property ready, lease it and then sell it off to any of the sovereign funds kind of thing? That's a decision that we need to take. And we're looking at selling some of the office space, and you'll see that upcoming. So that should help us bridge some gaps.
Abhishek Anand, JM Financial Institutional Securities Limited, Research Division - Assistant VP of Equity Research [68]
But no active discussion with any strategic investors as of now?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [69]
couldn't hear you, Abhishek. You were asking, are we in dialogue with any other strategic investors? Is that the question?
Abhishek Anand, JM Financial Institutional Securities Limited, Research Division - Assistant VP of Equity Research [70]
Yes, yes, yes. Any discussion with any strategic investors right now, or it's not active right now?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [71]
No, it's not active right now.
Operator [72]

The next question is from the line of [Neerajiman Singka] from Goldman Sachs.

Unidentified Analyst, [73]
Sir, can you just repeat the number of the value of the property which is completed but not sold?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [74]
Completed but not sold is INR 2,000 crores, a little over INR 2,000 crores. INR 2,721 crores.
Unidentified Analyst, [75]
Okay. And any thoughts on how you want to liquidate that? And also related to that, is there a government is there a condition where you may have to end up having a deemed rent as an income, if you do not sell in a particular period of time?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [76]
Yes, there is a condition, that's what's been contracted. Any property that has not been sold 1 year from the end of the financial year in which occupancy certificate has been received, we need to look at the deemed rental offer. Some of them wil fall in the back. We need to make a provision for it. As far as liquidating these completed projects are concerned, the number is significantly high as you see, because of the completion that we have had in H1. If you look at March, it was lesser number. Because more and more projects got completed, this number now has become INR 2,721 crores. We are looking at how soon, how fast we can liquidate the stock so that it helps us in getting free cash flows as well. We are confident that as we move forward, this will come down.
Unidentified Analyst, [77]
But any thoughts on whether you'd on a balancing scale, whether you would sell at the same rate or maybe push down the site prices with some more attractive scheme or end up being a deemed renter with the government? Any thoughts on how you would
Irfan Razack, Prestige Estates Projects Limited - Chairman & MD [78]
Deemed rent is too small an amount, but the main most important part is that we definitely do not want to dilute our product

Deemed rent is too small an amount, but the main most important part is that we definitely do not want to dilute our product to create confusion. We will sell it at current price or maybe more. It won't be sold at any discount or just for that matter. We are very confident of our product. And we are very, very sure, when -- all these properties, where the stock is, once the community start developing and people start living, it will just sell by itself. We don't see any issues. But we are not sitting back and saying we're just pushing things. But at the same time, we're not complacent and at the same time we are not desperate.

Unidentified Analyst, [79]
Okay. I have 2 more questions. One is, you have already broken up the company internally in 2 segments of residential, commercial retail and hospitality. So why don't you report segmental numbers of each of these segments that you have?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [80]
In fact, that was the plan. Yes, that was the plan. That's the reason why we did what we did, but unfortunately we didn't expect 115 coming and hitting. So we had to undo and redo a lot of things with respect to complying with 115 itself. And even this quarter is more of a stabilization in the 115, moving away from POC. As you all know, this completion method of contract is only with respect to the companies that are reporting. As far as income tax is concerned, they are still saying follow ICDS, which more or less talks of POC method. And there, to file the returns, we still have to go back to POC. So that's the reason why we could not. But definitely, from Q3 onwards, we would start at least giving you the broad top line numbers in terms of what is the capital employed, what is the returns that each portfolio is generating maybe with the other important monitorable parameters. We'll definitely there are other important thing in our mind and that will help you also to understand all of you as to how each segment in the company is faring. Q3 onwards, we'll start giving those numbers.
Unidentified Analyst, [81]
Okay. And then last question is on the opportunity that this current crisis financial liquidity crisis brings in. So do you see some opportunities coming to hand and as Venkat, you have said sometime that it gives you the opportunity to grow by buying some assets. So but will your balance sheet really have that much of capability to get more debt and buy some assets? Or is it some other way? So give me can you share some thoughts on what you're thinking on that side?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [82]
We'll cross the bridge when we get there. But all that I was referring to was there are opportunities that have come up, which we are evaluating right now. Now we'll see how it goes, whether we can have deferred payments; or whether we can buy only parts, taking those; or we should partner with somebody and buy it; or do some other mechanism to help them liquidate. I mean, if they have land and they're not able to do a project, various opportunities exist. I mean, if they have landed, they are not able to do a project, various opportunities exist.
We can do JV with some deposit, we can do some deals. I mean, opportunities are plenty, should not get firmed up as to what should be the strategy. If it is residential, of course, we'll go ahead and buy under the HDFC platform. And just to tell you, most of the opportunities that are coming are residential-related. So that way there won't be much of burden on the company also. But there are opportunities which we're currently evaluating.
Unidentified Analyst, [83]
And how do you see the natural fall in the or rise in the debt, say, from here to next 1 year period?

