



# “Ganesh Housing Corporation Limited Q2 FY2024 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to Q2 FY2024 held for Ganesh Housing Corporation Limited's Earnings Conference Call hosted by Go India Advisors. 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 the conference is being recorded. I now hand the conference over to Mr. Rajat Gupta from Go India Advisors. Thank you and over to you Sir!

**Rajat Gupta:** Thank you Akshay. Good afternoon, everyone and welcome to Ganesh Housing Corporation Limited's Earnings Call to discuss the Q2 FY2024 results. We have on the call with us today Mr. Rajendra Shah, the Chief Financial Officer, Mr. Neeraj Kalawatia, Vice President, Finance and Mr. B Ravi, Corporate and Financial Advisor. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company faces. I now request Mr. Rajendra Shah to take us through the company's business outlook and financial highlights subsequent to which we will open the floor for Q&A. Thank you and over to you Sir!

**Rajendra Shah:** Thank you Rajat and good afternoon ladies and gentlemen. We thank you all for joining us on this call today to discuss Q2 FY2023-FY2024 performance of Ganesh Housing Corporation Limited. I hope you had a chance to see the earning presentation uploaded on our site a few hours ago.

I would like to begin by sharing my thoughts on real estate environment, specifically in Ahmedabad and broad highlights of the quarter. Further we look forward to taking your questions and suggestions. Over the last six years spanning across from April 2017 to March 2023, residential property sales have made a significant impact on Gujarat's total revenue from stamp duty and registration fees. The data collected by conference of Real Estate Developers Association of India or CREDAI reveals a remarkable surge of 63.57% in stamp duty and registration charges within the residential sector during this period. This heightened demand in Gujarat for high quality housing has led to rapid increase in property transactions. Furthermore a presence of historically low inventory levels has created a sense of urgency amongst buyers ultimately boosting demand and strengthening the property prices. Despite the challenge of moderate home loan rates affecting affordability of residential properties in eight major Indian cities in the first half of 2023, Ahmedabad has stood out as the most affordable housing market amongst the major metro cities. Rising income levels have empowered individuals and families to upgrade to more spacious homes with many transitioning from 1 BHK to 2 BHK and 2 BHK to 3 BHK residences. Migration also plays a pivoted role in growing housing demand. Ganesh Housing, a prominent player

in Ahmedabad real estate market has consistently been a front runner in developments. It is worth noting that in all sectors including affordable housing, independent residential and commercial floors, plotted development, premium and luxury condominiums as well as premium commercial spaces are currently experiencing a substantial growth, particularly in Ahmedabad. Before I dwell into our Q2 update I am thrilled to share a recent significant development. Ganesh Housing Corporation Limited has unveiled an exquisite heaven called Lalita Govind Udyan spanning across eight acres of land. This project was inaugurated by Shri Amit Shah, The Honorable Union Home Minister and Shri Bhupendrabhai Patel, The Honorable Chief Minister of State of Gujarat on September 30<sup>th</sup>, 2023. Lalita Govind Udyan is not just a garden. It is a precious gift to city's residents whether you are seeking a solace in nature, leisurely activities or a serene space for mindfulness, this garden has it all. It is conveniently situated behind Nirma University adjacent to Ganesh Housing Corporation Limited's residential projects namely Malabar Exotica and Malabar County Three and it is within one kilometer radius of ongoing Million Mind IT SEZ Project. The project boasts of garden oasis spanning across 32,000 square meters a tranquil lake with five crores liters of water, a Miyawaki Plantation featuring 40,000 trees and various recreational amenities such as walkways, a jogging track, yoga and meditation spaces and more. It stands as a testament to Ganesh Housing Corporation Limited's unwavering dedication to enhancing the quality of life. We are proud to inform you that it is named after our founder and his wife.

