



“Ganesh Housing Corporation Limited  
Q3 FY '24 Earnings Conference Call”

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**MODERATOR:** **MR. RAJAT GUPTA – GO INDIA ADVISORS**

**Moderator:**

Ladies and gentlemen, good day and welcome to Ganesh Housing Corporation Limited Q3 FY24 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participants line will be in 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 star then zero on your touchtone phones. Please note that this conference is being recorded.

I now hand over the conference to Mr. Rajat Gupta from Go India Advisors. Thank you and over to you, sir.

**Rajat Gupta:**

Good afternoon everyone and welcome to Ganesh Housing Corporation Limited Earnings Call to discuss the Q3 FY24 results. We have on the call with us today Mr. Rajendra Shah, 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 rest that the company faces.

I now request Mr. B. Ravi to take us through the company's business outlook and financial highlights, subsequent to which we'll open the floor for Q&A. Thank you and over to you, sir.

**B. Ravi:**

Thank you, Rajat. Good afternoon everyone. I extend a warm New Year wishes to all of you and also the season's greeting. Uttarayan has just gone by on behalf of the entire Ganesh Housing team. We thank you all for joining us on this call as we delve deeper into the Q3 results. You must have had an opportunity to go through the earnings presentation which was posted on the website a little earlier today.

I'll take you through both the numbers as well as the scenario in the real estate. In the recent few quarters, we have witnessed noteworthy trends and developments that underscore the resilience and potential of the local real estate sector here in Ahmedabad, especially with the emergence of more and more developments towards the central part of the city, the new CBD and the GIFT city. A recent report by the real estate consultancy, Knight Frank, has highlighted robust performance in the Ahmedabad real estate sector.

The data indicates a noteworthy 15% surge in housing sales throughout 2023 compared to the previous year. Furthermore, the city achieved a substantial 8% uptake in the new housing project launches, reaching a decade high of 22,500 units in 2023. The research highlights a transformation in the real estate landscape of the city, showcasing a growing preference for residential entities priced between INR50 lakhs to INR1 crores.

These compelling statistics underscore the city's resilience and the growing demand for housing projects. And this reflects automatically positively on our market positioning and strategic initiatives. The market dynamics continue to evolve, presenting both challenges and opportunities that we have strategically addressed to drive substantial growth all these years.

Furthermore, the Ahmedabad residential real estate market is poised for substantial growth and sustained growth this year, buoyed by factors such as high affordability, relatively low prices per square foot, and an increasingly favorable local economic development and environment.

These factors serve as compelling drivers that are expected to bolster market volumes in 2024 as well. Coming to the operational updates of Ganesh Housing's ongoing and upcoming projects, the construction of Million Minds Phase 1 commercial project, that is the IT SEZ Phase 1, is progressing smoothly, in fact, higher and better than expected.

And we are pleased to announce that the project has already achieved a 30% completion milestone. Furthermore, our steadfast commitment to meeting the target completion date remains on track. Probably, like in every other project, we may even finish this project well ahead of schedule.

In addition, preliminary discussions have been initiated with Tishman Speyer regarding the marketing and business development of Million Minds Phase 1. More comprehensive information on this collaboration will be provided in the upcoming quarters as and when there is more progress. Simultaneously, recent developments in both the processing and non-processing areas of GIFT City have sparked increased vibrancy.

The government's strategic plan to attract IT industry directly benefits our special economic zone also. And the recent announcements of the Prime Minister regarding making Ahmedabad also an IT sector really speaks well for our IT SEZ2. This diversification of permissible activities, including the allowance for liquor sales in GIFT City, has led to a surge in demand, presenting a promising outlook for future growth and opportunities even within our operations.

Maybe similar changes could be expected in SEZ also going forward, they say. Recently, we conducted the groundbreaking ceremony for another upcoming premium residential project, Malabar Retreat, as highlighted in the presentation. The plan approval for this project is currently in progress, and we anticipate its official launch in Q4 of this financial year.

Situated near Nirma University campus and also close to our existing projects. The more comprehensive details regarding the value, the construction cost, and all that will be shared once we announce it. It is worth noting that Malabar Retreat is an addition to our previously mentioned upcoming projects, pipelined on slides 10 and 11.

This is an additional one. The launch of this project amplifies our enthusiasm as we strive towards providing an outstanding experience to our customers in Ahmedabad. Ongoing residential project Malabar Exotica is now nearing an impressive 96% completion, with full finalization anticipated in Q4 of 2024.

This accomplishment reflects our unwavering commitment to our investors, demonstrating a consistent track record of delivering projects before the stipulated timelines. This success story is not just about meeting expectations, but exceeding them, made possible through the strategic incorporation of cutting-edge technology and the utilization of efficient precast construction methods. Now I'll move on to the key financial and operational highlights in Q2 and the nine months.

The Q3 FY24 revenues came in at INR183 crores versus INR67 crores in Q3 FY23. Nine months figure for the same period, this period, has grown by 41% to INR618 crores. We have

achieved a remarkable 216% growth in EBIDTA during this nine months, totaling to INR477 crores.

