



“Ganesh Housing Corporation Limited
Q4 FY '23 Earnings Conference Call”

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

Moderator: Ladies and gentlemen, good day and welcome to the Ganesh Housing Corporation Limited Q4 FY '23 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 star, then zero on your touchtone phone. Please note that this conference is being recorded.

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

Rajat Gupta: Yes. Thank you, Ryan. Good afternoon, everyone, and welcome to Ganesh Housing Corporation Limited earnings call to discuss the Q4 and FY '23 results. We have on the call with us today; Mr. Rajendra Shah, Chief Financial Officer; and Mr. Ravi, Corporate and Financial Advisors. 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. 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.

Ravi: Thank you, Rajat and good afternoon, ladies and gentlemen. We thank you all for joining us on this call to discuss the Q4 and FY '23 results. I hope you had a chance to see the earnings presentation uploaded on our site a few hours ago.

At the outset, let me proudly mention that FY '23 was the best financial year in the Company's history, both in terms of operational and financial performance. I shall touch upon that a little later in detail, but first the macro. India's real estate sector is likely to be worth around INR13 lakh crores in '23-'24. It is likely to touch \$1 trillion in 2030. All sectors as of now, I repeat, all sectors, affordable housing, independent floors, both residential and commercial, plotted development, premium, luxurious and condominiums, and premium commercial spaces are all looking up.

Due to COVID, the supply in commercial spaces had seen a drop of 80%. Now, with people returning to offices, especially the large IT companies and some portion of the work being still done from home, both commercial and residential demand has been picking up. It is expected that the growth in Tier 2 and Tier 3 cities will be enormous. Tier 2 cities, especially, are fast becoming real estate hotspots. Ahmedabad is one such city. Ahmedabad has seen various positive developments like rapid industrialization, good infrastructure, expressways, rapid development in this city and many such things.

Ahmedabad has been steadily attracting investments from the globe with the projects being of international standards now. With the advent of IT and IT-enabled services, the demand in commercial and residential areas has been on the upswing. Companies are moving towards tech-enabled construction and selling methods. It's not just tech-driven process of construction alone, but tech being inside the homes itself. These have been the drivers. And Ganesh Housing has always been on the forefront in both these aspects in Ahmedabad.

It is this exciting city of Ahmedabad that we operate. It is here that we have large land bank, large development running on the ground and larger projects coming up soon. It is at this bullish juncture that the Company is monetizing the low-cost already-paid-for land bank for high-ended projects, both commercial and residential and villas to yield continuous cash flows for the next seven years to eight years unending.

As has been explained in the earnings presentation, the Company has 1.7 million square feet under development as of now. And is targeting potential development of around 28.7 million square feet with the realization potential of INR13,750 crores and expected free cash flows of over INR9,350 crores.

Let me elaborate a little on the roadmap towards it. We are delighted to announce that we have begun construction work on our iconic project Million Minds. Million Minds is the name given to the SEZ development both commercial and residential. Million Minds encompasses a total construction area of 1.3 million square feet in the first phase. The project, along with the entire SEZ land of 64 acres is located at the prime location behind Nirma University, the new CBD of Ahmedabad, and in close proximity to GIFT City, the hotspot already.

Ahmedabad has begun an emerging IT hub with many new global IT and financial companies shifting their basis here. Due to this, we see a huge boost in our upcoming projects, which will reap significant benefits to us from this. We expect to get Phase 1 of this SEZ already on ground to be completed by March '26. And based on the current leasing model in Ahmedabad, we do expect that we'll have a rental yield of about INR70 per square feet, which translates to a rental income of about INR72 crores per annum only on one phase.

The project construction, which would be done, has an estimated cost of around INR285 crores. And this money will be incurred from the internal accruals and the Company would not be raising any debt for its construction. There are clear plans to launch one such phase every year onwards as can be seen in the presentation.

As was updated previously as well, the Company has engaged in a strategic partnership with Tishman Speyer, a global leading US real estate player for development of this project. This partnership will enable Ganesh Housing and Tishman Speyer to collaborate for the IT SEZ development and both property and lease management also in a phased manner. The latter would bring along, that is Tishman Speyer will bring along practices of international standards for benchmarking, monitoring project progress and quality assurances. They have also been given the task of getting tenants for us in the SEZ.

