

June 04, 2024

National Stock Exchange of India Limited The Listing Department Exchange Plaza, 5th Floor Plot C 1 – G Block Bandra-Kurla Complex, Bandra (E) Mumbai 400 051 Scrip Code: SHRIRAMPPS	BSE Limited Dept of Corporate Services Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400 001 Scrip Code: 543419
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Dear Sir/Madam,

Subject: Transcript of the Investor / Analyst Meet

Further to our intimation of conference call with Investors/ Analyst, we enclose the transcript of the conference call held on May 30, 2024.

The above transcript is also available on the website of our Company at <https://www.shriramproperties.com/financials>

We request you to take the above information on record.

Thanking you
Regards

For Shriram Properties Limited

K. Ramaswamy
Company Secretary & Compliance Officer
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“Shriram Properties Limited Q4 FY24 Earnings Conference Call

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the website of the company on 30th May 2024 will prevail.

MANAGEMENT:

- 1. MR. MURALI MALAYAPPAN – CHAIRMAN & MANAGING DIRECTOR**
- 2. MR. GOPALAKRISHNAN, EXECUTIVE DIRECTOR & GROUP CFO**

Moderator: Ladies and gentlemen, Good day, and welcome to Shriram Properties Limited Q4 and FY '24 Earnings Conference Call.

This conference call may contain certain forward-looking statements about the Company which are based on the beliefs, opinions and expectations of the Company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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. Murali Malayappan – Chairman and MD, Shriram Properties Limited.

Thank you, and over to you, sir.

Murali Malayappan: Thank you. Ladies and Gentlemen, Good morning to all of you.

First and foremost, I would like to extend a warm welcome to our investors and analysts. This meeting gives us a valuable opportunity to discuss our Operational and Financial Performance.

The Board has adopted Q4 and FY '24 Financials. I am pleased to report that this quarter has been exceptionally strong for the company. We have delivered outstanding operational and financial results. Before discussing the Financial Performance in detail, I would like to highlight key Operational Highlights during the year and for the quarter.

During the quarter, we recorded sales of 1.56 million square feet and sales value of over Rs. 700 crores. More importantly, we have recorded the highest-ever sales volume, sales value, collection and handovers. Also, highest-ever revenue, EBITDA and net profit. I wish to say that it has been a good year for us, and we remain optimistic about our future.

The mid-market and mid-premium segments are gaining significant momentum and overall market trends are very positive. Coupled with our robust operating platform and strong pipeline of projects, we are very well positioned to capitalize on the industry's ongoing consolidation.

I would like to now ask Gopal to briefly discuss the financial performance in detail with you. I will be happy to answer any questions you might have thereafter.

Gopalakrishnan:

Thank you, sir. Good morning, everyone. My name is Gopal, and over the next 30 minutes, I will walk you through our operational and financial performance for the full year and the quarter.

As Mr. Murali mentioned, the quarter has been excellent. More importantly, the year has been one of the best years that Shriram. It is record high performance on almost all key parameters.

For the year, we ended with 4.59 million square feet of sales volume, reflecting a growth of 14% year-on-year. Sales value of Rs. 2,362 crores, reflecting a growth of 28% year-on-year. Record high collections of Rs. 1,390 crores reflecting a growth of 16% year-on-year. Total handover of a record high number of 3,000+ homes or plots, which reflects a growth of 50% year-on-year.

I must say all these are reflected in the presentation, which is uploaded on the website of the Company as well as Stock Exchanges. I assume you are referring to those presentations and have access to it. And therefore, I am going to refer these slide numbers in the presentation.

We are at **Slide #4** and that's where the full-year KPIs are highlighted.

On a quarterly basis, for some of you who are looking for a quarterly data, 1.56 million square feet of sales volumes, up 19% year-on-year, Rs.708 crores of sales value, up 43% year-on-year, and Rs. 336 crores of collection reflecting a growth of 10% year-on-year. Nearly 1,400 homes got handed over reflecting growth of 84% year-on-year during Q4 FY24.

More importantly, out of 3,000 homes we delivered, as you may recall from the previous conference calls, we had some delays in receipt of OC in the month of December and we received them towards the end of the quarter and some of them in January. And therefore, effectively in less than 60 days, our team has delivered 1,400 handovers for the quarter which not only is a satisfactory moment for us, but it also reinforces the system capability and that gives more confidence to the management saying that system is now more capable of handling larger scale and size in our operation and therefore we are equipped to handle much larger volumes in the coming years.

Slide #5 primarily captures this number on a trend basis. On sales volumes, we have reported about 15% CAGR over the last three years. On value basis, 24% CAGR, collection 15% CAGR and handovers have grown 42% CAGR basis over the last three years.

Shifting focus on key highlights for the year, as I emphasized already, several KPIs at a new high. This is on **Slide #6**. Several KPIs at the new high, be it sales volume, sales value, collections, or handovers, Sales volume up 14% year-on-year for the full year, value is up 28%, collection 16% growth, despite all the delayed launches that we had and the record handovers that I spoke few minutes ago.

More important, on the execution side, three projects received OC in Q4 ahead of RERA timelines. Overall, 8 projects moved to completed portfolio aggregating to about 3.8 million square feet of development area. Delivering & completing 4 million square feet annually for the second consecutive year, again endorses our system capability on the ramp-up, and gives us confidence on delivering 4 million plus kind of volumes annually over the next couple of years.

Our construction momentum has regained further momentum with activity shifting away from the completion and OC focused in the last quarter to ramp-up construction in ongoing projects during this quarter, as well as we have commenced work on some of the new projects. All of this should actually accelerate construction spending in the coming years.

Shifting to financial performance on the same slide, we had a record high revenue, near Rs. 1,000 crore revenue mark. We just missed the Rs. 1,000-crore mark by 13 crores. Remarkable growth in handover was behind this revenue recognition. EBITDA is up 22% year-on-year. PBT is up about 7% YoY. PAT is up by about 10% to 75.4 crores. All of them are record high numbers for Shriram.

More important is the stability in operating margins. We had stable EBITDA margin, PBT margin and PAT margins during the year. Across the quarter we saw, but it is very satisfying to see on an annual basis, we are stabilizing our profitability, which actually confirms that we are on a right path to deliver much larger scale and volume and profitability in future.

Cash from operations is very relevant in this business. Cash from operations have almost doubled to Rs. 224 crores in this year and you would see in the subsequent slide that free cash flow has been very encouraging as well. Against an expectation of Rs. 350-400 crores of free cash flow, we have already recognized or realized more than Rs. 270 crores of free cash flow between last year and this year, which is a very satisfying progress for us while we are looking forward to pushing us ourselves more harder, but I think it is a very satisfying moment to know that the numbers are on track.