And the Q3 EBITDA witnessed a strong 192% year-on-year increase, reaching to INR138.6 crores. The path also saw a substantial growth. In Q3, the path grew by 3.3X, reaching a INR100.6 crores mark. And the nine-month path was a phenomenal 5.5X growth year-on-year, amounting to INR348 crores. This is the highest path ever on an annualized basis also. So we have never got a INR350 crores, which we have achieved in nine months, even on a yearly basis.

The debt-free status of the company continues, and the cash positive situation is still there. With a peak debt of INR650 crores, now we have a cash surplus of over INR55 crores, in spite of spending all the money on the construction of existing ongoing operations and projects. In conclusion, we have presented a comprehensive plan, as you have seen, encapsulating our expansive upcoming projects in our presentation, covering an impressive 30 million square feet.

The prevailing trends of consolidation on corporatization overwhelm for established players like us. With a robust brand, an innovative product portfolio, prudent capital allocation, a strong balance sheet, and a commitment to operational excellence, supported by existing governance structures, [Ganesh] Housing is well-positioned to sustain its trajectory of profitable growth. Looking ahead, we are enthusiastic about further expansion to our phase of exit debt and additional residential projects on our existing land banks.

With these developments, I now open the floor for any questions. Thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. We have our first question from Amit Agarwal, Nuvama Wealth.

**Amit Agarwal:** Hi, sir. Congrats for a good set of results which you have. Definitely, on your very strong set of results. In the case of your order, what is [NOAS] -- and revenues, how much has come in from sale of land and how much has come in from completion, that is recognition of completed projects, which is normally your revenue recognition methodology?

**B. Ravi:** It's a substantial portion from land. It's about over 90% and more. And the completed projects, as you know, there was only one which was -- the balance sale of which, had to be done, this quarter. That's about 5% to 8%.

**Amit Agarwal:** So, when will the revenue recognition actually kick in for the projects which are there because there are a lot of projects which probably are going to be recognized over a couple of quarters?

**B. Ravi:** Yes, so the project which is 96% complete, that is Malabar Exotica, will be, the recognition of the revenue will partially probably happen in this quarter itself, that is Q4 of FY'24. And probably it might spill to the first quarter of FY'25 also. And the other projects, let's say the SEZ or any other projects, will happen thereafter. So the current projects which are to be -- the revenue is yet to be recognized, which is on ground, is the Malabar Exotica immediately.

- Amit Agarwal:** Sure. And my have a final question. What would be your cash flow from operations for this quarter?
- B. Ravi:** The entire thing. See the patch effectively has transferred into cash flow from operations.
- Amit Agarwal:** No depreciation? Or --
- B. Ravi:** No, there is hardly any depreciation. There is a very miniscule amount of depreciation. And the cash flows, of course, from the previous quarter were also there which were used for our projects and therefore still gives us a cash balance of 55 as I said.
- Amit Agarwal:** How much cash balance would you have?
- B. Ravi:** INR55 crores as of now, as of December.
- Amit Agarwal:** I will come back in queue for further questions. Thanks a lot.
- B. Ravi:** Yes. Thank you.
- Moderator:** Thank you, sir. We will have next question from the line of Jay Shah from Dollar Capital. Please go ahead, sir.
- Jay Shah:** Hi, sir. So there are a couple of questions. First would be what would be the cumulative land sales in nine months of FY'23 versus complete, versus FY'22? And where are these land parcels located and what would be average price to acre at which these land parcels are sold? And secondly, from the cash inflows from these land sales, how much incremental land would we have purchased in FY'23?
- B. Ravi:** Well, I will take the first question first. Cumulative land sales this year has been about 60 acres or so. 60 acres the entire period, I think the first and the nine months. This quarter is about 20-21 acres and prior to that around 40 or so. So, it's around 60-70 acres is what we have sold in nine months. And the corresponding one, see I think it was much lesser. Around the same or a little lesser in the FY'22 part.
- I don't have the immediate numbers for the previous year as such, but I think cumulative this has been around 40-50 acres also last year. So, somewhere around close in the nine months to nine months period. The average price is very difficult to say because it ranges. You know, it depends because the land has been there at various places it has been sold. Some of them have got acreage of around INR8.5 crores, for example. And some may be lesser or more than that.
- So, we don't have -- we don't really take an average part sales value per acre because that really doesn't help in understanding it because these projects or this land could be at various places. And therefore, we don't calculate that at all. What was the other question? Regarding the cash flows sales right?
- Jay Shah:** Yes, from the cash inflows from these land sales, how much incremental land would have been purchased in FY'23?