The Company plans to launch residential project also in the same SEZ on the non-processing zone this year itself. And the cash flows from the same will be utilized for the subsequent commercial launches. There are clear plans in the residential part also to launch one such residential phase every year, as again can be seen from the presentation. The entire SEZ project will be completed over a period of eight years to nine years, which gives clear visibility of uninterrupted cash flows to the Company over the course of these years.

Additionally, we see strong potential in Ahmedabad residential real estate. During Q4, that is the last quarter, we acquired the balance minority stake in one of our subsidiaries Gatil Properties Private Limited, which is having the township project under it. With this minority stake acquired, Gatil now becomes a 100% subsidiary of GHCL. The land at that township project is around 450 acres and it's situated in Ahmedabad, a fast-growing area of Godhavi.

The township project once commenced will allow GHCL to have a continuous and definitive stream of cash flows and profits for the next five years to six years. The township will have a development potential of area of around 15.3 million square feet with a saleable potential of over INR5,000 crores. The township will be launched in five different phases with the first phase being launched in the second half of this year, that is FY '24 itself. And we expect the entire completion of all the phases by the second half of FY '29.

Now, I would like to discuss in brief about some of the key financial and operational highlights, which I said I'll be touching upon later. This year has been the year of many firsts. The Company has recorded the highest-ever revenues of INR621 crores in FY '23, which on a year-on-year is a 61% increase. The revenue for the quarter was INR183 crores, a growth of 18%. We have registered a resounding 89% growth in EBITDA in FY '23, with the amount being INR256 crores as compared to INR135 crores Y-o-Y. This growth in Q4 the last quarter Y-o-Y was almost 100% standing at INR105 crores. We have almost reached the best net profit ever registering a PAT of INR102 crores, a rise of 45% Y-o-Y. The rise in PAT in Q4 Y-o-Y was 56% at INR39.4 crores.

During FY '23, we registered the highest-ever net cash flows of INR310 crores versus a negative cash flow of INR4.8 crores in FY '22. It is for the first time in 16 years that there is zero debt. In fact, there is a cash surplus of INR325 crores. This is a significant development because the debt has come down to zero in just four years from a peak of INR650 crores in FY '19 in spite of COVID being there for two out of these four years. We have delivered the residential project Malabar 3, Malabar County 3, to be more specific, in just 2.5 years, the fastest ever. This has been with the use of tech and precast with tech inside every home. We would be delivering Malabar Exotica, which had started construction in July 2021 in a similar manner, maybe even faster.

As of March 2023, we have almost nil inventory whether residential or commercial left with us, just a mere 40,000 square feet valued at INR25 crores is all that is there in terms of inventory. We have the largest-ever development on the ground as of now with Malabar Exotica and Million Minds SEZ Phase 1 with a total development being 1.7 million square feet, as I said earlier. And for the first time ever, we have a clear blueprint of where we are heading over the next seven years to eight years with the largest-ever upcoming projects with almost 28.7 million square feet with clear visibility of cash flows.

In conclusion, let me mention that the momentum in the real estate sector would continue. It is looking the best-ever and looks to be bullish for the next 10 years. It is at this time that Ganesh Housing with its excellent track record of execution has put its best performance ever, is debt-

free, and is sitting on cash surplus with very promising projects on the ground. We believe that there is only one-way movement for GHCL, and that is upwards.

With this, I request the floor to be opened for questions. Thank you.

Moderator: Thank you. Our first question comes from the line of Hitendra Gupta from Systematix. Please go ahead.

Hitendra Gupta: Hi. Good afternoon, sir. Thanks for taking my question and congratulations for the good set of numbers. I have basically two major questions. One is like, what would be the current prevailing per square feet rates in Godhavi, where we are planning to launch a township and how we have arrived at the working of INR4,550 crores of revenue potential from that township?

Rajendra Shah: Okay. Thank you, Hitendra. One is, you said, what we've current prevailing per square feet rate in Godhavi. So, this is INR2,500 per square feet. Yes, that would be prevailing rate.