Coming to our Q2 FY2023-FY2024 operational updates. We are delighted to report that the construction progress of Million Mind phase one commercial project that is IT SEZ phase one has reached 10% level of completion by Q2 of FY2023-FY2024. We remain firmly committed to achieving our target completion date by March 2026 for completion of phase one of Million Mind IT SEZ project. Furthermore, we have initiated preliminary discussion with Priestman's Fires for marketing and business development of Million Mind phase one IT SEZ and we will provide more comprehensive information in the upcoming quarter. Additionally we have already provided comprehensive phase by phase details of Million Mind project in our presentation which will keep us engaged with this project for next seven to eight years. Our ongoing project Malabar Exotica is now 91% completed and we anticipate its full completion by Q4 of FY2023-FY2024. These projects commenced in July 2021 and we are delighted to announce that we are on track to finish it well ahead of schedule. These exemplifies our unwavering commitment to customers and our dedication to delivering every project before the stipulated timelines. This achievement has been made possible through incorporation of advanced technology and use of pre-cast construction methods ensuring that technology is an integral part of every home that we deliver.

Now I would like to discuss in brief about some of the key financial and operational highlights during Q2 FY2023-FY2024. Q2 of FY2023-FY2024 revenue came in at Rs.1641 million versus Rs.3278 million in Q2 FY2023. The first half of FY2023-FY2024 revenue growth of 18% is registered if one compares year-on-year which stood at Rs.4355 million. We have achieved a remarkable 3.3x growth in EBITDA during first half of FY2023-FY2024 totaling to Rs.3391 million. Q2 FY2023-FY2024 EBITDA witnessed a strong 55% increase if somebody compares year-on-year increase reaching to Rs.1211 million. Q2 of FY2023-FY2024 saw a substantial 3.5x year-on-year growth in PAT reaching to Rs.860 million and first half of FY2023-FY2024 posted a phenomenal 7.6x year-on-year growth in PAT amounting to Rs.2473 million exceeding the combined PAT of past couple of years. Notably, our company maintains a debt free status having come a long way from peak debt of Rs.650 Crores in FY2018-FY2019 as of end of Q2 of FY2023-FY2024, we boast a cash surplus of Rs.773 million highlighting a strong financial position. Furthermore as previously communicated in our last quarterly update, the company has for the first time established a comprehensive road map outlining our direction for next seven to eight years. This road map includes our largest ever upcoming projects encompassing approximately 30 million square feet with a well defined projections of cash flow. The long-term prospects of the company appear highly promising and we are confident that there will be substantial business opportunities to sustain our growth momentum.

In conclusion, I want to emphasize that an industry where demand and supply remain robust, the ongoing consolidation and corporate restructuring efforts are enhancing opportunities for established brands with a strong brand, strategic capital allocation and commitment to operational excellence Ganesh Housing Corporation Limited is well positioned to sustain its path of profitability expansion. We eagerly anticipate further scaling through new phases of SEZ and with this I request the floor to be open for questions and answers. Rajat can you take over please?

**Rajat Gupta:** Yes Akshay please open the floor for Q&A. Thank you.

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

**Puneet Gulati:** Thank you so much and congratulations on your performance. My first question is with respect to your operating profit and reported profitability so is my understanding correct that there is nothing that you are selling on the residential side? Everything is fully booked and sold out?

**Rajendra Shah:** Thank you Puneet. Yes you are right meaning right now we do not have inventory of meaning residential units to offer to somebody for sale.

**Puneet Gulati:** Right so how does this Rs.160 Crores of sales get recorded here in P&L if you can give some color there?

**Rajendra Shah:** So basically just to reply to your question in specific see there are three specific verticals from which we derive revenue. One is sale of residential units. The other is sale of commercial units or leased with SEZ now starting lease of commercial units and third one will be sale of land so I would say that during this quarter major revenue meaning not that all, but major revenue has come from sale of land, whatever sales we had concluded in Malabar County three a project which we are delivering now. Revenue in respect of that also has got recognized during this quarter however major revenue or major contribution of revenue has come from sale of land.

**Puneet Gulati:** Understood that is the difference. My second question is on the commercial side you talked about building an IT SEZ is there enough demand for IT SEZ because what we hearing from the street is that SEZs are not really the preferred product if you can talk a bit about your thoughts on SEZ versus non SEZ here?