Interest cost is flat. However, due to one-time cost associated with project acquisitions in Q2 and Q3, that I will explain, overall finance cost is up about 11%. We expect that to drop further in FY '25.

Cost of debt is stabilizing around 11.5% and incremental borrowing is done at about 10% levels and is therefore a satisfying moment for us. Our debt-to-equity at 0.35 remains one of the lowest in the sector and we see it dropping further in FY '25.

On the business development and then the growth initiatives, I think Pune market entry is the most important landmark. We were hoping to do it in Q4. I think the regulatory approvals have got pushed due to code of conduct and others got pushed to this quarter. We are looking to make

a successful entry into Pune in Q1 and FY '25. Project pipeline is strong enough to support the growth momentum. We will discuss that in subsequent slides.

We will discuss about the Kolkata part. LOGOS deal as I explained in the last conference call, it is strategically delayed or pushed to current year because we are trying to solve a 4% royalty issue more proactively. And once the code of conduct issues are sorted out, I think we should be able to make meaningful progress towards closure and subsequently we will consummate the LOGOS and the new launches in Kolkata. I will explain that in detail if required.

You may recall that we thought about monetizing our mall asset (retail mall), approved mall project in Chennai land and that monetization process has progressed well. We should be consummating or closing the transaction sometime during this quarter or early next quarter. That's a good progress and it should give us cash flows in FY '25.

Shifting attention to a little finer aspects of individual KPIs. **Slide #7** talks about our launch and sales performance. Six launches, the majority of them did well. Shubham in Chennai got launched towards last week of March. Therefore, they have sold only about 4-5% of the project area in the only one week operation.

122 West is a project which took off meaningfully, but then momentum slowed down. So, we are reviving the project and that had 7% sales in the last quarter, but for these two, I think all others are in an attractive zone from a sales launch perspective.

The most important was the Sapphire launch, a project called Shriram Sapphire in Bangalore. It was launched with the code name of Ultimate, Slide #eight. Received a very good response. We sold about 70 odd percent in the first week. within one month of launch, 80% of the project inventory got sold. That gives us confidence and a new visibility or new insight on moving up the sales at launch curve with the changing market dynamics. But overall, I think the sales side is delivering well. That's the limited point I wanted to submit to you all.

From the market perspective, I think the market trend is strong, all of you know better, and therefore I didn't really cover the market slide, which are in the Annexures to the website presentation, but the pricing trend has been reasonably encouraging. As a market average, publicly available research reports tell us that Bangalore price have moved up by about 8% to 9%, Chennai moved up by about 5%.

Compared to this, our portfolio price increase have been much more encouraging, about 12% higher price compared to what we did in our portfolio projects last year, on top of an 8% increase in FY '23. Therefore, that gives us the comfort that the market undercurrent remains strong, and we should be able to capitalize on it in the next 12 to 24 months even more strongly than what we did in the last two years.

More importantly, as we have always been emphasizing, we have been consciously trying to move up the price curve or the value curve because we used to be at a larger discount, or a peer group and that gap is getting narrowed. As you could see from the chart on the **Slide #9**, right-hand side bottom, mid-market products which we used to sell below Rs. 5,000 pre-COVID is now getting sold at about Rs. 6,300 per square feet. That is an encouraging upward movement for us.

One, the market improvement is reflective here as well as our conscious effort to upgrade the portfolio in terms of micro-market selection or the product configuration that help us in realizing that extra Rs. 100 per square feet kind of price increases from time to time. So, we are very comfortable, confident on being on a positive side of the price curve over the next 12 to 24 months and therefore, we see a conducive operating environment.

The third dimension to our KPI was the handovers and delivery and some of the projects that got delivered during the year are highlighted in **Slide #10**. I have already said that we have delivered 3,000 homes and 1,400 homes in the last 50, 60 days alone.

Interestingly, there is a small picture on the **Slide #10** which shows how aggressively our handover and completions and handover ramp-up has happened over the last 5-6 years. Some of you or several of you had this question about capability. I think over the last three years, we have demonstrated our ramp-up capability both in terms of sales volumes as well as in completion and handover and this image moving from 700 homes handed over in FY '19-'20 to about 3,000 homes speaks volumes about the system capability that we have built which is very encouraging keeping in mind the aggressive growth that we are trying to pursue over the next three years.

Shifting attention to financial performance, **Slide #12**. It is satisfying to note that this is our tenth quarter of sustained profitability and earnings since the initial turnaround post IPO in December '21. That's an encouraging moment to start with and encouraged by the fact that we had for the full year, we had highest ever revenue, EBITDA, Record revenue recognition was supported by the handovers as you know.

But the profitability metrics have been encouraging. EBITDA is at 23%, PBT is about 7%. Net profit is at about 75 crores, which is a new high for us.

More importantly, as I said, margins have stabilized in the mid-20s at EBITDA level, mid-30s in the gross margin level and 10% in the PBT level. ROCE is at about 11% plus. We remain confident and seems on track to deliver a mid-teen ROCE for the next two years as we have been consistently talking about.

Several value accretive transactions happened during this year.

- Acquisition of a DM project into our company as Shriram 122 West and launching that late last year and transferring the project into ASK co-investment platform was a big value accretive move on our part as a company.
- Re-acquisition of JV interest from Mitsubishi Corporation in our ongoing project called Shriram Park63, nearing completion, is another value accretive move which we managed to consummate it successfully.
- Gateway Mall monetization progressed well, reached near-closure. We wish we had closed this in March. Then we could have got income recognition and profit recognition in the year. To that extent, we had a deferred income and profitability from this mall, got deferred to FY '25 instead of FY'24.

This would have added revenue and profitability to the company but be assured this income has been now more certain with the question of documentation completion and consummation. The board has reviewed that yesterday and therefore we are now fully prepared to consummate the transaction in the coming months.

On the debt side, I will explain that in subsequent slides, but it is encouraging progress for us so far.

Slide #13, exactly the same point that I mentioned captured in a graphical form. So, I will kind of skip that.

Slide #14 is the critical page, explains our financial performance. **Slide #15** gives you the explanation to it, but I will try to highlight some of the key points.

Focusing on **Slide #14** on the financials, you would appreciate record high revenues, 21% year-on-year growth at near 1,000 crore revenue base, driven by OC and registrations and record high handovers during the year, more specifically in Q4.