Venkata K. Narayana, Prestige Estates Projects Limited - CEO [84]
So that is what I was referring to. Debt reduction would happen on 2 counts. One is there are a lot of handing over money that we need to collect from the customer that is almost INR 1,300-plus crores. Now we have spent a lot of money for completion of those units. Once that money comes in, that goes to repay the debt. As far as the inventory which we also have is completed inventory. Again, as we take in, we don't have any spend. That INR 2,700 crores of inventory as and when it gets liquidated goes on to resolve the debt. So these are the 2 things that we have which we think will help in debt going down.
Operator [85]
The next question is from the line of Kunal Lakhan from Axis Capital.
Kunal Lakhan, Axis Capital Limited, Research Division - VP of Realty and Aviation [86]
So you mentioned at the beginning of the call that you threw up some numbers in terms of collections and construction cost. Just wanted to ratify a few numbers. You mentioned INR 350 crores was spent for buybacks or was it Byculla?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [87]
No, no, no. It's all put together or we said we'd land refundable deposit, buybacks and everything put together, so INR 350 crores. That significant amount is not Byculla-related, which is around INR 150 crores.
Kunal Lakhan, Axis Capital Limited, Research Division - VP of Realty and Aviation [88]
INR 150 crores, right? And construction cost was INR 980 crores?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [89]
INR 980 crores, absolutely. And that, INR 780 crores was towards residential and the balance was towards CapEx projects.
Kunal Lakhan, Axis Capital Limited, Research Division - VP of Realty and Aviation [90]
Got it. What would be the overheads and interest payments made in this quarter?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [91]

Allow me a moment. I will share it with you. So yes, the interest payments for the quarter is overall around INR 200-odd crores.
Kunal Lakhan, Axis Capital Limited, Research Division - VP of Realty and Aviation [92]
INR 200 crores, yes? Okay, okay, yes, yes. And overheads?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [93]
Yes, what is it you wanted?
Kunal Lakhan, Axis Capital Limited, Research Division - VP of Realty and Aviation [94]
Overheads, including taxes?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [95]
Yes, overheads is around INR 75 crores.
Kunal Lakhan, Axis Capital Limited, Research Division - VP of Realty and Aviation [96]
INR 75 crores, okay. I'm just trying to reconcile the cash flows for this quarter. So did we receive the HDFC money in this quarter? Did you disclose?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [97]
Yes, we did. Yes, yes, we did.
We have it. Kunal, we can send it across to you. If you are looking at what is the inflow, what is the money that we have received from JV partners, what is the loan that we have drawn on the total inflow as against the spend on construction, spend on land-related and acquisition spend on overheads, interest, all that we do have. The summary sheet can be shared after the call.
Kunal Lakhan, Axis Capital Limited, Research Division - VP of Realty and Aviation [98]

debt. I understand there's a lot of money coming through from the ready inventory. And as we complete more and more, there'll be more cash, cash inflows there. But in terms of long-term outlook, like what kind of debt do we need on the residential side on a sustainable basis?		
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [99]		
The platform that we have with the HDFC is got a potential to go up to the top end of INR 10,000-plus crores that as we are looking at the deployment of INR 2,500 crores towards land alone that we'll leave in terms of capital that is required for the growth total. So as far as the residential debt that you are we've just mentioned, I'm trying to match with to the inflows that we have got. From the completed projects, handing over money that we have to receive from the sales that we have already made is over INR 1,300 crores. In addition to that, the completed stock inventory that we have, as you see, is INR 2,700 crores. (inaudible), we don't have much of spend to be made again, that is around INR 4,000 crores. Now this INR 4,000 crores, if you try to match with the debt against that residential that we have, more or less it matches. And then the entire stock that we have liquidation, there's surplus cash too. That's what we have put in the sheet also. Yes, there is a timing difference. Yes, as Chairman said, we need to push and ensure that the stock gets liquidated. But the pace of completions has been quite fast. Last quarter to this quarter alone, completed stocks completed projects inventory has gone up by almost INR 900 crores. That's because of the huge completions that we had. So I mean, we are looking at ways and means how we can liquidate and get this cash flows into the company. And hopefully, as we move forward, quarter after quarter, we'll monitor this number and bring it up.		
Kunal Lakhan, Axis Capital Limited, Research Division - VP of Realty and Aviation [100]		
But in the long run, would be like would we be looking at making the development business debt-free or there'll be some debt which will always be there?		
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [101]		
There would be some definitely, there are 2 good things that we are looking at doing, Kunal. One is as far as JVs are concerned, the outflow is minimal. I don't think that should be so much impacting. As far as non-JV projects are concerned, we'll try and put as many as possible in our mid-income residential platform with HDFC. There may be some which we have to develop on our own. So those are the ones which we'll have, but they will definitely come down in residential. We may not		
Irfan Razack, Prestige Estates Projects Limited - Chairman & MD [102]		
We have minimal debt. Just basically, as I always said, residential business, since we have increased sales, there's no business to have debt. But then like Venkata has been repeatedly saying that when we are doing completions either in the direct you need that right in the beginning, when you're buying land or you're paying deposits, or you need it at the end when you're completing the project. So there'll always be that requirement to do the funding gap. And so we'll have to see how the balance happens. So get the best balances when you sold off everything, collected everything, that's the best case scenario. But unfortunately, the best case scenario is always not achieved. But the endeavor is to see how we can minimize the debt in the residential business more so because we are doing presales. If you don't do presales, then it will be like any other asset		

class that we are developing, where we need to rely entirely on debt.