**Rajendra Shah:** Yes see SEZ is something which is where there are tax incentives which are available and apart from that if somebody does a careful study, he will understand that there are more than 500 small and medium software companies which are operating out of Ahmedabad. They are all occupying spaces in some of the good commercial offices but that is not something which is of their liking. They would like to have their offices or their setup from from some specialized offices which are suited to it meaning IT players like whatever development which is done in and around Bengaluru and Pune and Hyderabad just to give that sort of idea so that is the reason to get associated with Priestman Fyers that was the reason they have also studied market and understood that yes there is lot of demand of these kind of IT spaces or commercial spaces and we are confident that once we reach a critical level of construction, we will have some good news to share with you.

**Puneet Gulati:** Lastly if I may it seems you done the project completion for Malabar Exotica in an incredible two and a half years and you also talk about using precast technology there? Can you also talk a bit about what does it mean for your construction cost and first of all how all are these structures? I mean how many floors should one assume for Malabar Exotica?

**Rajendra Shah:** See Puneet can you just repeat your question?

**Puneet Gulati:** Yes so Malabar Exotica I think you just talked about they will complete by Q4 this year right which is almost two and a half years of construction time really fast and you also talked about using precast technology there so what would be the construction cost associated for use of precast technology and how high are these buildings?

**Neeraj Kalawatia:** See coming back in terms of the saving of the time in completion now this precast technology is giving us an advantage in terms of going floor by floor where we are actually saving at least 15 days per floor so at the parallel time we can go to multiple floor whereas in the traditional method you have to wait for some time before you actually start up the next floor process and in terms of the average costing this actually is giving us additional cost of Rs.200 per square feet in cost but as against that the time saving which we are getting in completion of the project by at least one year time that actually is giving us a good cash flow and financial cost advantage.

**Puneet Gulati:** Okay so it costs more you are saying but it the time saving makes up for the additional cost?

**Neeraj Kalawatia:** Yes sir so overall because of that faster costing also faster delivery also you always have an advantage that if you want to charge additional premium as the project progress that option people will get to see. We have delivered this Malabar County Three also one year ahead of the time. The same is that we are going in Malabar Exotica also one year ahead of the time so that will set the precedence for the coming years.

**Puneet Gulati:** Correct so average cost addition of 2,000 over what base?

**Neeraj Kalawatia:** Sorry Rs.200 per square feet I told.

**Puneet Gulati:** So Rs.200 per square feet?

**Neeraj Kalawatia:** Earlier it was Rs.1600 per square feet. Now it has come to Rs.1800 per square feet.

**Puneet Gulati:** Okay understood. That is it. Thank you so much and all the best.

**Moderator:** Thank you. The next question is from the line of Shivnil Giri from Centrum PMS. Please go ahead.

**Shivnil Giri:** Thank you for taking my question. On slide eight our net debt has gone from Rs.300 Crores to Rs.67 Crores and SCV Phase One cost is around Rs.285 and with this being only completed 10% and no other projects ongoing have we utilized the excess cash in acquiring land or can you explain more on that front and then I will ask my next question?

**Rajendra Shah:** Yes we have been meaning there are certain advances which have been paid for acquiring some critical land parcels, but for reasons of secrecy we have not yet concluded our land acquisition in area where we target to acquire land. We are not in a position to disclose the exact location or exact size of land stretch what we target to acquire.

**Shivnil Giri:** So these are advances for acquiring land so is it in the state that you operate currently or you dominated currently?

**B Ravi:** It is same state or the same city. Now land is a very integral part of the entire business verticals as Rajendra just explained some time back and therefore to continue to keep developing the land as well as to seize opportunities of buying and selling. Acquisition is a continuous process which has been the main advantage to Ganesh Housing all these years and that is the reason why huge cash flows and profitability has always been coming to them and they are in the forefront so this is a process which is a continuous one and right now also it is happening in and around the most happening places in Ahmedabad and it would continue at any point in time wherever there cash flows are there.

**Shivnil Giri:** So you will be announcing this in the coming quarter any timeline on this land acquisition that will be?