- B. Ravi:** Purchase of land has been, not FY'23, you are talking about FY'24. This nine months, right?
- Jay Shah:** Right, right. Yes.
- B. Ravi:** Yes. So, that is an on-going process. I think we would have added various stages of acquisition happening even as of now. So, as much as we have sold, probably, we would have even been acquiring and at various stages. So, even today, as we speak, we do have about 550 acres of land. And this may be talking about last year. So, on-going, it's an on-going basis but acquisition of land and sale of land as a part of our vertical, it's an on-going process.
- So, we keep adding land and we will be doing it even the current year. And probably, at the end of the year, we will be able to tell what has already come on the books and what is the amount which has been paid for or which are there at the various stages of acquisition.
- Jay Shah:** Okay, okay. And also, I have one more question and this new project that we have outlined in the presentation, Malabar Retreat, why was this not presented earlier in the upcoming project details? Also, is this something new that we have planned recently or any other specific reason?
- B. Ravi:** No, it is actually not a new project, but the development in that was a little slower than what we had anticipated. And therefore, we didn't announce it along with the other projects at that point in time. But now, a lot of work has gone into it. And therefore, it has come to a stage wherein we can be more confident about announcing it.
- And that's the reason why we have done the groundbreaking and we can be sure that approvals will come in this quarter and we can launch it officially in this quarter itself. It was always there on the cards, but nothing substantial had come in, so to allow us to really say when we can announce that.
- And that's the reason why we did not. Now that we are confident that it will come in this quarter, we have done the groundbreaking.
- Jay Shah:** Okay, okay. Fair enough, yes. That's it from my side. Thank you.
- B. Ravi:** Thank you.
- Moderator:** Thank you, sir. We will have our next question from the line of Eesha Shah from Axis Securities. Please go ahead.
- Eesha Shah:** Hi, thanks. Good afternoon. My first question would actually be what segment are we looking at for future demand? Like for the previous year, we saw demand in the premium and upper scale sector. Going forward, do we see more demand towards luxury sector or more affordable segments?
- B. Ravi:** This has been, as I told in the, earlier in the speech itself, I think the demand for more affordable is one which is not in the affordable. It's actually going towards the premium side is increasing. And therefore, we see and our concentration also has been on the mid and premium

segment and not on the affordable, if you see. All our projects are there upwards of INR1 crore.

Therefore, I think the demand what we have been seeing has been going towards more, a crores and more, so, that I would call from an Ahmadabad standard as a premium segment or mid-segment. The affordable has its own pockets of growth and development. At this point in time, we are not looking at it. And therefore, we won't talk about it.

But if our project, let's say the Exotica, the let's say the [Inaudible], which is going to come about, the Retreat one, is definitely a premium residential project. Or the one which will come in SEZ, is going to be a premium residential project. And there's a lot of demand for that now.

**Eesha Shah:** Okay. Also, one more question would be, do you see any more key players entering the Ahmedabad market? And if so, what segment would they be entering in?

**B. Ravi:** There are existing players only. And we are not seeing any specific new players coming in, except for one or two pockets like the SEZ and all the south construction companies have come, and one of them. Ahmedabad has got a very good set of the developers. And headed by, and the leader being Ganesh Housing. So, I think we have our good developers and they will continue to develop. Each person normally is very strong in their city.

And therefore, if you see construction and developing companies have been quite committed in their respective cities. And we see the similar thing happening in Ahmedabad. And a lot of them are there in different pockets of Ahmedabad and each are there in the commercial as well as in the residential sector.

But I would dare say that none of them are exactly in the same way as well balanced as Ganesh Housing in terms of both residential and the commercial. Especially the new project that we are looking at is really very well balanced.

**Eesha Shah:** Okay. Thank you.

**Moderator:** Thank you. We will have our next question from the line of Rishith Shah from Nuvama Wealth. Please go ahead, sir.

**Rishith Shah:** Yes. Thanks for the opportunity. Good evening, sir. A couple of questions. Firstly, on the bookkeeping side. So, if you can just give us some figures to the presales of the bookings that we have done in FY'23 and in nine months of FY'24?

**B. Ravi:** Presales is, you know, there are no new projects of the residential that we have launched. So, all the pre-sales was already in FY'23 itself. Only the booking of that, the completion projects happened in FY'24. There has been certain soft commitments at various places of our existing projects. And those soft commitments is not something which we can really say as presales till the time the project is launched.

So, I would want to really address that. But yes, I can only say that there is an anticipated or expectation, high expectation on any project which is launched by us. And therefore, we do

believe that even the Retreat has seen great anticipation. Once it's announced, probably we can tell how much has already been sold.

**Rishith Shah:** Correct. Got it. And just, sir, if you can add FY'23, the bookings or the presales number in terms of square feet or value?

**B. Ravi:** I can, Rishith, I can get back to you on that. I don't have it as off-hand, please.

**Rishith Shah:** No problem.

**B. Ravi:** Rajat can note it down, please.

**Rishith Shah:** Done. Okay. And secondly, you said we are kind of in discussions with Tishman Speyer. And you would kind of not like to add more details on that in this quarter but if you can just give out some brief strategy?