venkata K. Narayana, Prestige Estates Projects Limited - CEO [103]
More so also, the construction finance, the 10,000 will go around significantly because under RERA, it's like every project is a 1-man company per se. There's the entire ringfencing that has happened, cash flows start to take in those projects only meant for that project itself. In terms of the growth capital, that's how we look at this platform and thought would be helpful. In terms of the growth capital, I think that if you look at recently launched projects, even those days past, the sales are good enough to take care of the construction. We don't have to worry about those. So it's other projects go as planned like this, I don't think there is any need for debt.
Kunal Lakhan, Axis Capital Limited, Research Division - VP of Realty and Aviation [104]
Sure, sure, sure. One last one from my side, so our new launches are getting spilled over to H2, and so is for the market and our competitors also. So H2 looks like there'll be like a lot of launches coming through. Just wanted to understand, is the market ready to absorb this kind of an aggressive number of launches that everybody else is planning?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [105]
We had launched last 3 quarters put together around 3, 4 million square foot. That time also, the market industry, there are many players. There's enough room for everybody to do business. Of course, all organized players are doing better. There are unorganized players who are exiting. Some of them are coming and joining the bigger developers. There's a consolidation that is happening. But we believe that anything that is launched and offered by us maybe some other reputed developers who have got track record of delivery, I think, there's a demand for those. And I think whatever the demand is, more and more demand is coming towards these organized developers, that is heartening. Like our previous 3, 4 projects earlier this calendar year, we hope that even the new projects will be received well by the customer, in fact, to some extent, desirable. I think people are looking at these projects to get launched. There's a lot of demand and expression of interest.
Kunal Lakhan, Axis Capital Limited, Research Division - VP of Realty and Aviation [106]
Sure, sure. Any color on how October has been so far?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [107]
Very good, very good. We are confident that this quarter also, we should be able to do similar numbers on ground but driven by also driven by the launches that we have. I think we should be able to do similar number or maybe even cross it.
Operator [108]
The next question is from the line of Adhidev Chattopadhyay from ICICI Securities.

Adhidev Chattopadhyay, ICICI Securities Limited, Research Division - Assistant VP [109]
First question is, what is your average cost of debt currently now?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [110]
It's around 10%, you have this. I thought we had given it in the debt profile.
Adhidev Chattopadhyay, ICICI Securities Limited, Research Division - Assistant VP [111]
Okay, okay, okay. I'll have a look through. Sir, secondly, now what is the now balance CapEx left on our office, retail and in hotel assets, cumulative CapEx which is outstanding?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [112]
Under 10%. In fact, 9.92%. Sorry, I didn't follow your question. Hospitality?
Adhidev Chattopadhyay, ICICI Securities Limited, Research Division - Assistant VP [113]
I think across your office, mall and hotel assets, what is the residual CapEx now to complete the ongoing projects?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [114]
Complete the ongoing projects, the balance to spend is INR 1,724 crores.
Adhidev Chattopadhyay, ICICI Securities Limited, Research Division - Assistant VP [115]
Sir, this is including all the upcoming ones also or
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [116]

No, no, no. The ongoing, that is the office, retail and hospitality. Office is INR 846 crores; retail is INR 590 crores; and the hospitality, INR 190 crores. Now as and when we spend this amount, you should also know, if you are to spend -- once you spend the balance average cost in commercial and retail, both of them put together is INR 1,400-odd crores. Our rental income also will go up significantly to INR 720 crores -- go up by INR 720 crores.

Adhidev Chattopadhyay, ICICI Securities Limited, Research Division - Assistant VP [117]
So INR 720 crores, okay.
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [118]
Incremental rental income. And we have incremental spend to bridge out these project to the extent up. And remember the hospitality from here is around INR 1,400 crores.
Adhidev Chattopadhyay, ICICI Securities Limited, Research Division - Assistant VP [119]
Okay. And this, so we will spend over what period of time?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [120]
3 years. 24 months to 30 months, that's what it is.
Adhidev Chattopadhyay, ICICI Securities Limited, Research Division - Assistant VP [121]
Okay. So you're saying the exit rental incomes all then should go towards INR 1,400 crores, INR 1,500 crores in 3 years' time?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [122]
That is what has been mentioned in the other slides also, Slide 25, 26.
Adhidev Chattopadhyay, ICICI Securities Limited, Research Division - Assistant VP [123]
Okay. So now with the GIC thing now being called off, so what is going to be the strategy to fund this? Are you going to sell or to take on debt to fund all this CapEx?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [124]