**B Ravi:** Yes some of them would have been acquired by that time probably and some could even happen thereafter as I say it is a continuous process so therefore the total land bank that we have when we announce, the total land bank and what we have sold that will include acquisition of this also.

**Shivnil Giri:** All right and one more thing adding this Oasis Garden Lake who are the other developers present in this area and is Nirma also developing a project there?

**Rajendra Shah:** No Nirma has just a university which is adjacent meaning which is nearby this Lake. There are a few small local developers having standalone buildings however in this area there is a complete dominance of Ganesh Corporation Limited. If you see we have Malabar County One, Malabar County Two, Malabar County Three, and Malabar Exotica. Upcoming residential project will be Malabar Retreat which we will announce in sometime from now and of course in our IT SEZ there will be series of residential projects which will be developed in phased manner so just to answer you biggest beneficiary of this development yes anybody who takes a unit from Ganesh Housing will be one of the direct or indirect beneficiary from this development.

**Shivnil Giri:** Yes but there are no other major competitors here in this area in this vicinity only the local developers?

**Rajendra Shah:** No competitor nobody however there are some few local developers who are developing a standalone building which are nearby but we do not count them as a competition.

**Shivnil Giri:** Okay and just coming back to the SEZ project so the funding for this since you have already given the advances for some land so would we need further funding for this project to complete this project?

**B Ravi:** Yes funds will be continuously there for the project and as you see 10% construction is done and as and when the construction takes up then more and more funds will be required but from the cash flows that we have in spite of whatever new land which may be purchasing and all we still have enough money to be able to do the entire construction without taking any debt from our internal accruals as well as from the new cash flows which will keep coming from new projects.

**Shivnil Giri:** Right thank you. That is all from my side.

**Moderator:** Thank you. The next question is from the line of Jay Shah from Dolat Capital. Please go ahead.

**Jay Shah:** So just wanted to understand regarding this new Century Lalita Govind Udyan that you have developed what was the rationale behind the same and when was it planned like and how much was incurred on this project and what are the expectation from this further?

**Rajendra Shah:** See at Ganesh Housing we believe that we have taken a lot from society and it is also a time for us to give back. It is our responsibility meaning not only our projects should look beautiful. Land parcels or area which is near our project should also look very beautiful and we want to improve lifestyle and landscape of city as well. So just to give you an idea just behind Malabar Exotica and Malabar County Three project there was a very large land which was owned by Ahmedabad Municipal Corporation which was reserved for garden and lake. Fortunately for us we spoke to government officials and they agreed to our request that we would develop it and hand it meaning hand it over to city for use by their citizens at large so basically this is spread across 32,000 square meters and the lake is also a very large lake. It can accommodate about 5 crores liters of water. It has more than 40,000 trees which are planted and it is adjacent to our two projects and above all, I am further happy to share that our name of our founder and his wife is associated with this meaning this facility which we have gifted to meaning City of Ahmedabad at large. Of course this is invaluable gift but since you have as asked to me about cost of development. The cost of development of this facility has been roughly about Rs.5.2 Crores. Ravi would like to add further.

**B Ravi:** I think Rajendra you already have said a lot. Frankly not everything is for a profit motive and when we have projects and when there is a development going on in the area then there is something which is needed for as a community development and inclusive growth in that



so this is something which is as a part of the entire whether you call it CSR or otherwise that is something which will be ongoing one.

**Jay Shah:** Okay got it. Thank you so much Sir.

**Moderator:** Thank you. The next question is from the line of Prit Nagersheth from Wealth Finvisor. Please go ahead.

**Prit Nagersheth:** My question is regarding could you give me the breakup of the sales for this quarter how much of it was from the land?

**B Ravi:** About 88% of that is from the land and about Rs.380 Crores or so.

**Prit Nagersheth:** So of the Rs.160 Crores the top line that was recorded for this quarter?

**B Ravi:** For the quarter you are asking or the half Rajendra will give that.

**Rajendra Shah:** So if you take this Q2 or first half of FY2023-FY2024 in both cases about 88% of sales or revenue has come from land sell and from project it is roughly about 12%.