**B. Ravi:** Yes, the work given to Tishman was both on the project management and in ensuring that the construction comes up as planned and in time, which is going extremely well. Now, the other work given to them, the assignment was of trying, getting us good tenants and good clientele, especially the anchor clients in the SEZ. That is the work which is pending, on-going right now.

And there have been people who have approached or have been, been talked to in terms of attracting them through the SEZ. Because we don't have anything at this point in time to announce any specific names for want of specific arrangements with them or for confidentiality sake, I will not be giving names.

But a lot of work is going on that side to ensure that the project which is going, as I said, ahead of schedule, by the time the project completes, we want substantial interest in terms of the tenancy there. And so, therefore, very good work and fast work is going on from Tishman's side on that aspect. That's the only thing which I can tell you at this moment.

**Rishith Shah:** All right. Great to hear that. And basically, on the future development potential per se, so we actually have a -- for the projects that we have already announced, that is the two projects in Godhavi and near the SEZ. So we have around 30 million square feet that we have kind of already announced and working on that. And the potential that we see of the current land bank would be around 40-45 million square feet. So you would definitely be announcing projects over that area in a year or so.

**B. Ravi:** Yes. Correct.

**Rishith Shah:** So beyond that, what kind of, I mean, do we look to outright acquire land and add more projects or do we think of partnering with landowners, any kind of strategy over there right now?

**B. Ravi:** Traditionally, and all these years, it has been done on our own. There is no partnership which has really happened in terms of joint development and all that. But that's not something which can be ever ruled out. There's never say, no kind of those things. But we do have a land bank



and the land bank is continuously being acquired also. So we do believe that a lot of development and activities can be done in-house and together to ourselves.

But yes, in future, if any such opportunity comes up wherein our brand can be utilized to even do projects on a joint basis, we are open to that. It's not a shut-down kind of thing.

**Rishith Shah:** Right. Great to hear. That's all from my side. Thank you so much for the good --

**B. Ravi:** Thanks.

**Moderator:** Thank you, sir. We will have our next question from the line of Mayur Liman from Profitmart Securities. Please go ahead, sir.

**Mayur Liman:** Yes. Thank you for the opportunity and congratulations on a good set of numbers. My first question is, is the Smile City 1 project in Godhavi going to be launched in Q4?

**B. Ravi:** No, it would be -- we had said earlier, it would be the first half of FY'25. So, not by March, but maybe thereafter.

**Mayur Liman:** Okay. Given the real estate demand -- the demand and the price appreciations, how much cash booking value do we expect from this project? Is it still the same INR500 crores or any upside to this?

**B. Ravi:** If you go by the present value, yes, from the time when we gave this number of INR500 crores, and now things have moved up, there is an appreciation. But I would wait for the project once it is launched and once the bookings have started. At that point in time, we will probably be able to tell you the price points better. But yes, you're right, there has been demand and the price appreciation in the last one year since we have talked about the project.

**Mayur Liman:** Okay. And my next question is, how do you see the emergence of GIFT City impacting the real estate demand in Ahmedabad? Given that Ahmedabad is still one of the most affordable of the big cities, do you see the more projects and more developers rushing through? Any plan of launching residential projects near the GIFT City?

**B. Ravi:** No. At this point in time, we have enough on our plate in terms of the land and the projects already announced. This part of it, that is the CBD new area that is the Nirma University area, which is very -- of course, very close to GIFT City as such. So I think the kind of development which will happen -- on the GIFT City will actually speed over to the areas that we are working. So I think we should finish these projects, which are there for at least the next three, four years, we have enough to go on.

So as of today, there's nothing which we are looking at specifically. The demand generally has been high, GIFT City or no GIFT City across Ahmedabad, that development has happened in the real estate across Ahmedabad, especially in the areas where we have been working, whether it's the west part of Ahmedabad or the north-central part of Ahmedabad, that is that Nirma University site. So I think if an opportunity comes up sometime later, we may look at it. But at this point in time, no, we don't have anything on hand, in the GIFT City that is.