any of these sovereign funds later once the property is bid? Either ways, we are letting go portion of that with the asset. So that's how the portion of this will be funded.
Adhidev Chattopadhyay, ICICI Securities Limited, Research Division - Assistant VP [125]
Okay, okay, sir. That is fine. Sir, now whatever land banking we want to do in markets outside South India, now do we have some budget now for the year, which we are targeting in terms of land spend?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [126]
In the next 6 months, we are looking at launching 2 projects in Hyderabad, maybe 1 project in Kochin subject to approval, 2 in Mumbai and 1 in NCR and 4, 5 in Bangalore. All of these projects are mostly paid for. Maybe we'll have balance of [INR 150 crores] to INR 200 crores to incur. These launches will be subject to getting approval, but these are there are no further payments to be made. So we'll look at whether we should have any more land bank in any of these locations after we launch this. We'll review the strategy maybe sometime in January, February. At this venture, nothing.
Operator [127]
The next question is from the line of Himanshu Upadhyay from DHFL Pramerica.
Himanshu Upadhyay, [128]
I had a question on inventory side. So if we see the last quarter's sales, means the pending inventory was around 2 million square feet. And right now we are around 3.35 million square feet. And we have completed around 12 million square feet projects, where majority size is of Lakeside Habitat. So will Lakeside would have a major amount of inventory means around 1 million square feet of unsold inventory. And what was the sales of the completed inventory in the Q2 of FY '19? And how means few quarters back, the third question, we used to have INR 400 crores, INR 450 crores-type of completed inventory, which has now moved to INR 2,800 crores. So at what level are we comfortable about and how means where do we like to take this number back to from INR 2,700 crores? And what is the management thoughts on the amount of inventory they would like to have on the books, means completed? So some thoughts on that if you can share with us.
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [129]
So the inventory is that we are saying is not something, which we have planned for and looked at increasing. So 2015 as a

We are looking at maybe some of the upcoming projects we can sell and what are the surplus cash flows that we'll get from upcoming projects. We'll start moving towards building ongoing projects or completion of upcoming projects which are barring further debt. So I mean, option is very simple, do we sell now at the time of -- starting construction or do you sell to

so the inventory is that we are saying is not something, which we have planned for and looked at increasing. So 2015 as a fiscal, we had maximum amount of prelaunches, that's in fact the fiscal where we had highest amount of presales in the quarter, touching almost INR 1,500 crores a quarter. So most of those projects having 3 years level are nearing completion or getting completed. So the numbers in that, they are not really relatable. So comparatively, if you look last quarter Q3 year-on-year, our completions are nothing, 0 last quarter, same quarter. This quarter, we have 12 million. So the inventory increase is happening because of more and more completions across 45 projects. The stock that we hold, if you see the Slide 23, is

getting completed, that space, the completed projects inventory is going up. It's not that we have planned and done that. It's just that as a consequence of launches that have happened in 2015. You are right with respect to significant increase in the completed inventory from 2.1 million square foot to the current quarter that you see is contributed by Lakeside Habitat. But being a very, very big project, we do have some inventory. But that's taken us, the inventory, from INR 1,800 crores to INR 2,700 crores, that's a major contributor. Of course, we do have some inventory in West Woods but the driver is Lakeside Habitat.
Himanshu Upadhyay, [130]
Can you tell how much was the sales of completed inventory in Q3 FY '19, I just want to understand at what rate are we able to sell the completed inventory?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [131]
I don't have it handy with me. I do remember that it is around 23%, 25% of the total that we have done, but we'll be able to share the exact numbers to you offline.
Himanshu Upadhyay, [132]
Okay. And I had another.
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [133]
And you should also I mean, the other point that I want to highlight is there were not many launches, except for 0.6 million. Whatever has been sold has been sold out of ongoing projects, which are either nearing completion or just completed. Because the launches anyway were not significant in last 2 years. So it's all the broad sales happening out of the projects that were launched 2 years ago. In a way, when it becomes ready, the stock is getting liquidated so that we will not face the same issues that we are facing right now.
Himanshu Upadhyay, [134]
No, I take your point, sir. The only thing is just trying to understand what is the velocity of sales in the completed project? Just to understand how quickly this number can go back to normal. And what type of figures would be normal for you? Means on this scale, what do you think will be the normalized figures you expect of completed inventory this much will remain? Any ideas or thoughts you have on that?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [135]

only 26%. But as and when it is getting complete, the value is going up because there is a price change from the launch price to completion price, i.e., the incremental wash value that we are able to get. And the second is because all of them are