Hitendra Gupta: Okay.

Rajendra Shah: And INR4,550 crores revenue, which you are saying is net surplus of present value of...

Ravi: It's a total amount, which is -- if you are asking for the revenue itself, is INR4,500 crores. There is a cost involved to that, because there'll be infrastructure cost in making the infrastructure like roads etc on that land and all. So, after that there'll be a net cash surplus of over INR3750 crores and that is where we don't sell square feet, actually we sell more of yard still. So, it's there in a township development, which is villa development, that we are saying sale price of Rs 25,200 which roughly translates to around 2,520 per sq ft.

Hitendra Gupta: Okay. Got it. And my follow-up question would be, what's the reason for monsoon to exit. And where did we fund those outflows from?

Ravi: It was all from our earnings, the funding of that all was earnings, because you see the cash surplus, which I've said, we have had such a good performance last year. They, I think, had their own timeframe already fixed up between the years when they invested in now. And they thought that the development probably could take a little longer than what they earlier had their own plans for. So and of course they were getting the 3x return on their investment. That's fantastic return. 3x multiple, which is a very good returns, so they must have chosen to exit.

Hitendra Gupta: Okay. And this would mean what duration they made 3x?

Ravi: What is the period?

Hitendra Gupta: Yes.

Rajendra Shah: Their investment was between 2009 to 2012 and they have exited now.

Hitendra Gupta: Okay. Thank you. And just last question, wanted to understand the total revenue in FY '23 and how much of those would come from the ongoing competitive projects? And how much from the land sales? Just a breakup of the revenue?

Rajendra Shah: Sure. So, about INR80 crores is the revenue which has come from sale of units and rest is consultation from sale of land.

Hitendra Gupta: Okay. Will this ratio will still hold in going-forward, how it will change?

Rajendra Shah: No, going forward, mix will change a lot, because see, we have traditionally been --we have been having three verticals of revenue generally. One is from land sale, one is from sale of residential houses and one from sale of commercial units. So, last two, three years we have seen our projects had not taken up ground. Now, with the plateau, meaning line of projects within different phases of SEZ and different phases of township, we'll get lot of revenue -- the mix will go on changing, but yes, still a vertical of land sale is still going to generate us revenue and profits, but that proportion will go down.

Hitendra Gupta: Okay. Yes.

Ravi: See, I would like to add to what Rajendra bhai said, is that this happens to be one of the verticals too. In terms of development of projects, development residential or commercial and all that and also lands and these are all a part of the real estate development which happen. So, some land is bought with the thought and purposes of being able to get out at the right time and some are there for long period for development into projects. So, it's one of the verticals of the company.

Hitendra Gupta: Okay. And what would be the area of land sales in this year and what was the average rates?

Ravi: It actually varies from time-to-time. I mean, there is no one particular number that we could put it on that at this point in time. Maybe we can take that offline after we get some more details, you can go through Go India Advisors also, because it will be done at various points in time. And therefore, when it was acquired, what was the cost of it and how it was sold little complicated in terms. We'll have to take a total of all that, which we don't have at this point in time.

Hitendra Gupta: Okay. No problem. That's it from my end. Thanks for your answers.

Ravi: Thank you.

Moderator: Thank you. Our next question comes from the line of Jay Shah from Dolat Capital. Please go ahead.

Jay Shah: Yes. Good afternoon. So, I had three questions which I need to ask. First would be, what's your plan on continuing the Tishman Speyer beyond the initial phase of SEZ and partnering with

them on the residential launches as well? And secondly, how is the revenue margin work year-on any equity infusion plan from Tishman?

Ravi: Can I answer the question, so that we can -- if you have another question, you can add it. Now, Tishman is not there for residential, it is for the commercial area of SEZ alone. And looking to the fact that they really do well, maybe we can continue with them for the entire seven phases. At this point in time, it's only for the Phase 1 that we've said we'd like to also examine how they are going ahead with it.

Given the track record, we know they would succeed, but we still like to see. Maybe there will be there for the entire seven phases also. They're not there in the residential and there is no equity infusion from them as yet. All these revenue at this point in time, what we have planned for in the seven SEZ is on the rental basis. And so there'll be a rental revenues, and they will be only given Tishman Speyer will be given the DM, that is Development Management fees. That's it.