75% of revenues were driven by recently completed projects. Shriram Liberty Square, Shriram Chirping Woods, Shriram Grand One in Kolkata, Shriram Park63 and Shriram Shankari. These projects continue to contribute. Some of the new projects that came in Q4 were Shriram Liberty Square, Chirping Woods Tower 5 and Grand One. They added big volumes to Q4 numbers, handovers and revenue recognition. That is encouraging.

DM fee momentum is a bit slow in Q4, as well as a full year, accounted for only 7% of revenues. Three projects drove it, but because of the completion of several DM projects during the year, project development or otherwise, the share of DM fee slowed down a little bit. We expected to regain momentum because we have three DM projects coming up with full force in the coming year and therefore we should regain the DM share in the current financial year.

Cost of revenues up to 77% year-on-year which is in line with the increase in revenues and therefore we remain comfortable on it. Gross margins have remained stable. In fact, it has inched

up by a percentage to 34% from 33% last year at the gross margin level. EBITDA margins were marginally higher from 22% to 23% and EBITDA grew by 22% year-on-year, healthy margin profile, minimal volatility on an annual basis. These reflect the benefits of improving scale and business model maturity.

I have always emphasized that volatility in our margin was slightly different from industry averages 3-4 years ago, primarily because we were operating and handing over at a 1 million square feet annual scale while we were selling at 3 million scale and booking costs associated at that scale. As you know, real estate business is all about all costs are today, and all revenues are three years down the line (when you complete and handover). Therefore 1 million square feet revenue recognition and 3 million square feet run rate of expense recognition, that is how we had a margin stress. We were confident 3 years ago and have been consistently been telling people that our margin profile will improve with economies of scale and business model maturity, both DM side and our own, from 1-2 million square feet to 3-4 million square feet. I think those results are now showing up. We remain confident of maintaining gross margin in the mid-30s, EBITDA margin in the mid-20s and the PBT in the 9%, 10%, 11% range.

On finance cost, as I said earlier, interest remains flat, but due to non-cash charge and certain one-time costs, overall finance costs were up 11% during this year.

- As we have said in the previous calls, our one-time costs were primarily related to acquisition of Shriram 122 West from a DM partner, where the project came with associated debt which we carried in our books for more than a quarter and then transferred that project to the co-investment platform with ASK and redeemed the debt subsequently. Therefore, interest costs on the acquisition were reflective in our books for 1.0-1.5 quarters and that is one-time cost for us.
- We also had an additional burden from Mitsubishi buyback. Mitsubishi was to be paid in three tranches and we have paid two tranches already. The outstanding investment is the debt we assumed and moved from JV to SPL books and therefore interest being incurred and will continue till December '24. But these two were the non-routine costs. As a result, the finance cost went up by 11%.

Profit before share of JV losses were about Rs. 96 crores, up 40% year-on-year.

Share of JV income were negative. As you know, the JVs are still in the construction phase, and they have not yet reached the revenue recognition. Therefore, as I said few minutes ago, all costs are being recognized at the JV and therefore, we are picking up our share of cost in the JV. Three JVs are in apartment construction mode. Shriram Greenfield is almost complete. Shriram 107 South East and Shriram WYTfield, will reach revenue recognition only after 12 to 24 months. Until such time, we will be picking up our share of marketing and other costs.

The other cost which came was the Pristine Estate, which is a joint venture and those marketing costs and 122 West launch expenses where all the costs that led the JV share of losses higher this year which is a launch related cost.

Despite this higher JV share of negative income, our net profits at Rs. 75.4 crores compared to Rs. 68 crores last year and the earnings per share remains very healthy at 4.4 rupees per share, when compared with miniscule positive earnings we used to have 12 to 18 months ago.

Shifting attention on the balance sheet side, it remains healthy as shown in **Slide #17**. We have one of the highest ROCEs in the listed space now. Prestige and Brigade have higher than us. We have moved up from a 4% ROCE in FY '19-'20 to an 11% ROCE and it gives us the comfort that our strategies are paying off and we will continue to work towards it. And as I said at the beginning of the session, we will work towards reaching a mid-teen ROCE in the next 12 to 18 months.

A more important slide, **Slide #18**, on cash flows. As I said, very positive and encouraging cash flow outlook. Cash flow from operation nearly doubled in FY '24. We had Rs. 227 crores of cash flows up from operation compared to Rs. 115 crore in the previous year. Net of repayment and financing related activities, free cash flow before new project investments remained healthy at Rs. 156 crores compared to Rs. 116 crore last year. More important, we have now unlocked Rs. 270 crores of free cash flow from operation in the last two years. As some of you may recall, we have always been saying Rs. 350-400 crores of free cash will come over the next couple of years, and it is encouraging to see that we have covered a large part of this ground in the last two years. With few monetization coming-up and few more projects coming up for closure this year, we will achieve the Rs. 350 crores of free cash flows or maybe surpass that number over the next 12 to 18 months. This will help us to rebuild our growth pipeline by redeploying this capital and without stressing the balance sheet beyond a point. We should be able to grow the pipeline and sustain our growth momentum for the next three or four years and therefore, this is an encouraging development for us.

Next slide talks about the debt profile, which we have discussed multiple times in the past. The cost of debt has been coming down. **Slide #19**. Bank share remains healthy at about 41%. We are now focusing on banks further to improve their share beyond 50%, 55%, 60% levels so that our cost of debt can drop even further from the current levels.

Incremental borrowings are being done at about 10 odd percent. That gives us the comfort that the cost of borrowing could come down from the current levels though may not be as dramatic as what we have seen over the last three years.

So, that is fundamentally about FY '24. I will spend a couple of minutes on FY '25 and then I will stop for taking questions.

Looking at **Slide #21**, our strategic objective remains unchanged. 20% plus kind of CAGR we want to ensure in our sales. We want to ensure our sustained profitability and improving returns. We will continue to work towards zero net debt. We will have gross debt at all times. We will work towards having a zero net debt over the next 12 to 18 months' time.

FY '25 context is built within this strategic objective. The market conditions are favorable. So, I think FY '25 context is more encouraging for us. Operating platform has proved robustness and has withstood test of time through the NBFC crisis, COVID, post-COVID challenges. All of this we have put the system - both sales side, construction side, CRM side and support functions in terms of finance, legal and others – through test and have proved to be robust and resilient. This gives us the confidence that we should pursue more aggressive growth.

Keeping that in mind, we have set ourselves a FY25 target of

- 5.2 to 5.5 million square feet of sales volume, which reflects the 20% growth from current levels at the higher end.
- Sales value will grow by about 27% to between 2,750 crores to 3,000 crores in a range.
- Collection should be in the 1,700 to 1,800 crore range.
- Handover should be somewhere around 3,300 to 3,500 homes to be handed over should reflect about 17%, 18% growth as you go through.