Okay. And on the competitive scenario side. I had a question was, one of our peers from Bangalore, okay, who was again near peers, they used to have around 4 million square feet of inventory around PY '13, '14, and '15. Now what we see is they have again reached those levels. But we are significantly below from the rolling 12-month averages what we were used to doing, which was around 6 and 6.5 figures. Now soon can we reach those levels? And have we lost any market share? Do you think like that? Or how would you look at it? Because our competitors or one of the large competitors is reaching the figures, what they did around the peak level and we are still significantly away from those levels. Venkata K. Narayana, Prestige Estates Projects Limited - CEO [137] Yes, I mean, see, if you look at this quarter, what we have sold is almost 1 million square foot, that's what our area that's been sold, sorry, 1.7 million square foot. We used to do peak in a given year 2015. I was talking about INR 7.5 crores is what whave sold. That was around 1.87, that's why I said, if we continue this and improve on this all the more, maybe we'll reach 2 million square foot. We will also go back to those levels. I think that they are close by to what we used to do. Himanshu Upadhyay, [138] Can we expect such numbers? Operator [139] I'm sorry to interrupt you Venkata K. Narayana, Prestige Estates Projects Limited - CEO [140] This quarter whatever we have done is supporting big launches. If you were to look at launch, we had any big launches. If we were to have launch any big have any big project launch in this quarter, this quarter, it would have probably been closer to the 2 million square foot. And never used to do that and in fact crossed because we are also expanding into new geographies. The target is to do more than 2 million square foot but taking caution into account and saying, we should be able to cross what we used to do earlier as a peak. But a quarter foot but taking caution into account and saying, we	We are looking at if we can continue to clock a little over INR 1,000 crores of presales. And in that is 40%, 35% to 40% can be completed projects. And the remaining can be ongoing and the just launched projects. I think that's a really good mix, that's what they are looking at.
Okay. And on the competitive scenario side, I had a question was, one of our peers from Bangalore, okay, who was again near peers, they used to have around 4 million square feet of inventory around FY '13, '14, and '15. Now what we see is they have again reached those levels. But we are significantly below from the rolling 12-month averages what we were used to doing, which was around 6 and 6.5 figures. How soon can we reach those levels? And have we lost any market share? Do you think like that? Or how would you look at it? Because our competitors or one of the large competitors is reaching the figures, what they did around the peak level and we are still significantly away from those levels. Venkata K. Narayana, Prestige Estates Projects Limited - CEO [137] Yes, I mean, see, if you look at this quarter, what we have sold is almost 1 million square foot, that's what our area that's been sold, sorry, 1.7 million square foot. We used to do peak in a given year 2015, I was talking about INR 7.5 crores is what we have sold. That was around 1.87, that's why I said, if we continue this and improve on this a little more, maybe we'll reach 2 million square foot. We will also go back to those levels. I think that they are close by to what we used to do. ———————————————————————————————————	Himanshu Upadhyay, [136]
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [137]	Okay. And on the competitive scenario side, I had a question was, one of our peers from Bangalore, okay, who was again near peers, they used to have around 4 million square feet of inventory around FY '13, '14, and '15. Now what we see is they have again reached those levels. But we are significantly below from the rolling 12-month averages what we were used to doing, which was around 6 and 6.5 figures. How soon can we reach those levels? And have we lost any market share? Do you think like that? Or how would you look at it? Because our competitors or one of the large competitors is reaching the figures, what they did around the peak level and we are still significantly away from those levels.
Yes, I mean, see, if you look at this quarter, what we have sold is almost 1 million square foot, that's what our area that's been sold, sorry, 1.7 million square foot. We used to do peak in a given year 2015, I was talking about INR 7.5 crores is what we have sold. That was around 1.87, that's why I said, if we continue this and improve on this a little more, maybe we'll reach 2 million square foot. We will also go back to those levels. I think that they are close by to what we used to do.	Venkata K. Narayana, Prestige Estates Projects Limited - CEO [137]
Can we expect such numbers? ———————————————————————————————————	Yes, I mean, see, if you look at this quarter, what we have sold is almost 1 million square foot, that's what our area that's been sold, sorry, 1.7 million square foot. We used to do peak in a given year 2015, I was talking about INR 7.5 crores is what we have sold. That was around 1.87, that's why I said, if we continue this and improve on this a little more, maybe we'll reach 2 million square foot. We will also go back to those levels. I think that they are close by to what we used to do.
Can we expect such numbers?	Himanshu Upadhyay, [138]
l'm sorry to interrupt you Venkata K. Narayana, Prestige Estates Projects Limited - CEO [140] This quarter whatever we have done is supporting big launches. If you were to look at launch, we had any big launches. If we were to have launch any big have any big project launch in this quarter, this quarter, it would have probably been closer to the 2 million square foot. And never used to do that and in fact crossed because we are also expanding into new geographies. The target is to do more than 2 million square foot, but taking caution into account and saying, we should be able to cross what we used to do earlier as a peak. But a quarter is definitely our target.	
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [140] This quarter whatever we have done is supporting big launches. If you were to look at launch, we had any big launches. If we were to have launch any big have any big project launch in this quarter, this quarter, it would have probably been closer to the 2 million square foot. And never used to do that and in fact crossed because we are also expanding into new geographies. The target is to do more than 2 million square foot, but taking caution into account and saying, we should be able to cross what we used to do earlier as a peak. But a quarter is definitely our target.	Operator [139]
This quarter whatever we have done is supporting big launches. If you were to look at launch, we had any big launches. If we were to have launch any big have any big project launch in this quarter, this quarter, it would have probably been closer to the 2 million square foot. And never used to do that and in fact crossed because we are also expanding into new geographies. The target is to do more than 2 million square foot, but taking caution into account and saying, we should be able to cross what we used to do earlier as a peak. But a quarter is definitely our target.	I'm sorry to interrupt you
were to have launch any big have any big project launch in this quarter, this quarter, it would have probably been closer to the 2 million square foot. And never used to do that and in fact crossed because we are also expanding into new geographies. The target is to do more than 2 million square foot, but taking caution into account and saying, we should be able to cross what we used to do earlier as a peak. But a quarter is definitely our target.	Venkata K. Narayana, Prestige Estates Projects Limited - CEO [140]
Himanshu Upadhyay, [141]	were to have launch any big have any big project launch in this quarter, this quarter, it would have probably been closer to the 2 million square foot. And never used to do that and in fact crossed because we are also expanding into new geographies. The target is to do more than 2 million square foot, but taking caution into account and saying, we should be
	Himanshu Upadhyay, [141]