- Mayur Liman:** Thank you so much, sir. That's all from my side.
- Moderator:** Thank you, sir. We will have our next question from the line of Vignesh Iyer from Sequent Investments. Please go ahead, sir.
- Vignesh Iyer:** Good evening, sir. My first question is, I'm wondering what is our total project sales value when it comes to Malabar Exotica.
- B. Ravi:** The sale value?
- Vignesh Iyer:** Yes.
- B. Ravi:** INR150 crores.
- Vignesh Iyer:** Okay, INR150 crores. And also I was wondering what would be our breakup of land when it comes to the land that are already under -- that is being utilized for our project and land that is available for sale.
- B. Ravi:** So the SEZ area of 60 acres is under development. The Smile City of 450 acres is under development. That leaves us with more than 40 acres, 50 acres, which are there. Some of them, one or two projects will come up in the future. So we do have -- and we are in the various stages of acquisition of land, as I said. So if you ask me at this point in time we could have anywhere between 40 acres, 50 acres which are not yet announced as -- on any project plus any acquisition that is coming up.
- Vignesh Iyer:** Right. And if I'm not wrong sort of like you had said it, we are thinking -- I mean, your area of work is quite restricted to Ahmedabad and nearby areas. Have you thought of expanding to other areas within Gujarat...? So I was saying, as your operations are more or less limited to Ahmedabad majorly, are you -- with the amount of investments that have come recently after the Gujarat Summit, right? have you thought about expanding your operations to other smaller cities probably which have a potential to be one of the top tier cities in the coming years?
- B. Ravi:** We do look at certain opportunities that have come our way. We have evaluated a couple of projects. And if something comes up, really interesting, it might happen. But at this point in time, as I said, so many -- 30 million square feet, which we have to develop in the next five, seven years, might leave very little room for trying to expand right away. But yes, as I said, if something very interesting comes up, like it had come up earlier and we have evaluated and chosen not to go, we might do that. I mean, it can't be -- it cannot be ruled out absolutely, but nothing as on card in the near future.
- Vignesh Iyer:** Okay. Just one last question from my side. If you could, as things stand, could you guide us on how our pre-sales could look for FY'25 or FY'26? What is -- I mean, when it comes to in terms of square feet and value, right, what are the internal assessments says for the pre-sales value?
- B. Ravi:** You really have to see the presentation where we have said that various projects -- various phases are being announced. Let's say, we are already working on SEZ Phase 1, that is the

commercial market, which is going to be probably completed, as I said, well ahead of schedule, FY'25 or FY'26 for sure, okay, maybe even FY'25.

So that will start yielding us the rental revenue from the next year onwards, FY'26 onwards itself. And then there's a residential project of SEZ which will be commenced, let's say, probably in the first quarter of FY'25 itself. Now that will be only once it is completed, the project is completed, maybe a couple of years thereafter.

So in terms of the sales, yes, once the project of residential is announced or this project of Retreat is done in the first quarter, at that point in time, we'll have all the pre-sales numbers and we'll be able to tell you. At this point in time, it's good enough to be saying that both this Malabar Retreat project and residential put together, which is almost 1.8 million square feet, will deliver into sales in the -- from starting FY'24 itself.

**Vignesh Iyer:** Right. That's all from my side and all the best. Thank you.

**B. Ravi:** Thank you.

**Moderator:** Thank you. We have our next question from the line of Aayush Rathi from IDBI Capital. Please go ahead.

**Aayush Rathi:** Good afternoon, sir. Congratulation on a good set of numbers...

**Moderator:** Mr. Rathi. Your line is not clear. Can you please use your handset?

**Aayush Rathi:** Is it better now?

**Moderator:** Yes, it's good. Go ahead.

**Aayush Rathi:** Yes. Congratulations, sir, on a good set of numbers. I just had one question on the precast technology, which is used in the real estate space, I just wanted to know that if you are making it by our own or outsourcing that technology.

**B. Ravi:** No, it is outsourced. It is bought from outside. We use it substantially, but not -- we don't do -- we are not into that. We outsource it.

**Aayush Rathi:** Okay. So could you name any company like who you are outsourcing it from?

**B. Ravi:** I think there are couple of companies, and there are -- actually very few companies were named in the precast, so there's only a couple of companies. We have one located very close to Ahmedabad itself. And therefore -- and he has been performing extremely well. So we've been considering within. But there are a few companies in India who do that.

**Aayush Rathi:** All right. That's all from my side. All the best for the future.

**B. Ravi:** Thanks.

**Aayush Rathi:** Thank you.

- Moderator:** We will have our next question from the line of Janak Shah from Wealth Finvisor. Please go ahead.
- Janak Shah:** Sir, congratulations on excellent set of numbers. Now I have just one question about the commercial property, like it was mentioned that there is a commercial property on SG Road, which is growing like to have an INR1,800 crores top line for the company. So when would that project be announced? And secondly, like our sales should be in the region of INR800 crores this year. Should we assume that by the next year, it should cross INR1,000 crores mark?
- B. Ravi:** Well, I would definitely want you to be continuing to say this. Yes, if well-wishers are there, INR800 crores and INR1000 crores. I wouldn't want to give any particular guidance on the next year's numbers, because we normally don't give any kind of specific guidance. And on the other question, yes, we have a very good property, which we are working on. And just as we could not announce the Retreat till the time we have, I think, absolutely clear that we'll be launching it. That's the reason why we have not been talking about the project. But yes, it is absolutely on the cards and, God willing, which will be done pretty soon.
- Janak Shah:** Can we assume that when the Smile City is launched in Q1 '24-'25, then that project also would be like launched in the similar timeframe?
- B. Ravi:** I definitely hope so. But as I said, I think let's wait for this quarter, maybe FY'24 results when we give by May, if there are substantial developments to our satisfaction, we'll talk about it for sure. But I would say that it's not been dropped, it is very much on the cards.
- Janak Shah:** Thank you, sir. Thank you so much.
- B. Ravi:** Thank you.
- Moderator:** Thank you. We will have our next question from the line of Neeraj from Wisdom Finest & Consultancy. Please go ahead.
- Neeraj:** Hi. So I was just going through your presentation and where this is mentioned that every phase of the SEZ cost around INR285 crores to build. That's correct?
- B. Ravi:** Sir, please come again. I couldn't get the question. I'm sorry.
- Neeraj:** I said every phase of the SEZ is costing us INR285 crores to build...
- B. Ravi:** Yes, correct.
- Neeraj:** And cash balance as on date is around INR55 crores, so -- and the presentation expressively says that we are not going to raise any more debt for -- any debt for construction work. So how do we fund the balance INR230 crores? This is going to be leasable. This is not going to be sold, right?
- B. Ravi:** Absolutely. So let me give you the numbers. INR285 crores, yes. Now we have already spent about INR120 crores on that from our existing cash flows and profits, which we have already