Slide #22 captures the same thing on a CAGR basis.

Where do we get this comfort and confidence to give you this indication or guidance on our FY'25? **Slide 23 and 24** will tell you why we have this confidence.

As we ended the year, from our ongoing projects that have around 23 million square feet of development potential. Of this, our share of sales would be somewhere around 22 million square feet. About 5 million square feet is the closing inventory that we had, which is the unsold portion of ongoing project. We have zero inventory in sold completed projects. So, roughly 5 million square feet of opening stock. We are adding another 6 million square feet of supply. Between these 11 million square feet, we are trying to sell about 5.2 to 5.5 million square feet. New launches should contribute about 2.5 million square feet of sales for the year. The rest will come from the sustenance sales in ongoing projects.

These projects are nearly ready. If you look at the table there, the launch readiness of each of the project is there. Except for projects that are meant for Q4, where the plan approval and in one case even the acquisition process is under closure, but otherwise the projects are all under control. Development rights are with us. In several of them, plan approval is there, or they are at the last stage of approval and therefore, we have good comfort in launches during these timelines Q1, Q2, Q3, Q4 as we have highlighted here. We will track them and report to you on a quarterly basis.

On the completion and handover, which is very critical for our revenue recognition in FY '25, slide 24 gives you the snapshot. Out of the 3,500 homes that we are targeting to deliver, 2,700 homes will come from these 7, 8 projects. Rest will come from the projects that have been completed and OC received last financial year and some of them may not have completed the handover and registrations and therefore, the balance will come from there.

But the majority of it, 2,700 out of 3,500 come from these 7, 8 projects. They are all in an advanced stage of finishing work except for one or two projects which are meant for handover towards the end of next year and therefore, we will focus attention on completing those projects Pristine and Mystique. Remaining projects are at a very good, very advanced stage even as we entered the financial year and therefore, we are confident of delivery ahead of timeline in most cases, ahead of RERA timeline or customer-committed timelines in most cases.

Slide #25 and #26 give you a snapshot of where these projects are, a pictorial representation of their progress.

Slide #27 gives you a snapshot and it was aimed at giving you comfort on the fact that it is not just about FY '24 record high year and so on. We have a very good visibility on our earnings outlook for the next three years, not just FY '25. As I said in real estate business, all costs are today, all revenue recognition is three years from the day when you sell, when you complete the project and handover.

Therefore, based on the sales we have made, we have a reasonable visibility on what the progress is, current status of these projects. Combining these two, we have a good visibility on where the handover outlook or revenue recognition outlook for the next three years is. We are very confident of sustaining a growth momentum both in terms of 3,500 units to be handed over in FY '25 as well as a target of roughly 10,000 homes to be delivered over the next three years, '25, '26 and '27. More importantly, a large part of the handovers are already sold as of March 31, 2024. And therefore, the earnings certainty is high. As long as we execute and deliver these units, we should be able to recognize these revenues.

Last slide for me, project pipeline. As you recall, we have certain projects which are still work in progress, certain projects where there are land acquisition or last mile acquisitions are work in progress. So, 8 million square feet were kept as deferred. For convenience sake or consistency sake, we have kept them outside the comparison for now. And as you can see in the footnote in that **Slide #28**, 8 point odd million square foot is not shown in this slide. Even excluding that, all the reasonably certain projects or projects under good control is aggregating to 42 million square feet of ready pipeline or the live pipeline, 24 million ongoing, 18, 19 million square feet is ready for at various stages of preparedness for launch.

They should support our proposed growth path starting with 5.5 million square feet in FY '25 and ramping up further over the next subsequent two years. We will at an appropriate time

discuss our three-year outlook, maybe when you have a call next time or when you have an analyst meet soon.

So, overall if you see the company which is scaled up nicely from a less than 1 million square feet pre-RERA to a 4, 4.5 million square feet over the last couple of years annually. Lot of you had concerns around scalability. I think we have demonstrated our scalability right now.

Some of the other concerns are profitability. Over the last three years, at least post-listing, I think third financial year now. We have demonstrated our ability to sustain profit margins with less volatility, notwithstanding all the market-related volatilities. We have been able to demonstrate our ability to keep the margins in the mid-20s at the EBITDA level and PBT, PAT in the 9%, 10% range. We believe based on the profile of the portfolio that we are progressing right now, we should be able to sustain this margin and may be improve slightly.

Third, the system has demonstrated capability to deliver consistently on execution as well as sales marketing and that gives us all of these right ingredients that should take us to a much larger scale from 5.5 million square feet target that we have set. We should be able to go to newer, greater benchmarks in the next two years. So, we are looking at an ambitious growth path between FY '25 and FY '27. We look forward to meeting our targets and delivering sustained profitability and improving returns to our shareholders going forward.

The rest of the slides available in your pack are for reference at your leisure. And last but not the least, **Slide #31** message. Some of you had always been asking us about the shareholding changes and all that. Shareholding profile is shown in slide 31. Promoters own 28%, consistently owning that number. We will remain there. The inter-se Promoter may go through some restructuring between the ownership share where inter-se being changed between Mr. Murali who is the Chairman and owns the part of this Promoter Hold Group and the Shriram Group. We are still working towards it. As and when it is finalized from the respective boards, we will make it public or will come back to you. But we would like to clarify the Promoter Holding will remain 28%, will not change from these numbers downwards. And therefore, I just wanted to remove the concern from people's minds on any potential changes.

With that, I will stop and Mr. Murali, myself and the rest of my colleagues who are in this room will be very happy to answer questions that you may have. Thank you for patient hearing and look forward to answering your queries.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Narendra from RoboCapital. Please go ahead.

Narendra: So, my first question is what would be the reported revenues in FY '25 and '26, and also the EBITDA margins?

Gopalakrishnan: Difficult for me to comment on revenue number, but we would hand over close to 3,500 homes. A similar growth should be visible in the revenue. I would prefer to stay away from revenue guidance. EBITDA margins will remain in the same range. Mid-20s range will continue.

Maybe I will try and answer your question in another way. On average, our ticket size is about Rs. 6,000 per square feet and 1,200 square feet 1,300, 1,400 square feet is the average unit size,. So, if you work backwards, we should see a remarkable, meaningful growth in revenue from the reported number. So, I leave that revenue at that stage.

But EBITDA margin I can assure you that we would be EBITDA PBT and PAT margin should be in the same similar range, mid-20s and about 9% to 10% PAT, which will be very consistent with the what the rest of the industry is doing from a resi side.

Narendra: Sir, what did you say was your average price?