Jay Shah: Okay. And secondly on the residential pipeline announced, can you share what we are planning to build in township in terms of storeys and units plan and what are the key advantages of the location where the township is located?

Ravi: Well, when I say township, it will be actually a composition of everything, it will be villas, it will be a whole lot of things which will come up with the township. Starting with probably the villas, that we'll be doing, but we have to go to the other areas also. As far as the location is concerned, it is there at the spot where the next development is happening in Ahmedabad. Ahmedabad has been growing from one to the west to the west-west and outwards this area. So, this land was acquired quite some time back and then, now with the developments in and around that area and the residential areas actually more so the bungalows and all that moving towards the west part of Ahmedabad, this is right in the middle of the hotspot.

So and that is, there is another road coming up next to it so the connectivity to the western part of it, as well as to the, let's say, the Sardar Patel Ring Road, which is another connectivity to the airport and all, all this is very, very close to this location. So all that new development, one, it is going towards this west. The other one is going towards the CBD, I just mentioned in the speech that is the Vaishnav Devi area, there is a north part of it, northwest part of Ahmedabad.

Jay Shah: Okay. And lastly, can you throw some light on how much difference you take into consideration in terms of the realization of your commercial building entrance versus GIFT City? And is it difference going to narrow down in the near future? How are the price movement expected across these two regions?

Ravi: The rent is that we have taken at this point in time is very competitive. Frankly, it could be towards slightly on the lower side little more pessimistic or rather conservative estimate that we have taken. There is not big difference between the rentals, which could be ongoing at GIFT City. GIFT City still to develop, but this is the area where it is developed with lots of offices in and around.

So maybe the development this could be faster and it can have a rental, which can be much higher than what we have taken right now. I don't see that, I mean, at least we don't have any idea at this point in time, whether these rentals of both GIFT City and this could narrow, because each one of them is being developed in its own way and in its own right. So probably the kind of development will happen may command the same rates at both the places or there could be a slight difference between the two, but one is not going to be at the cost of the other or there is not going to be shifts or there's not going to be any narrowing down of rentals and all that. No such competition, if that's what you mean.

Jay Shah: Okay, fair enough. Thank you.

Moderator: Thank you. Our next question comes from the line of Mayur Liman from Profitmart Securities Private Limited. Please go ahead.

Mayur Liman: Thank you for the opportunity. I just want to understand the increasing the other income and the tax on it. So, could you speak light on that other income and the tax?

Rajendra Shah: Other income and?

Mayur Liman: Tax.

Rajendra Shah: Yes. So, Mayur, just to inform you, as liquid and liquid meaning as cash and cash equivalents increased with us, we would have interest income, which will come up. So, these interest income is classified as other income. That is one thing. And tax is, also provision for tax for current year which is applied directly on profit before tax. Apart from that, there is one more thing, which is called as provision for deferred tax.

See, whenever you have losses or accumulated losses in your business, as per current accounting standards, we are required to create the asset, which is called deferred tax assets. It is required to be written off as soon as you start earning profits. So, you will see in our financials there are two tax elements, which gets deducted after profit before tax. One is current tax, which is applied on profit before tax and therefore, the accumulated loss with make this deferred tax asset, which is required to be now written off.

Mayur Liman: Okay. Thank you, sir. And my second question is on the home interest rate. So, could you see any effect on the business segment of the rise of the business home interest look that interest rate?

Rajendra Shah: Yes. So recently we had seen increase in interest rate on mortgage loans. That actually affected a small portion of our demand. However, we feel that since inflation is under control and the Indian economy is resilient now, we expect that these interest rate has peaked out now. So, we are expecting a softening of it which will help further affordability of residential products, and commercial units that we have to offer.