**Prit Nagersheth:** Sir my question is that should we see the contribution from the project side going up over the next two quarters or we will continue to see a similar kind of component coming from land sales?

**Rajendra Shah:** Just to answer your question yes there will be a cash flow which will be coming in from sale of residential units however since we follow a completed project method of accounting, we will not be able to recognize any revenue within next two quarters from sale of residential project however yes as I told you we have planned to launch series of residential projects in next meaning starting from next quarter itself so there will be lot of cash flow which will be generated from residential project which will in terms of revenue it will take some time to recognize because we will have to wait until completion of that project.

**Prit Nagersheth:** This recreation project are you referring to the Smile City one.

**Rajendra Shah:** No not only Smile City see in SEZ also there is series of residential project which is going to come up. Apart from that in vicinity of our SEZ project there is one planned project called Malabar Retreat, which also is going to be a premium residential project near Nirma University. Of course Smile City also will contribute.

**Prit Nagersheth:** Sir are you on track to launch Smile City by Diwali?

- Rajendra Shah:** No Diwali is just around the corner so it may take three to four months more.
- Prit Nagersheth:** Okay Smile City is basically you are targeting Q4 for launching Smile City?
- Rajendra Shah:** Yes.
- Prit Nagersheth:** Got it. Okay thank you and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Muskaan from Niveshaay. Please go ahead.
- Muskaan:** So my question is what is the improvement on clearances side and how speedy has the process become to get development clearances from the government? How is the time gotten reduced?
- Rajendra Shah:** Mustan meaning your question was not very clearly audible but as I understand you are asking how easy it is to procure approvals for construction.
- Muskaan:** Yes? How has the trends been? If it took two years to get the clearances in past four to five years how much has the time reduced now?
- Rajendra Shah:** In Gujarat obtaining or securing clearances is never an issue. We apply for permissions and if everything is right as per local laws then we generally receive approvals within say within period of two months or two and a half months. It is very unlike what generally happens in Mumbai and secondly what is differentiating here in Ahmedabad is once you receive approval it is for full construction of residential building meaning your commencement certificate what we receive is not for part of the building. It is for full building or full phase of apartment.
- Muskaan:** Got it Sir and the second question is how much are these margins sustainable?
- Neeraj Kalawatiya:** If you see traditionally we mentioned earlier also we always maintain a huge land bank and most of our land banks are often with the time horizon of more than 10 to 20 years so obviously their cost of the lands are pretty lower in the books and which is visible in our books of accounts also so because that gives us a biggest advantage in maintaining the higher margin so obviously the project which are planned for next 10 years we already have a land bank in our books as on today itself so at least for next few years we do not see any challenge in maintaining that margin.

- B Ravi:** Margins if you are wanting to refer to what has been done in this quarter or this half year then that is not the way it should be seen. If you talk about let us say weighted average margin for both land projects whether it is residential, commercial and SSZ and all that then yes 30% to 40% margins on a continuous basis is something which is sustainable. We will have the blips like when we have more of a land sale which is having a very low cost then the margins there would have jumped in that particular quarter but if you talk about an averaging it over a period of time then what Neeraj said that is the way to look at it.
- Muskaan:** Okay sir thank you.
- Moderator:** Thank you. The next question is from the line of Narendra from Robo Capital. Please go ahead.
- Narendra:** Thanks for the opportunity and congratulations on a good set of members so many of my questions have been answered but a few questions regarding out of the projects that you have already sold what amount of cash is yet to be received?
- Neeraj Kalawatiya:** Okay see roughly around we will be having around Rs.60 Crores to Rs.70 Crores of revenue which will be expecting from the sold unit.
- Narendra:** So you are talking about the cash right?
- Neeraj Kalawatiya:** Yes the balance cash which is to be received from both Malabar County Three and Malabar Exotica as well as the sale of the units from the old project which are only completed but which has been booked by the customer but yet to finish the sale deed.
- Narendra:** Okay got it and the final question regarding the new series of launches that you are planning so what kind of revenue are you looking at for the next two to three years maybe because as you said that these are long-term projects so with the medium term what kind of revenue are you expecting from these?
- Rajendra Shah:** Narendra it will be difficult to give you kind of at what stage each project will be and what sort of revenue since we follow a project completion method. Till the time project is completed we will not be recognizing any sort of revenue from that however just to give you sort of idea as to where we will be next two to three years I would say we have been maintaining this consistently that in terms of bottom line we will continue to grow at 30% CAGR however just to give a disclosure Q1 of this financial year 2023-2024 was an exceptional year and that should not be taken as a base to assess what sort of growth we will be making further.