Okay. And one last question from my side. The way the financials are liquidity tightening is happening, what is your assessment? Do you think there are opportunities coming up or not, means because our balance sheet is already significantly leveraged? So are we in a position to capture that opportunity if it is coming or do you think there won't be any opportunities coming and this is just for a short duration, it won't have immediate impact on the unorganized segment, the tight liquidity situation? So what's your assessment and how are you preparing? Again, can you throw some more light on it?		
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [142]		
See, the market that we are in is uncertain, it's volatile and subject to the risks of various other industries. Real estate is one industry where whatever happens in whichever quarter that gets affected, be it financial, banking, investigating affected, be it IT industry getting affected, or be it economy as a whole. So that's where there is always some uncertainty or other. We are here for long term, it's not for just 1 project or 2 projects. I mean, we keep acquiring the land bank or the projects, which are, we think, are going to add value to the portfolio and the organization given the businesses that we are in. It's an ongoing exercise. Just the liquidity point of view, it is going to help us acquire it at a good terms. It's also going to help other person come out of the situation that he is in. And given our to the extent that we can set our balance sheet, we can look at it. But as I said, most of the opportunities are coming with respect to residential properties. And referring to JVs, I don't think it requires a lot of money. If you were to buy any of those properties, we do that have middle income platform set up with HDFC, to go with the platform. Only those which are not in a basket a and basket b is where we have to look at or put money in and buy them out. So any good opportunities coming in other, we will definitely pursue. I think this temporarily mismatches of them being high, them being low for a company which is looking at the long-term, I think can be addressed as we move forward. As I said, it's a one-off situation where 1 million plus cost of development was completed. We have used outstandings from the customer, which we're aggressive as in we hand over also completed in year 3. I mean, we're looking at long-term. And we're looking by end of March, 2, 3 quarters from now, that level should be significantly down. And the opportunities may not come again, I mean why I'm looking at it now.		
Operator [143]		
The next question is from the line of Puneet Gulati from HSBC.		
Puneet J. Gulati, HSBC, Research Division - Analyst [144]		
Just wanted to reconfirm this number. You said INR 1,300 crores is the amount, which is yet to be collected from completed and sold projects?		
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [145]		
Yes, sir.		
Puneet J. Gulati, HSBC, Research Division - Analyst [146]		
Okay. And what is a target for completion. You've already exceeded 38. How much more can you complete this year?		

Venkata K. Narayana, Prestige Estates Projects Limited - CEO [147]
104 million square foot of projects have been completed. And we think we do have inauguration of [2 physical] happening or 30th of November. That is the expectation.
Puneet J. Gulati, HSBC, Research Division - Analyst [148]
Okay. And for the upcoming annuity project, how much more that's how much money do you need to spend, how should we think about this?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [149]
So the upcoming annuity project, as I was mentioning while answering the earlier question, we have between our retail [dollar] and retail put together, around INR 1,400 crores money to be spent.
Puneet J. Gulati, HSBC, Research Division - Analyst [150]
But it's ongoing right?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [151]
Ongoing, ongoing commercial for the ongoing commercial and ongoing retail, both put together.
Puneet J. Gulati, HSBC, Research Division - Analyst [152]
So INR 1,400 crores.
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [153]
Yes.
Puneet J. Gulati, HSBC, Research Division - Analyst [154]

Okay. And for the upcoming on the 11.32...