Gopalakrishnan: Currently the mid-market is about Rs. 6,300 is the ticket size. And as I showed in the presentation, our mid-market, what do you call, the affordable product should be slightly lower from a ticket price perspective. Put a basket as a whole, we should have at least Rs. 5,500 would be an average basket size for the revenue recognition.

Narendra: And on the delivery side, so you said that 10,000 you want to deliver over a period of three years, right? So, this 3,500 kind of rate we should expect every year over the next three years?

Gopalakrishnan: Yes, should rise actually, should grow.

Narendra: So, that 10,000 number is a conservative number, right? Because if we say 3,500 and it could rise further. So, that brings us to more than 10,000.

Gopalakrishnan: Sure.

Moderator: Thank you. The next question is from the line of Yash Dalvi from Systematix Shares and Stocks. Please go ahead.

Yash Dalvi: So, regarding the approved mall project in Chennai, so can you please explain the deal and what could be the expected cash flows from it?

Gopalakrishnan: Yes, as you are probably aware, we had this large land parcel that we acquired from what was erstwhile known as Standard Motors Car Factory in Chennai. We converted that into a large integrated complex. Commercial space is done and sold to Xander. In fact, we sold it, and we did a DM for commercial area. And Resi is called Park63, which we are developing jointly with Mitsubishi and which we are buying back from Mitsubishi now.

After developing these two, there is another piece of land within the same complex. There is another area or parcel which is approved for retail mall development. And since that is not our core business, we prefer to monetize the FSI and therefore, we have been in negotiation, or we have been looking around. We have identified a potential buyer, a reasonably large and credible existing mall operator. And we are at an advanced stage of closure.

Yesterday, the board has reviewed and supported the transaction that is being done, and we should be able to consummate the transaction. There is only one, currently is already approved for a mall. But the proposed buyer has a different configuration for the mall in mind. So, the plan needs to be modified before we can consummate and realize cash flows.

We expect to consummate the transaction subject to because it involves approval from the planning authorities in the local market, that is CMDA. I am not able to commit a timeline on the approval CP. But based on our experience, we believe it should take between three to six months max. I am just very conservatively putting with all the election and uncertainties in mind.

So, during this year, we should be able to realize the cash flows. And till the deal is announced, I would prefer to stay away from the cash flow quantification. But it will be a very large number considering our annual current cash flows that we do. It is a material number. I prefer to stay away because we haven't disclosed this number to, the transaction is still not publicly disclosed. And therefore, I would like to stay away from the cash flow number. But we are sure it is meaningfully related to the annual cash flow that we generate now, it is a significant number.

Yash Dalvi:

And just a follow up on that. So, would this be used for a debt reduction as well?

Gopalakrishnan:

We will see. Obviously, you can either use it for debt reduction or you can grow. A combination of both is our objective because as you see it, overall market conditions are very robust. Rest of our peer group is growing faster, and you may have seen the publicly available research on CRISIL or others showing our market, national market share as well as South Indian market share has moved up nicely. But we expect that we would like to have a much larger share in our core market. Even though we are among the top 3 and top 5 in each of our markets, we still like to have a higher market share. For that we need growth. We need a pipeline. So, a combination of growth investment as well as new project acquisition investment as well as debt reduction will be considered.

Now debt equity is already low. Based on, without considering any acquisition or divestment, without considering any divestment cash flow, the FSI monetization cash flows, based on our core operations alone, our net equity should drop to about .25, .28 in FY '25, end of '25. With that kind of debt profile, if you go on reducing only debt as a deployment of your cash flows, growth will get hampered. So, it has to be a balanced approach.

Yash Dalvi: And my next question would be regarding the relaunch of 122 West. So, how has been the current feedback regarding the project and what reworking have we done it? And when can we expect the relaunch?

Gopalakrishnan: I must correct myself. I have used the wrong word. It is not a relaunch. It is a continuous marketing gimmick or positioning strategy that we need to roll-out. It is repositioning of that product and are already working on it. The campaigns like “book-now-pay-later”, kind of schemes that will get rolled out from time to time to trigger walk-ins and closing. We are already on path to execute that strategy.

Chennai market went through a little bit of a lull over the last 3, 4 months, flooding and all that. I think markets are back to a routine now. Therefore, we think the first 6 months, Q1 and Q2 should give us a meaningful traction on this project. So, it is not a relaunch in the sense that it is already launched. Continuously, we keep opening new phases, new blocks. They were all, if I can very loosely call it, a marketing gimmick or marketing strategy.

Yash Dalvi: And the last question regarding the LOGOS deal. So, any expected cash flows from the project, if you could give a number?

Gopalakrishnan: As I said earlier and I promised to clarify more in the in the Q&A session, I will explain that. So, as we explained in our last earnings call, we are in the process of negotiating or closing out the outstanding differences between us and the Government of West Bengal on this 4% royalty issue, and the focus currently is on solving that.

Because as I explained at length in the previous earnings call, it is a 256 crores royalty burden that we are carrying in our books. Every quarter or every year as you see in our P&L, a 20 crore non-cash charge, which is nothing but an unwinding effect of that provision, is going up into interest charges. We want to prevent all of this. I think we have reached that closure.

Unfortunately, the code of conduct kicked in before we could consummate all of the negotiations into a proper action. So, we are expecting to regain the momentum in this process in the next couple of weeks when the code of conduct disappears. So, once that is over, I think then the consummation of LOGOS will also be through as well as launching new phases and new products in our integrated township, be it plotted development or villa development. All of this will get launched.

As you would have seen in the slide, some of the products that we have targeted for this year include the Kolkata. So, all of this will get cleared and accelerated very quickly. So, we are looking to solve this during the first half.

Moderator: Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial Advisors Private Limited. Please go ahead.

Dixit Doshi: Sir, my first question is in the Q4, we have handover around 1,400 units. So, roughly how much square feet would have been?

Gopalakrishnan: Would be about 1.5 million square feet, 1.8 million square feet. I don't have the number right now. My colleague is pulling it out. About 1.5 to 1.8 million square feet.

Dixit Doshi: 1.5 to 1.8 million square feet. So, our revenue was around 302 crore, if I exclude the other income. So, then the realization is hardly around Rs. 2,000 square feet.

Gopalakrishnan: So, some of the handovers would be in joint ventures, right. It will not show up here, because Shriram Greenfield got 600 units, got handed over, that will come as part of a joint venture, and joint venture is masked by other joint venture losses. So, you would not see that may not be the right metric.

But you made a very interesting comment, so I want to clarify for everybody's benefit. Removing other income was the comment that you made. So, I wish to clarify. This may be a question in people's mind as well, other participants' mind as well.