- Narendra:** Okay got it that helps. That is it from my side. All the best.
- Moderator:** Thank you. The next question is from the line of Janak Shah from Wealth Finvisor. Please go ahead.
- Janak Shah:** Good evening Sir. Congratulations on a great set of like last six months numbers and my question was regarding Smile City? I want to know whether the location of Smile City is very near to the new Olympic Village which is like coming up in Ahmedabad in the next decade and secondly like is there any further delay expected so as you mentioned when a gentleman asked that Smile City will be launching in Q4 so any further like expected another part is that like many other developers like Arvind Smartspaces have like put in like residential schemes and they have got amazing success in the like only three days of launch, they have got a lot of like bookings so maybe Diwali would have been a good time to launch so any like comments on these questions?
- Neeraj Kalawatiya:** Thanks for your question. Coming back to your first question where you talked about the vicinity of the Olympic Stadium see the Olympic Stadium which is announced by the government is also in the Godvari itself and the land bank which they are probably allocating for the Olympic Stadium will be adjacent to our land bank only because we are holding a huge land bank of around 450 plus acre of land in Godvari itself so majority of the area of that particular town is with us only so obviously that was not part of our earlier plan when we actually have acquired the land over 12 to 15 years but now with this new development coming from the government and there will be a big focus from the central government also we see a huge price appreciation as well as the overall development of that area apart from us also and in terms of your timeline since it is a big scheme and we are now planning to launch it in a phase wise manner obviously all this background approval and all this paperwork process is already going on so and we have a traditionally history of not launching any project unless we are fully compliant in terms of our approval process so unless that in place we will not be in hurry just by seeing a Diwali or this things because we do not see any challenge in terms of selling the first phase.
- Janak Shah:** Thank you sir for your answers. Just one small question in terms of Million Mind like I believe like what is projected is a very strong annuity model and like every year whenever it is complete there will be a Rs.72 Crores rent which will be coming to the company and eventually like after when all the seven are complete it will be a Rs.500 Crores revenue. Now have you started tying up with the IT companies for the first and the second unit or like are the talks on or something concrete has developed?
- B Ravi:** Nothing concrete has developed but yes the preliminary discussions have already started and looking at the construction once it comes above the ground level and comes to the first

floor that will become even better time to talk about it but the groundwork for that building up the interactions and all that have already started.

**Janak Shah:** Thank you so much for the answers and congratulations once again on the splendid set of numbers.

**Moderator:** Thank you. The next question is from the line of Meet Rachchh from Anubhuti Advisors. Please go ahead.

**Meet Rachchh:** Thank you for the opportunity. My question was on bookkeeping so if we see the console balance sheet on as on March we are having around Rs.65 Crores of goodwill and that has increased to some Rs.224 Crores as on September so wanted to know that what is the reason for this goodwill? Is it some because of some subsidiary adjustment or something? What is the reason for this see?

**Neeraj Kalawatiya:** The goodwill is majorly contributed because we have acquired that 30% of the equity from FDI that American FDI in our subsidiary Gatil India Property Limited which is a township company so because that company was valued at the current prevalent market rate so the goodwill has been generated because of the difference between the book value and the current market value and same has been given effect in the Ganesh Housing.

**Meet Rachchh:** So this eventually will remain in the books as it is or this would be written off? What would be the accounting treatment of this going forward?

**Neeraj Kalawatiya:** It will remain in the books till the time we continue to hold shares of the subsidiary. Once we dispose of this subsidiary to other parties I think goodwill also will get write off.