Venkata K. Narayana, Prestige Estates Projects Limited - CEO [155]	
In that segment, INR 3,400 crores, INR 1,400 crores is where the bala we were to finish this quarter by pending INR 1,400 crores, it should 700 crores.	
Puneet J. Gulati, HSBC, Research Division - Analyst [156]	
No, no. What I'm trying to understand is you categorize your project ongoing INR 1,400 crores is spent, for upcoming how should that be	
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [157]	
Upcoming?	
Puneet J. Gulati, HSBC, Research Division - Analyst [158]	
So 11.32 million square feet is upcoming?	
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [159]	
Nothing and hospitality for upcoming. As far as a retail and commer	
Puneet J. Gulati, HSBC, Research Division - Analyst [160]	
INR 3,500 crores. Okay, great.	
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [161]	
Over a period of 3 to 5 years. And that will also give us significant ta also we have spent little money. Only balance is spent.	riff to enter into more INR 1,500 crores because there
Operator [162]	

The next question is from Parikshit Kandpal from HDFC Securities.
Parikshit D. Kandpal, HDFC Securities Limited, Research Division - Research Analyst [163]
So I'm saying what will make the deal live, platform deal? Would should change that when we come back to the negotiating table?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [164]
Platform deal, sir?
Parikshit D. Kandpal, HDFC Securities Limited, Research Division - Research Analyst [165]
Yes, yes.
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [166]
Are you talking about GIC?
Parikshit D. Kandpal, HDFC Securities Limited, Research Division - Research Analyst [167]
No, I'm saying not the GIC not happening. Any other with any investors. So what make us go back to the table now for
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [168]
I think as of now we are happy where we are. As we said, we will you will see us launching a major project, office project, like residential project for sale. And we do have a lot of residential base who buy these office properties and hold them for rental income. Now we are not looking at residential. Also the other factors more and more of rental income properties are getting completed. Hopefully in next 3, 4 quarters, this year anyways we have given guidance of INR 855 crores plus. And give us 2 more quarters, by then, probably we should have we been with debt collection that are kicking in with respect to existing projects as well as new concepts get completed. It may cost INR 1,200 crores of rental income. We look at whether we should actually tap the public market directly.
Parikshit D. Kandpal, HDFC Securities Limited, Research Division - Research Analyst [169]
Okay. So you're not very comfortable with the valuation, that was the main reason for the deal to be called off?

Venkata K. Narayana, Prestige Estates Projects Limited - CEO [170]
No, not really valuations alone. There are other parameters where we couldn't reach.
Parikshit D. Kandpal, HDFC Securities Limited, Research Division - Research Analyst [171]
Okay. And second question is again, I mean, you are saying that 4 million to 5 million square feet of projects will get handed over and the balance financial year. So I would assume that around 20%, so would the inventory I mean, what could be the quantum of inventory that's still not sold that's still unsold in this?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [172]
But as and when in the next 2 quarters we will do, we will also sell the inventory out of completed project, right? It may get added from new completion, but existing also will get sold.
Parikshit D. Kandpal, HDFC Securities Limited, Research Division - Research Analyst [173]
And what would be the price differential between completed inventory and the projects which are coming in the familiar vicinities? So, and will there be a significant difference between the 2?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [174]
Not really. Not really, you're talking about if you're going to launch a project today in that location and some completed projects, there's going to be a significant price difference, is that the question?
Parikshit D. Kandpal, HDFC Securities Limited, Research Division - Research Analyst [175]
Yes, yes. Because these are (technical difficulty)
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [176]
The data is very small. I think they are in the same range.

Okay and as you near the completions, we will try to 700 would be like, when you open it, could be 60%, 70% orders, like this, 70% utilization?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [184]
No, I think the when the structure is up, we start leasing. I mean, again I'm going back because we just completed that project. When the mall is ready for inauguration, we have 96% leasing, not 70% leasing. Likewise, office spaces that are ready are not leased. There is nothing much, it's likely 3%, 4% vacancy.
Operator [185]
(Operator Instructions) The last question is from the line of from [Buveneet Manev] from Karma Capital. (technical difficulty)
lshpreet Kaur, [186]
This is Ishpreet here. just wanted to check the INR 1,300 crores receivable you mentioned from the completed projects, is it part of the INR 2,700 crores or
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [187]
No, no that's a net addition.
lshpreet Kaur, [188]
Okay. So the INR 2,700 crores, does it involve include any receivables?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [189]
No, no, it's not being sold so does not include in receivables.
Ishpreet Kaur, [190]

Because if you divide it by 3.3, so the realization comes around 8,200. So that is what the average realization that we could look at?

Venkata K. Narayana, Prestige Estates Projects Limited - CEO [191]
This is correct, because some of the projects have a high luxury projects. We have Golfshire in that, we have White Meadows in that. So we have some villa projects like Silver Oak in that. Yes it does come to that much, that's all in place.
Ishpreet Kaur, [192]
And the INR 365 crores rental income that we have in the first half, it is from this 8.46 million and 2.57 million of commercial and retail, so all of this 11 million square feet is fully occupied or how much would the percentage be?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [193]
As far as malls are concerned, 96%, 97%. As far as office is concerned, except some transitory, some tenant going, new tenant coming in or some periods, let's say
Irfan Razack, Prestige Estates Projects Limited - Chairman & MD [194]
100%.
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [195]
But for that it's near 100%.
lshpreet Kaur, [196]
Almost 100%. Perfect. And the INR 720 crores of additional rent and income that you mentioned, that will come from the ongoing. Is it our share of the additional 4 million square feet ongoing or the entire 6 million square feet?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [197]
Total. The [20,000] for total, INR 720 crores results for today.
Ishpreet Kaur, [198]