Unlike manufacturing or other companies, our other income is not isolated, non-operating related, because there are several transactions which just under the accounting standard will have to be classified as other income. And therefore, our other income has these components. That is why they remain reasonably meaningful when you compare the overall P&L.

Our other income has an interest component coming from interest from JV in loans to JVs or others we have given, our own joint ventures, right? Intercompany loans that we give, because they are all RERA registered independent projects.

Second component would be the income that we realize from our joint venture in terms of their valuation, because we would have transferred these projects to the joint venture like ASK at a particular price point as a valuation. So, there is a fair value gain which you get on these investments. That would be a large component. If I add these two alone in FY '24, just for FY '24, 92 crores out of 123 crores would be from joint venture income as well as interest income on loans given by Shriram. Only the balance is the true other income component.

So, if somebody excludes this from an EBITDA calculation, to that extent, they would be misleading or misunderstanding the EBITDA margin in my limited view. What we will try and do is in future from Q1 onwards, we will try to segregate other operating income and true other income in our representation in future. But for now, I just wanted to clarify since you mentioned excluding other income.

Dixit Doshi: So, I was actually coming to the second issue of other income. But what my question was related to, so obviously this 56 crores in the Q4, some of this will be interest from JV or a fair value

change for some projects. But when we look at the 302 crores, where actually the revenue recognition of handover project, then the margins in the handover project is not that great. So, my question was related to that.

Gopalakrishnan: Yes, some of them would be, because, for example, projects like Grand One, which is in Kolkata, has suffered for seven years. Now they have come for a margin revenue recognition. So, 6 year, 5 year delay in approval, all of this. So, some of them are low margin product, that the legacy that we are going through.

But we have not much legacy projects left in our portfolio now, because except for Vizag and Kolkata, rest of the projects are fairly new post RERA, recent time project. So, these two until we complete revenue recognition in Grand One to be precise, the Sunshine, which is the second phase of the Bengal is a current project. Grand One has absorbed a lot of historical burden on it. So, to that extent, therefore, there will be a stress on the overall margin.

My colleague points out that there is one more project - Shankari, which is Chennai project, which was partly completed long ago, and it has taken longer to complete now the last phase, last but one phase. So, these three projects have dragged the overall margin profile. And those legacies will have to be cleaned up. It will take some time. Maybe this will continue this year and next year. I mean, like FY '24 and '25, these will be out as well.

Dixit Doshi: So, my question was related to, because if I remove the other income which is not related to the delivered project, obviously, those other income was also operational income, but they are not related to the projects which are handed over. So, if I remove that 56 crore, then our PBT is actually negative which is 32 crore even before the JV share. So, does it mean that the project which we have handed over, we have actually not made money?

Gopalakrishnan: No, that's not right way to look at. It is like saying Hindustan Lever, one particular brand of toothpaste how much it is making, and it has to absorb all the cost of the company. That's not right, no? You can't dissect like that. It is a portfolio, right?

Dixit Doshi: No, let's say in Q3...

Gopalakrishnan: You have to see the gross margin, my friend. You have to see the gross margin. You cannot say all entire PBT level, one quarter, only a particular component of your operation cannot sustain, no?

Dixit Doshi: So, gross margin you are saying that we will be able to sustain around 30% levels?.

Gopalakrishnan: We will have a single digit gross margin in some of the legacy projects . I must tell you. I must admit, candidly admit that legacy projects would have a single digit or a very low double-digit gross margin. That's what I meant by that. Gross margin, right? Which is nothing but revenue

from operation minus cost of revenue, right? That should be a single digit or a low double digit. We don't want to be more than that because they have carried the burden for a long and every portfolio will have some burden, right?

Any developer you look at, right? Otherwise, why would some of these guys have a margin profile which what you have seen in the last 6, 4, 5 weeks? There must be some stress in some projects, right? That will always be there. You have to see, if you are seeing a PBT level, you should see a holistically. Even EBITDA level, you should see holistically because the employee cost, other expenses, other expenses include all the marketing cost, right? How can one project upset all of that?

Dixit Doshi: And in terms of JV, how much revenue would have been recognized? Because just to understand, so out of this 1.5 million square feet, which we must have handed over, how much would have been in the JV?

Gopalakrishnan: JV, volume wise I can tell you; my colleagues are looking for the revenue number. Volume wise about 600 in the full year, 550. 550 would be a full-year basis, 550 out of 3,000 and in Q4 almost entire 550 out of 1,400 would be in the joint venture, which is Shriram Greenfield was recognized, was handed over and recognized. They are looking for the revenue data. I can share with you through Rahul or SGA. We will share this number with you subsequently.

Dixit Doshi: Now my last question on the slide where you have mentioned the FY '25 project delivery. So, you mentioned that our average ticket size would be 1,000 square feet with Rs. 5,000, Rs. 6,000 a realization. So, how much would be realization in the plots? Because for next year, a lot of deliveries are planned on plots also.

Gopalakrishnan: Three plot projects are scheduled for delivery, but many of them are DM or JV. On the prices, Pristine Estates is selling at around Rs. 4,000 per square feet, plots. Chirping Ridge is a DM project. So, it will not come in our books as an income and only DM fee will come to us. Westwoods is a plot and is also a DM project and so only DM revenue will come to us. But just for indication, I can say, Chirping Ridge is selling at around 2,700-2,600. Westwoods is getting sold somewhere around Rs. 2,000 per square feet. But our P&L will show only Pristine Estates as part of joint venture. That is a project under the ASK platform.

Moderator: Thank you. The next question is from the line of Dhananjay Mishra from Sunidhi Securities and Finance Limited. Please go ahead.

Dhananjay Mishra: Sir, my question, as you suggested that we should give separate number for other income. That will not create confusion because other operating income and interest income should be given separately.

And secondly, also if you can give operational performance little bit earlier and not club with the results. Like other real estate company gives this research number and collection number and that happens after the closing of quarter. So, that is just one suggestion.

And thirdly sir, in terms of the question, till last quarter you were giving target of delivery of 10,000, 8000 for FY '24 and FY '25, and while we have achieved 3,000 in FY '24 and now we are saying 3,000 to 3,500, and that number was about 5,000 for FY '25. So, how we have reduced the delivery number, or we are seeing some slowdown in execution or what is the reason for that?

Gopalakrishnan: No, earlier number was the 3-year number, right? I don't know what...

Dhananjay Mishra: Earlier number was '23, '24, '25 was 10,000. So, '23, we did 2,000. '24, we have done 3,000. So, ideally '25 should be about 5,000.

Gopalakrishnan: I understand.