earned this year. So that's only INR165 crores and we still have INR55 crores. That leaves us with about INR100 crores-odd of the cash required for this project. Now that can come from the next quarter's profitability probably. And also when we'll announce any residential project, which we are anyway going to do in the first quarter of FY'25 as well as the last quarter of this year itself, that will also give us cash flows from that portion for those two projects, we should be more than adequate to fund this phase of INR100 crores more.

**Neeraj:** But sir, I think with the -- this practice was very well taken and was accepted...

**Moderator:** We have lost the connection with Neeraj.

**B. Ravi:** Sorry, I lost you in between. You said this was a practice very well accepted. After that I lost you.

**Moderator:** Sir, we have lost Mr. Neeraj's connection. We will have our next question from the line of Mukesh from Moonshot Venture. Please go ahead, sir.

**Mukesh:** Okay. Thank you for giving the opportunity, sir. Speaking from the past participant itself, your IT SEZ which is putting INR285 crores and your lease will be around INR22 crores. Do you see that these numbers would be sustainable going forward?

**B. Ravi:** Yes, this number can only increase. The lease we have taken it on the current lease price and the kind of customers we might be getting there and a lease when we actually give it out, let's say, a year later or 1.5 years later from now, we will definitely achieve this. It could be higher, not lower.

**Mukesh:** Okay. When you say that you will get all amount in next financial year, you feel that the utilization will be as high as 100% within first year?

**B. Ravi:** Sir, please repeat.

**Mukesh:** When you -- in earlier comment, you said that the utilization of that lease will be around 100% in next financial year after the commissioning of this project. Do you feel that the utilizations will be as high as 100% in first year itself?

**B. Ravi:** Yes, we do expect that. But yes, even if not there, 60%, 70% definitely will be there, and that means substantial portion of it. And that's the reason why we have started to work on that one year ahead of what it can be delivered, actually the projects can delivered. So one year's time and that too for the like of Tishman is something which can be -- it's good enough for ensuring that we have a good rental coming in from the first year itself.

And sometimes what you can take is the first year can necessarily not mean the financial year to financial year. Let's say if you start the lease rentals, let's say, June or so, we might even be doing it June to June, let us say and still it will be 100%. So it may come half partially in the one financial year, partially the other. But on a 12-month period, yes, 100% rental can be done after it is launched.

- Mukesh:** Okay. But as per your presentation, it shows that you will be putting -- every next year you will be putting the same supply in that same area? Do you think it is sustainable enough to do that?
- B. Ravi:** Well, frankly, if you ask me, leaving aside modesty, we feel more exuberant than when we did last year. At that time, there could be some questions still. But the kind of development which has been happening in Ahmedabad and the kind of announcement that is coming up from the center as well as the state and from the traction that we have been receiving from really good IT players, we do believe that it's going to be more possible than ever before.
- Mukesh:** Okay. My final question on commercial side is that you will be maintaining around 70%, 80% of EBITDA from that?
- B. Ravi:** 70% EBITDA, you are saying?
- Mukesh:** Yes, 70% EBITDA on the lease. Around 20% of the expenses you will be paying?
- B. Ravi:** Yes, that is absolutely correct.
- Mukesh:** Okay. That is all from my side. Thanks a lot.
- B. Ravi:** Thank you.
- Moderator:** Thank you. We will have our next question from the line of Majid Ahamed from Smart Sync Investment Advisory. Please go ahead.
- Majid Ahamed:** Yes. Very good set of numbers, sir.
- B. Ravi:** Thank you.
- Majid Ahamed:** My question is that, it has already been asked, the question on Tishman Speyer. I just want to have more insights on it? So, by having a tie-up with them, are you getting some international clients? International clients are coming in or how do you see the synergy? Is it working well in terms of the marketing?
- B. Ravi:** Yes, it would be international clients for sure. It would be international clients for sure. With their name associated and the kind of quality they are known to deliver. And together with that, Ganesh Housing's extremely good brand value, that's a winner in terms of attracting the best of the companies into this. So, yes, they have a penchant for getting some of the best tenants, frankly. And they have done that world over and they have done that in India also, in Hyderabad, in various places.
- So, we are confident that they will be getting us international players. And there are various developments which are happening in the IT SEZ that rules with self. And we believe that even in a lot of local players and the service industries which will come, all that will ensure that it will be in good demand. All these announcements we are doing will be in good demand. Both from international players and also the local players including the service industry.