- Ravi:** I would like to add to this. It has been noted that the real resistance or the drop in demand of residential projects come only when the rates -- this home loan rates go beyond 9.5. At both one in times aggregates and therefore, we don't really see that kind of a significant movement in that, frankly, the kind of supply which is there around 50,000 around 40,000, 45,000 homes is what Ahmedabad, especially that we are is the demand for houses every year and that's growing at 10% - 15%.
- So, the elasticity to the rate of interest, if it too high, beyond 9.50 or 10, maybe there can be business slowdown. But with the kind of demand is there and growing every year and this all has been in a document that is there observed from the actual record in the government that we don't see that this will be having a big impact. It is as of now it hasn't get reach there. So, we think that we should -- it should go ahead quite well, the growth should be there.
- Jay Shah:** Okay, sir. Thank you, sir. And my last question is the outlook for the financial year 2024. So, could you please put some light on that?
- Rajendra Shah:** So financial year 2024, we are already on with our SEZ Phase 1 and we are expecting a delivery of Malabar Exotica, our residential project. So, we will earn revenue from that project and we will this SEZ which is underway will get completed by March '26. So, until then there will be only expenditure that we are expecting to incur. However, during FY '24 itself, we are expecting to launch first phase as residential development in SEZ. So all-in, these are commercial activities that will keep us busy, I think, in FY '24.
- Mayur Liman:** Okay. Thank you so much and...
- Ravi:** Sorry, I'll just add that normally we haven't been giving any such forward-looking numbers, but the way the projects had been announced, which we already have done in the presentation I just spoke about it and with the execution of Malabar Exotica, plus, of course, as I said, Godhavi that residential, the township, also be starting off in the second-half year, this year definitely should be one of the best, that's all I can say without having to give any number as it, because there are completed project there ongoing projects on the ground.
- Moderator:** Thank you. Our next from the line of Prit Nagersheth from Wealth Finvisor. Please go ahead.
- Prit Nagersheth:** Yes. Hi. Good afternoon, everyone. Sir, one thing I wanted to understand was that for launching the township there were issues with some permissions and stuff like that. So do you have all of that cleared up launch for the second-half? Could you share some color on that?
- Ravi:** Yes, it's there at the various stages. And that's why we have given little longer period to say that work has already started. We expect that to be in place.
- Prit Nagersheth:** You expect that to be in place. Okay. Alright. Then what about any land sales? So, we there were some insights on the real estate side that there was a large parcel of land sold to Reliance or to Kokila Ambani or thereabout. Is that something that Ganesh had participated in?

- Ravi:** No, no. So these keep coming up, whatever is sold, it gets reflected in the numbers, and many times, the buyers names are obviously nobody really discloses it. I would leave it at that saying that there have been people buying in and around Ahmedabad. As I said, that's become a hotspot. So yes, Reliance could be buying it at various places. I wouldn't say whether it was Ganesh Housing has sold it or somebody else has sold it. There are a few developers in Ahmedabad who really can boast of having good land parcels and we are one of them. And therefore, it could be anyone. So it's really very difficult to say that we have done it or somebody else have sold it.
- Prit Nagersheth:** Wonderful. All right. The other question is that in terms of -- I know you may not be able to give a proper guidance right now. But in terms of CAGR that you anticipate over the next three to five years and from there we have stated at this year, right, so let's say FY '23 is the base and let's take a five-year perspective from here, would it be possible for you to share any kind of CAGR growth that we can build into our estimate in terms of revenue.
- Ravi:** See, with all the projects that we have just said and the kind of numbers I just spoke in the opening remarks also all that adds to a CAGR of roughly calculate around 20% to 25% to 30% on the existing numbers. If you keep adding that, that's how these things will come in the next five years for sure both on the residential areas and all. It's really have to see only the rental part of it, yes, that may not be there, but rental if you capitalize it on the rental yield portion, it could be more than that.
- Moderator:** Thank you. Our next question comes from the line of Giriraj Daga from Visaria Family Trust. Please go ahead.
- Giriraj Daga:** Yes. Hello, team. Couple of questions from my side. First, on the acquisition of Gatil Properties Private Limited, so has the transition completed now or is it reflected in the books?
- Rajendra Shah:** See money has flown out, we are in process of doing regulatory compliances post outflow of money.
- Giriraj Daga:** Okay. So, when you money has moved out?
- Rajendra Shah:** Yes. So only formalities of return filings and transfer of shares is what is pending.
- Giriraj Daga:** Okay. But this is reflected like a -- when I look at cash flow, actually reflected likely we're in this terms of what asset purchase and where?
- Rajendra Shah:** Partially it had happened during FY '23. So, if you see, investment activity -- Yes. There is a application of funds in investment activity. Yes.
- Giriraj Daga:** Yes, but it actually there is a positive number of INR300 crores.
- Rajendra Shah:** So, if we can take the next question, my team will work on that and we'll come back.
- Giriraj Daga:** Okay. This is pertaining to Godhavi land, right?