Dhananjay Mishra: Even the last two, three PPT, the number of '24 and '25 put together was 8,000. So, now we are saying 3,500 in FY '25. So, that is just clarification I wanted. And collection number also has, I mean for the full year, it has come about 1,400 crore and while our guidance was 1,600 crore. So, why this drop we have seen in collection?

Gopalakrishnan: Because launch has got delayed.

Dhananjay Mishra: So, that is all the reason I wanted.

Gopalakrishnan: I will give you. Somebody will call you with handover breakup, and this 3,500 we have arrived based on what we think we can do this year, and this is the best estimate we have today.

Dhananjay Mishra: And lastly, the DM revenue part, we recognize in revenue, so the cash flow or the DM revenue is different and what we have recognized in the P&L is different.

Gopalakrishnan: Dhananjay, it will always be different. Recognize income when you sell and when your construction progress happens, when you recognize the cash flow, when the collection from customer happens, so there will be a delay and it can be as high as 6 months.

Dhananjay Mishra: So, DM revenue is 60 crore only for this year, but cash flow wise it is 120 crore, right?

Gopalakrishnan: Yes, sir.

Moderator: Thank you. The next question is from the line of Amit Agicha from H. G. Hawa & Company. Please go ahead.

Amit Agicha: My question was like, since the company has entered into Pune, like is the company planning to enter into Mumbai metropolitan market? It is a huge market.

Gopalakrishnan: I would probably request if Mr. Murali is on another line, maybe I will request if he can respond. Mr. Murli?

Moderator: Murli sir is not in the call.

Gopalakrishnan: Yes, maybe he is not there because he was dialing from another line.

So, for now, we will focus on Pune.

Yes, a lot of southern regional players have made entry into Mumbai. We will think about new markets, one step at a stage.

Sometimes I think if less spoken seems to be better because at the end of it, we have to have the comfort on entry and too many strategic moves at same time can jeopardize. So, we want to first make success of our entry into Pune, because as you know, we are entering a new market after few years and we need to understand the dynamics of the market, ensure our strategies work and then we will think about penetrating other new markets.

Yes Pune, Mumbai may be an option, but at this point of time maybe Murali is the only person who can probably share that vision. That is why I was looking for him.

Moderator: Thank you. The next question is from the line of Raj Mehta from Raj Mehta Association. Please go ahead.

Raj Mehta: I would like to ask a few questions. First, with respect to the projects which we are taking up with the ASK. So, what are the future developments and are we looking for another partner where we can grow our size based on any new partnerships?

Gopalakrishnan: Yes, we are always looking for this. ASK partnership has worked very well. We have some more capital left there for utilizing. We are already working on our third investment in the project. Hopefully, we will consummate that soon. Once we consummate, then we would have utilized the platform 100% and we are evaluating other options, whether do further partnership, further capital under the same platform or a new partner, all that can be evaluated.

Market is large, but we would prefer to further deepen the relationship with existing partners because it has worked well. And we will see how to explore, as I said, one step at a stage. Once we exhaust the current platform, I think it is about 200-odd crores left in the platform, needs to be utilized and we are evaluating a couple of projects as we speak.

Most likely, we should be able to deploy that capital, which is a co-investment platform, right? So, 20% from Shriram, 80% from the ASK will get consummated hopefully in the first half of this financial year and then we will pursue our next step in terms of further partnerships and further investment limits with various partners, including ASK.

Raj Mehta: Is there any partnership going on in advanced stages or is just normal you wanted to complete first with ASK and then you will look forward?

Gopalakrishnan: No, that is an ongoing discussion, right? Every day we meet people. Every day we meet potential partners and talk about what we can do together. When we treat as maturity, I will definitely share with you. But for now, I think emphasis is on deploying because somebody asked a question last quarter as well, when will you deploy? So, that question needs to be answered first.

We need to gainfully deploy that project, deploy that money into a value-accretive project. From our portfolio, we are looking at projects as well as we can use this capital for acquiring new projects. So, let us close that first and then we will update you on where we stand on the sequence.

Raj Mehta: And on my second question, six months back, Aurum Investments have made a significant, took a significant stake in our company. So, they are basically based on technology. So, are we leveraging any technology benefits from them or is that it is a pure investment, and they are not giving any technology or something like which might benefit Shriram Property to build up the book?

Gopalakrishnan: So, from our perspective, it is their investment. I don't know what perspective they have. You should ask them. From our perspective, they are strategic investor and a large stakeholder.

But having said that, they have very interesting and knowledgeable team in their invested companies of Aurum PropTech. They have about 8-9 PropTech investments. We are exploring with a few of them, like one of them have technology for identifying lead generation. We are working on a couple of projects with them for trying to use their technology to see whether we can generate superior leads.

So, like any other third-party service provider, we will explore, but there are no related party or preferred transactions here. If we see value, we will engage. Since it is a known investor team, it gives us one layer of extra comfort. That is it. Nothing beyond that.

They are not forcing us to do anything with them. And we are not forcing ourselves into doing something with Aurum. But if there is a win-win solution between us and their investors, right? Their investors and another company as well.

So, if we see a value proposition between their investor company and Shriram business model, we are always open to exploring and we will figure it out on next steps very soon. But actually, already we are working with one or two of their invested companies to see how our day-to-day operations can be made more efficient using their technology.

Raj Mehta:

And also, sir, I wanted to understand based on your experience, right now the real estate sector is doing good. The premiumization trend is going on. All the luxury segment is doing extremely well, and the main market is still lagging behind based on the catch up which luxury segment has done.

And in last two years we have already seen the price appreciation even in mid-market segment. So, where are we at, which cycle we are in? And you are also expecting certain price appreciation in coming years. So, if the sector doesn't perform well, so how does this impact the current projects which we are going to undertake?

Because right now whatever projects we are going to undertake based on the current market price, land prices and all have increased significantly in the last three years. So, whatever projects you have already undertook, you will have a good margin. But going forward, if the sector doesn't perform well and you undertake projects right now, then the incremental margin can be lower than what you are already reporting.

So, based on your views, what is the expectancy of the cycle and how can we protect that, if the cycle doesn't turn out the way it is in the last few years? And if it gets stagnant or it gets a de-growth, how can we protect the current margins and have a safety that the future projects which we will undertake will have that similar margin which we are already having in ongoing projects?

Gopalakrishnan:

Very interesting question, before I answer the question, I want to make a small observation. This is like asking, you are making SIP. What happens when the market collapses? How will you protect our return, right? I don't have an answer. I don't know whether you guys have an answer for it. All businesses go through volatility. All businesses go through cycle, whether it is a steel company, cement company, real estate company. So, I am not so sure how somebody can give you return irrespective of the cycle, the same margins. Then we should be only in FMCG company.