- Majid Ahamed:** That's great, sir. And is the margins that you are giving at present, is it sustainable over the coming quarters or do you see any sort of headwinds or any problems? Is there any risk?
- B. Ravi:** Margins are sustainable. As we speak also, what planning we should have done for the next six, nine months. And we do believe that this kind of numbers we have will probably be achieved and the margins could be sustained. Give or take, it can happen. It's something which need not happen every quarter on quarter in the same manner. But on a 12-month period, yes, I do believe that we will be, exceeding whatever we have performed this year.
- Majid Ahamed:** And last and final question, like the company is also looking like making sure that there is investment in technology. What type of different initiatives that you are planning apart from the home IT and other plans like including infrastructure especially in the IT? In the IT in the sense, in terms of the construction and making the processes better?
- B. Ravi:** So, the infrastructure development on the building side, the various technologies that we have, both the precast and the other technology that we are doing is definitely world class. So, therefore, that will continue. On the other side, that is the home segment, the tech involved is tech in terms of the accessibility and in the house itself.
- The tech in the house, that kind of tech is used because no other place, does tech play a real part in a construction industry. And the way we use tech is for the digital marketing. Most of the selling happens with, either digital marketing or word-of-mouth or by references. Hardly any marketing costs are incurred in selling.
- So, that's where we do the social media or tech. Tech we use in the buildings in terms of construction. And tech we provide in terms of the accessivities and the facilities in the houses. Something like close to the AI-enabled homes kind.
- Majid Ahamed:** Is it IoT-enabled? Is it IoT-enabled in houses?
- B. Ravi:** Yes, accessibility is IoT-enabled. And, those are the things which are there, even in houses. So, for example, AC and those things, like what you have in the air-conditioned, all that can be operated at one touch, those are the things which are there. This is something which normally are not given till the time it's in a very high premium segment. That has been translated to be given in even mid-segment also by Ganesh also.
- Majid Ahamed:** Okay, all the very best. Thank you.
- B. Ravi:** Thank you very much.
- Moderator:** Thank you. We have a follow-up question from the line of Neeraj. Please go ahead, sir.
- Neeraj:** Yes, sorry, sir. Actually, I got disconnected when we were discussing. So, you basically said that around INR100 crores of cash flow that will come from other projects.
- B. Ravi:** Yes.

- Neeraj:** You will use it for the development of phase one. So, this INR100 crores, can you actually highlight on which project are you expecting that you will get it in the next year?
- B. Ravi:** Yes, yes, we will be. See, let me give you, I think you had a little bit of doubt on how will the new residential projects be with cash flows. You know, the land on which these new projects are coming up is already paid for. So, therefore, any booking which happens, a land amount which is already paid for directly comes into our coffers and which is not needed to be utilized for construction. So, that's always surplus available. And that will be more than INR100 crores which are needed for the next year for the construction of the residential.
- Neeraj:** No, but if I understand correctly, under RERA, when anybody books, say, they give you INR100 or say a crores of rupees for the house, 70% has to be utilized for the development of that land and only 30% can be taken out by you, correct?
- B. Ravi:** Therefore, the 30% is other than the land. But if you say about the land which is already paid for, that amount can be used, right? Because we already have given that. So, that has been contributed by them. So, that is in addition to that 30%. And not to talk about the continuous land buying that we have, which we have been selling, that also will add more than necessary amounts for our construction project. Like what it has added in the current year. We will be doing that next year also.
- Neeraj:** I was just concerned about how funds from one project can be diverted to another project under RERA. But you are saying this can be done because it's towards the acquisition of land. I am assuming that the Malabar Retreat Project. Basically, is it fair to assume that Malabar Retreat Project was not discussed earlier because you hadn't purchased the land and now since you acquired it, you have spoken about it?
- B. Ravi:** I would say it was a matter of certain approvals and certain plans for that which were being worked out. That is the reason.
- Neeraj:** You mean to say...
- B. Ravi:** Yes. Let me finish. We don't want to announce something which we believe is not in the horizon. And therefore, once it comes, saying that now it's going to be more possible to announce it, we do that. So, that's what has happened recently.
- Neeraj:** So, basically, this project is in a situation where we have the sanction but maybe we don't have our RERA registration. So, that's why sales have not started coming in?
- B. Ravi:** Sales, always when projects are there, there is always stock booking as I call it. And therefore, once it is announced, only then the marketing can happen. And that's when we actually can take in sales.
- Neeraj:** Okay. Okay. And regarding the sanction of the SEZ, do we have the entire 10 phases of sanction with us already or we will take it as we keep completing the phases of the SEZ?