**Meet Rachchh:** Okay got it and one another question was with respect to the loans and advances so that also has increased from March at around Rs.5 Crores to currently at Rs.271 Crores so wanted to know that what is the purpose for that? Is it with respect to acquisition of some land or is it some short-term parking of the funds because now that we are a cash company if you can clarify that aspect?

**B Ravi:** Meet this was already done in great detail little while ago about 10 to 15 minutes while ago while ago you were there in the queue. Yes it is for land acquisition also and as and when the acquisition happens it will keep coming onto the books. It is continuous process as we said so this has been done for that various stages of acquisition of various parts of land or in Ahmedabad.

**Meet Rachchh:** Okay got it. Thank you so much Sir. That is it from my side.

**Moderator:** Thank you. The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

**Puneet Gulati:** Thanks for the follow up opportunity. My first question is if you can talk about what kind of pricing growth are you seeing in the city right now in last one quarter and also if you can give some context against last one year so that is number one?

**Neeraj Kalawatiya:** Overall if you see in Ahmedabad market there is a price appreciation of 4% to 5% which happen on the residential side.

**Puneet Gulati:** This is last quarter?

**Neeraj Kalawatiya:** Over three to six month time because price appreciation never you cannot certainly say whether it happens in one month or two months so overall when you compare during the current financial year already there has been appreciation of 4% to 5%. In terms of commercial the rental has actually surpassed the pre COVID level so that is the one area where the significant jump has happened. If you compare with the pre COVID to current level the rental were gone down by around 30% to 35% during COVID time on commercial side. Now it has surpassed that rate as in the current financial year so which you can easily say it is now the growth in commercial rental is around 35% over last three years.

**Puneet Gulati:** Sorry when you say commercial do you mean office or do you mean the retail shops?

**Neeraj Kalawatiya:** Offices.

**Puneet Gulati:** Office okay and what is the average rental there?

**Neeraj Kalawatiya:** Sorry average rental is around Rs.40 is currently going on a super built up portion. Around Rs.40 to Rs.45 if you say.

**Puneet Gulati:** And in the similar context can you also talk based on your last price of Malabar Exotica what are the resale transactions representing in terms of prices basis?

**Neeraj Kalawatiya:** See in Malabar County Three we are selling at a rate of Rs.3300 to Rs.3500 which is now reselling at more than Rs.4,000 and in Malabar Exotica we were selling somewhere around Rs.3700 to Rs.3800 when we launched this project. Now currently they are reselling at more than Rs.4,500.

**Puneet Gulati:** Okay so your last selling price was Rs.3700?

- Neeraj Kalawatiya:** In Malabar Exotica is now Rs.4,500.
- Puneet Gulati:** But you have already sold everything right?
- Neeraj Kalawatiya:** We have sold so we do not have anything to offer. These are the inquiries which keeps coming on to us also that anyone want to sell let us know and we get to know the resale prices from the market only.
- Puneet Gulati:** Correct so Rs.4500 is resale price versus Rs.3700 is what would have been your last selling price for the project?
- Neeraj Kalawatiya:** Yes. The last selling price was around Rs.4,000 so the Rs.3700 was a launch price.
- Puneet Gulati:** Okay and that was what two quarters back?
- Neeraj Kalawatiya:** That was in August 2021 we launched this project.
- Puneet Gulati:** No when did you last sell the last unit from your side?
- Neeraj Kalawatiya:** That project was sold off in last year itself.
- Puneet Gulati:** Right okay so Rs.4,000 essentially going up to Rs.4500 in about a year or so is that?
- Neeraj Kalawatiya:** Yes.
- Puneet Gulati:** Okay the second question is you also acknowledged in your discussion that the approvals is not such a big problem then what has been the reason behind not launching anything new so far?
- Rajendra Shah:** So there are two to three reasons. One is we see there are two very large projects for which master planning and doing overall development of project how it will go is something what is being worked upon for Smile City or township project and SEZ project and SEZ also we have already started with development of phase one of commercial. Now we will be starting with phase one of residential part of the project in SEZ. That will be happening very soon. The other reason is that we were to start construction and sale of some of the projects at various locations however we were given such juicy offers for sale of land by local developers rather than we thought meaning selling land was making us more sense than developing project and recovering profit from that.