As far as the cycle is concerned, we believe the real estate cycle is still a few years away from reaching its peak because the market is conducive. The purchasing power is there. The pricing of the product have not really moved up so dramatically. For the last six years, real estate prices didn't do anything. Only the last two years, prices have moved up. Six years of increments for the buyer, customers, right? You and me.

Even at 8% national average, the purchasing power has gone up about 40% to 50% at individual household level. And the post-COVID, there is a desire for owning homes. So, there is a desire. There is purchasing power. The cost of funds have moved up, no doubt, but it is not moved up beyond an acceptable level. If you look at the affordability index, yes, it has come back from the bottom, but it is still not anywhere close to the peak that we have seen. HDFC slide shows that.

So, therefore, the right ingredients are there. Industry is consolidated, and therefore a lesser number of players supplying goods. Therefore, we see the market is in a right path. And we see that the current up-cycle should continue for at least a few more years. Whether we are at the second year of up-cycle, whether we are at the third year of up-cycle, fourth year, I don't know. To me, my limited knowledge, only couple of years have been a good year for sector and industry. Cycle typically lasts for a few more years. Therefore, we should be able to monetize.

Having said that, as a company, as any mature business model, we will always have to be prepared enough to go through the volatility. If the industry goes through a downturn, there will be a margin of volatility. I can't think of a business which will give you same margin irrespective of the volatility, but I am no one to comment on your view. But I am saying from our perspective, we will have margin volatility if the industry goes through downturn, but we are prepared enough to manage that volatility. That is the most important. Is the company prepared enough? How? is primarily because you take a price view which is more conservative, you take a cost view which is more aggressive. Therefore, you are protected from volatility. That we are prepared. Be assured.

Raj Mehta:

Thank you for that. And last question I wanted to ask. Since our incremental cost of borrowing is now lesser than 10% or almost equivalent to 10%, and if we monetize the asset and we repay the debt, then the incremental borrowing will be at a lower rate which and if the rate cuts happen in future, and it will help us to brought down our interest cost drastically. So, are we looking for those kind of opportunities where we restructure the existing loans, repay the loans and buy the new loans? Because we are getting at a lower rates and now you diversified into banks, banks have a generally floating rate interest.

So, it might help us even if there is a rate cut, then it might help us in reducing our interest cost. And going forward, whatever projects you are undertaking right now, so the margin profile with the margin profile which you gave us, that you maintain the current margin, so is it on a very conservative basis? Because you will have these incremental benefits flowing to the P&L, but that is not giving you, that you are not given a guidance of higher margins. So, just wanted to understand that perspective from management.

Gopalakrishnan:

Well, interesting perspectives, interesting questions, but how much certainty with which we can discuss all of this is I don't know. Because I don't know whether interest rates are declining. I don't know whether incremental cost of debt will not go up because incremental cost is lower today, right? I don't know about the macro environment, where it is headed, what is happening.

Very difficult for you and me to sit here and comment. What I can say is all our margin profiles are all based on EBITDA level where we have a comfort and confidence which is under our control.

So, I think I will address your question in another way. Capital coming in through monetization or otherwise. You have to take a judicious call, right? We can go on repaying debt and construct all our project with equity money. Then some of our friends will come back and say, oh, you look at your ROCE. You are deploying 20% equity money into constructing projects. Whatever you do, there will be some question, right? Thanks to the observers on the market.

I am saying we will use a judicious mix of debt and equity. We will always have debt. I am not sure whether we will ever have a zero gross debt. Then you cannot do a construction business. You cannot do any business in the sense that is not what I believe would be a prudent financial metric. So, we will always have a gross debt. All we keep talking about is when you have a zero net debt objective, it helps you minimize the risk on your balance sheet. The same downturn that you talked about. During those days, if you had zero net debt, basically if you are under control, then you will have to take some drastic measures to protect your balance sheet risk.

Raj Mehta: Yes, definitely, I agree, but I just wanted to understand that incremental cost of borrowing is lower now. So, that it will help you to pass in the P&L. So, are you taking into that consideration when you gave this margin?

Gopalakrishnan: Yes. We will take it. Why would you lose an opportunity? You should give us some credit for it, right? 14% cost of debt has come down to about 11%. When RBI has increased the cost of the benchmark reference rate by 2%, that means 6% reduction in effective cost for me. Right?

Raj Mehta: What is the breakup of the loans which you have floating and fixed, that will help us then.

Gopalakrishnan: That is not the point, my friend. It takes time. All I am saying is yes, our borrowing benchmark rate is very simple. The incremental cost of debt is a very important comment for a different reason. It shows your borrowing capability today. If I have a 10% borrowing capability, I would not have had a weighted or cost of debt of 14%. That clearly shows that the company is evolving with a credit rating of A minus. We have been able to reach that A minus, reach some cost benefit. We will work towards benefiting from there.

Does it mean that tomorrow you repay all the loans and get 10.1% from State Bank? I don't know if it is possible. So, the basket rate in my view, from your analysis purpose or your observation, you can assume Shriram Property will operate in that 11.25% to 11.5% at least for FY '25 because from 11.6% today going down will be a lot more difficult compared to going down from 14 to 11. Therefore, the incremental reduction in cost of debt will be slower.

Having said that, are we working towards reducing the debt, therefore? Yes, we are working towards reducing debt. Will I redeploy entire sale proceeds or monetization proceeds in the debt repayment? No. Then we will have to grow. Then somebody will ask me how will volume grow? Where is the capital? Why is the debt going up? So, it is all a continuous chain reaction, right?

So, we will grow. We will grow through a judicious mix of balance sheet debt and monetization proceeds to the extent that net debt equity will keep falling. I am telling you; we are looking towards 0.25 to 0.28 as a debt-equity ratio for FY '25. I don't think at this point of time, I would be able to comment or commit anything beyond this in a larger forum like this.

Moderator: Thank you. As there are no further questions from the participants, I will now like to hand the conference over to the management for closing comments. Over to you, sir.

Gopalakrishnan: Since there are no questions, I wish to thank everyone who had taken time off your busy schedule to join us on this call in large number. And I hope the conversations are useful. I am assuring all of you along with my colleagues here that we are available at any point of time. If you have any questions, you can reach out to SGA or you can reach us directly using the phone numbers available in the press release or our website. We will be very happy to answer any queries that you may have to the extent possible. Thank you so much, and over to you, Rahul and team.

Moderator: Thank you. On behalf of Shriram Properties Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.