So for total, 6 million square feet.
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [199]
Yes, for total.
Ishpreet Kaur, [200]
And how much of 8.9 million square feet the project that we completed, how much is the inventory left in that?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [201]
Lakeside Habitat alone?
Ishpreet Kaur, [202]
Yes.
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [203]
I think this quarter, the INR 900 crores of increase that you see, almost INR 790 crores have come from that project.
Ishpreet Kaur, [204]
Okay. And just last, on the rental income, it says to INR 365 crores. So is there any difference that you see from the lease agreement rates that we have in the current, what would the differentiator be for the commercial space?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [205]
You said differential, what is the range that you're getting and what is the market currently?
Ishpreet Kaur, [206]

Correct.
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [207]
So project like if you look at, our average centers around 58 or so, the carpark. The market is at around 80.
Ishpreet Kaur, [208]
Okay. On an average, what would the difference be, I mean, if we had to look up in the next 3 to 4 years, what is it that we can look at in terms of the rental rewrite
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [209]
Right now the difference between market that is prevailing and where we are at, the difference is almost around 50% to 60%. So some of them are near escalations we'll go to as per the contracts. Some of them will come for renegotiation. That time we will see how much of the price we can get to between the bare market is and what we're seeing.
Ishpreet Kaur, [210]
So the exit rentals that you mentioned 2 years, 3 years hence, does this include this escalation?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [211]
No, it does not. It does not include all contractual escalations. So even you see Slide #25 or 26, ongoing is at sorry, completed projects is only at the current rental that we are getting. Does not capture escalations that we get or the high rentals we can get when we release any of those.
Ishpreet Kaur, [212]
Of this 8.46 million square feet, how much of it is coming up for renewable in the next 2 to 3 years?
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [213]

So I mean, then again, I'm just giving you an example, 1/3 of it comes up, the big one, if you look at Exora, 3 blocks have been completed in 3 different years. Every year 1 block comes up for renewal, but it's a contracted renewal that is 15%, 20%

terms have been pre-agreed there.	
lshpreet Kaur, [214]	
Okay. So when is this coming?	
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [215]	
So you can look at year-on-year 1.5 million to 2 million square foot o	coming up for renewal.
Ishpreet Kaur, [216]	
Sorry, every year?	
Venkata K. Narayana, Prestige Estates Projects Limited - CEO [217]	
1.5 million to 2 million square feet coming up for renewal because ea	ach square is 1.5 years.
Ishpreet Kaur, [218]	
1.5 million to 2 million square feet, okay.	
Operator [219]	
Due to time constraint, we'll take that as a last question. I would now closing comments.	like to turn the conference back to the management for
Irfan Razack, Prestige Estates Projects Limited - Chairman & MD [220	D] -
Ishpreet Kaur, [216] Sorry, every year? Venkata K. Narayana, Prestige Estates Projects Limited - CEO [217] 1.5 million to 2 million square feet coming up for renewal because explained by the company of the company	. Ilike to turn the conference back to the management fo

whatever it is we have agreed upon. The other big deal is 3 million square foot plus which is this goal. The entire contract

Thanks, again for the active participation. I think it was a wonderful interaction as usual. And hope we have been able to give enough clarity. As things stand, things are on ground pretty good. And I believe that even this quarter, it is as good as quarter gone by. Hopefully, we will be able to get the cash flows, additional cash flows to see that even the debt levels are under control. But I don't see any too much of an anxiety in this. And I believe that as we go along, we are only going to perform better and do better.

Venkata K. Narayana	, Prestige Estates	Projects Limi	ted - CEO	[221]

Thank you. Thanks for taking time off, and thank you for active participation. Please do write to us if you have any queries, you want to understand anything better, if you need to further in-depth explanation. As Chairman said, we are working towards many more launches, increasing our sales to beyond where we have reached this quarter and very important milestone off crossing collections of INR 1,000 crores and crossing INR 1,000 crores of retail. As we mentioned, ongoing things are looking very, very good, this quarter as well. We are very confident that this quarter also we got INR 1,000 crores of retail. And we'll try and increase the completed project contribution in that. Yes, there could be that increased debt level as I mentioned. There is more a little bit spending first, and collecting later from the customer because we have reached the back end of the project and most of the money is hand-over position money. And 2, 3 quarters from now I think debt should be back to the levels that we used to be earlier. Our annual portfolio is looking good as experiencing that this quarter we will have net rental come up INR 860-plus crores. And hopefully, we will should be able even to surpass that also. And incrementally, in the next 24 to 30 months' time, we'll have another INR 720 crores of overall rent that is going to add to the annuity portfolio. We have a small amount of INR 1,400 crores to be spent over a period of next [few] years. I think we did an annuity as well as residential platform and HDFC platform being lives and more and more projects being put in that. So I think we are geared up for the next level of growth. We look forward to your continued support and participation. Thank you, once again for being in the call.

Operator [222]	l		

On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.