**B Ravi:** Further to that Puneet, further to what Rajendra just said see a project as you know well begun is half done as they say so most of the time the best of the time should be spent on planning and optimizing the per square feet realization and as well as giving the best output to the customers so that is what Ganesh has been known for. After the launch you see that the projects are normally completed definitely on time but many times before time so I think it is good that the entire planning is happening first before even a first the spade that we call is dug in the ground so I think that is what has been happening. Once done it will get realized very fast. That is all I can say.

**Puneet Gulati:** I appreciate that so just coming back to selling of land versus simultaneous purchase of land in other locations how are you making that judgment call so basically the place where you are selling those places have over appreciated in your view and whatever you are buying in terms of land that you still think has potential to appreciate?

**B Ravi:** Yes I mean that is quite the right way to understand it.

**Puneet Gulati:** And why is there a difference there?

**B Ravi:** Pardon me.

**Puneet Gulati:** Why is there a difference?

**B Ravi:** No locations could be different. What we had bought earlier that would have matured for sale and what we are buying now could mature for sale maybe year to two years. Sometimes what happens is the appreciation happens very fast. Sometimes it takes time. For example in Ahmedabad it took four years for really everything to go in the middle because there was lull, but for the last two to three years it has really been going up so what was not done let us say for 10 years suddenly in three years everything else has gone by three to four times so these things can happen but the process of acquisition and sale is not necessarily in the same area. Acquisition would have happened earlier and sale happening now. Some places yes acquisition and sale can also happen in very quick time but apart from that whatever land has already been year marked for development let us say the SEZ is there or Malabar Retreat or Exotica or Smile City all those things will continue the same way. Apart from that whatever other about 50 acres and odd are there 52 acres to 62 acres that can always be used for such kind of leveraging and such kind of an opportunity. I hope I hope I have answered your question.

**Puneet Gulati:** Yes so the recent land purchase is it meant for immediate launch or is there intend to land bank the way you did 20 years back which has become a gold mine now is the thought process similar?



- B Ravi:** Yes normally it is for projects to be launched over a period of time not immediately because there the appreciation and the realization really does not come so fast because you acquire at a very high price and then you cannot price your output of let us say like the house or something in the similar manner just because you have bought a land at a high cost but the same if you wait for a few years then all these other developments which are happening in the infrastructure and all around maybe including the Olympic if we can get that then these things what you feel has been bought at a high price now will actually turn out to be a very good price maybe five years later. That has been the main stay of Ganesh Housing all these years. Sitting on a large land bank has helped them not only to sell that to ensure that immediate cash flows and debts and all that can be repaid but also launch projects which can be highly profitable as and when they come.
- Puneet Gulati:** Understood that is great. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Anil Thakkar from Jalansh Advisors. Please go ahead.
- Anil Thakkar:** Sir good evening to you and congratulations on a good set of numbers. My only question was what was the area of land sold in H1 FY2024 versus H1 FY2023?
- B Ravi:** Just getting out the details just hold for 15 seconds please. The area sold in H1 of.
- Anil Thakkar:** Current H1 and previous H1?
- Rajendra Shah:** Yes. We have sold roughly about 2,50,000 square meter of area in first half of FY2023-FY2024. I do not have figures to quantify for first half of last financial year to give you comparable.
- Anil Thakkar:** That is okay. I will take it at offline. One more just a small clarification that our total land area is around 500 acres right land bank that is?
- B Ravi:** Roughly yes.
- Anil Thakkar:** And out of that around 450 acres land is in Godavari is it correct?
- B Ravi:** Yes that is right.
- Anil Thakkar:** Okay that is it and all the best.

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

**Rajendra Shah:** Thank you ladies and gentlemen for joining us on this Q2 FY2023-FY2024 call. On behalf of my team and Ganesh Housing Corporation Limited we wish you all the best for future coming festivals. Thank you all.

**Moderator:** Thank you. On behalf of Go India Advisors that concludes this conference. Thank you for joining us and you may now disconnect your lines.