- B. Ravi:** So, normally the approvals are given as and when the new phases are announced because each one of them has to be approved. But as an SEZ, as a master plan of what is going to be coming about in the processing, non-processing zones, that is already in place.
- Neeraj:** Okay. Okay. And, sir, my last question is, do you give out the projects on turnkey basis to the likes of larger contractors, maybe like someone like an L&T or you have your own team? You know, from labour, everything is being managed by the team?
- B. Ravi:** No, it is given on contract basis. We do have our team only for supervision and finishing but not for the construction. It is given on contract basis.
- Neeraj:** Okay, sir. Thank you. Thank you so much.
- B. Ravi:** Thank you.
- Moderator:** Thank you. We will have our last question from the line of Rahul S. from Abnay Wealthwise. Please go ahead.
- Rahul S:** Yes. Hi, sir. Just wanted to check what is the, for the INR613 crores nine-month year to date, what is the breakup between the land and project revenue?
- B. Ravi:** The nine-months would be almost around 85%, 90% would be land and about 10%, 15% for projects.
- Rahul S:** Right. And, sir, earlier on the call, a participant mentioned a project on S. G. Road with a top line of around INR1,800 crores. Is that something over and above what is mentioned in the presentation?
- B. Ravi:** Yes.
- Rahul S:** Okay. Okay. That's it, sir. Thank you.
- B. Ravi:** Yes. Thank you.
- Moderator:** We will have one more question from the line of Ankur from Picassa. Please go ahead.
- Ankur:** Hi. Quick question. The SEZ is under central SEZ policy or under some state level policy?
- Ankur:** Yes. Is the SEZ under central SEZ policy or is it under state SEZ policy?
- B. Ravi:** It is the state. State is giving certain SEZ. But an SEZ as a policy is always a central policy. But there are certain additional things which the state can give in terms of IT. Frankly, it is not. That's what it is. But SEZ is governed by central.
- Ankur:** So, is there a restriction on that you can -- your tenants have to earn only foreign exchange and that's why you may not be able to lease it to tenants who want to operate in India?
- B. Ravi:** Well, there are very detailed, elaborate rules on that. You need to have some net foreign exchange earnings which is formula driven. Again, what is the net foreign exchange earning

whether SEZ to SEZ, sales or sales billings in dollars. All these are aspects which have been always debated and continuously debated.

We do believe that it is no hard and fast that 100% of the revenues have to come in dollar terms only. There are various schemes and there are various ways to really define this net foreign exchange earnings. I will leave it for a more elaborate on that later because it can be a very complicated exercise. We will only attend to that on this call. I will give it in a short time. But we will definitely talk about that offline.

**Ankur:** So the last question then in that case is given the bigger developers in IT market are struggling with their SEZ leasing. Any thoughts on denotifying SEZ while you are still at construction stage?

**B. Ravi:** May be. May be a chance, may not be a chance depending on how the various schemes and the rules will be defined. There may not be a necessity to denotify if the net foreign exchange earnings, that aspect can be addressed well. We do believe that there may not be any necessity to do that right now. But it need be, but that can easily be done. That really doesn't take too much of time.

**Ankur:** Got it. And what is the percentage of non-processing zone in overall broader SEZ plan?

**B. Ravi:** At this time we have taken 50-50. Processing 50 and non-processing 50.

**Ankur:** Understood. Okay. Thanks. All the best.

**B. Ravi:** Thank you.

**Moderator:** Thank you, sir. We have our next question from the line of Prathamesh Dhiwar.

**Prathamesh Dhiwar:** Yes. Hi, sir. Hello. Congratulations for the good set of numbers. Sir, I just missed one part of that INR1,800 crores. If you can give some elaboration on that?

**B. Ravi:** No, actually I did not elaborate on that because I said that we need to be closer to the announcement which can come up. I said it is not, it's very much on the cards and it is in the heart of the city, it's on the cards. But like in the retreat, till the time we are able to announce it properly, we may not be able to mention about it. But yes, it can come in sooner than expected, given the kind of work which is going on in that.

**Prathamesh Dhiwar:** Okay. The INR1,800 is a guidance for, or what, sir? I just didn't get this part.

**B. Ravi:** No, INR1,800 is not a guidance. It is the total sale value which your colleagues mentioned on the call. It all depends upon once the project is actually finalized, the number of floors, the pricing, and all that. At that point in time, the real top line, bottom line, construction cost, all that will be known and announced. So, I would want to wait till the time this project is right enough for us to give those details.

**Prathamesh Dhiwar:** Okay. Got it, sir. Thank you.



**B. Ravi:** Thank you.

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

**B. Ravi:** Thank you, everyone, for joining the call and taking so much of time and interest in Ganesh Housing's call and the numbers. We assure you that all right steps are being taken to ensure that it becomes the most professionally run and the biggest brand in Ahmedabad going forward, delivering continuous cash flows for the next seven to 10 years and more. So, thanks for joining us. See you soon for the next call. Thank you.

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