- Rajendra Shah:** Yes.
- Giriraj Daga:** Okay. So, the land value you are probably talking about is closer to INR1,000 crores?
- Rajendra Shah:** Yes, correct.
- Ravi:** Yes. If you look at the valuation of that at this point in time, with no development also, it is INR1,000 crores. The numbers what you had asked the payment was done to these people, some in the month of March, while -- between January to March, and balance has been paid in the month of April. So, the completion as we speak is 100%, and not entire money is reflected in that cash flow is up by '23, but it's been done out of our internal accruals.
- Giriraj Daga:** Okay. How much we paid -- this last year, how much we paid?
- Ravi:** I think this year we have paid about -- current year, that is in April '23 we have paid about -- I was just getting the exact numbers, around INR220 crores and balance done earlier.
- Giriraj Daga:** Okay. Second, like we don't report pre-sales, which is like basic indicator for real estate company?
- Ravi:** We would actually do that from this year onwards, because the two projects launched a couple of years back, and therefore, there is always in real estate do talk about pre-sale. I think this year onwards, because so many projects will be in the ground and lot of them would really not reflected in our P&L, because of the accounting standards have used we shall start presenting the pre-sales numbers also from this year onwards.
- Giriraj Daga:** But if I look last year what was full-year pre-sale number?
- Ravi:** Last year, the projects which were announced wherein FY '22 and therefore quite a few bit of thought that was already booked in FY '23 itself in terms of the cash flows and all that so it was only execution in FY '23.
- Giriraj Daga:** No. I'm -- there might be some moment land sale also right in that?
- Ravi:** Land sale is what we just spoke in the earlier question, we had covered, there is inventory still of around INR80 crores to INR100 crores and balance we have got is land sale in the current year FY '23.
- Giriraj Daga:** What is the land sale number?
- Ravi:** Sorry, I couldn't get your question. What is the --
- Giriraj Daga:** What was the land sale number in FY '23, full-year? I missed that number.
- Ravi:** That is around INR450 crores to INR500 crores.
- Giriraj Daga:** Okay. So, the sale is sold INR450 crores to INR500 crores?

- Ravi:** Yes.
- Giriraj Daga:** Okay. Coming to our SEZ project, so in the nearby locality any other commercial properties out there?
- Ravi:** Pardon me. I think the line is little bad. Can you ask again?
- Giriraj Daga:** Near the SEZ property, SEZ development, are there near commercial properties out there?
- Ravi:** Yes, there are. There are many others which are really moving towards that. Offices and all have been announced in and around, vaishnodevi circle. It is close to our development . So if you're talking more from a sale perspective, from a total commercial development for sale, there are three or four such projects, which are upcoming as of now in and around that area, but this SEZ would be probably one of the largest, one of the most different and one of its kind in that vicinity.
- Giriraj Daga:** Okay. Have you got like -- obviously, it's too early to ask, but have you got anchor commitment from any of the global MNCs or somebody who are already there in that locations they want to expand with the capacity we are looking at a, I think here, it looks very large, right, total in next few years.
- Ravi:** It is, but. I think you answered the question yourself, when you say it's too early to ask, you're absolutely right, it's too early to say. We will -- we'll have to, at least wait for this particular year to know -- people who want to know whether the development is happening, how much is developed and how we -- when it can be completed, because they have to plan at least two, three years in advance. So, I probably will be able to answer the question maybe nine months later, nine, 12 months later. But today, yes, it is early.
- Giriraj Daga:** Okay. So these lands there is no other costs involved in terms of right to start construction, everything is for the full 10 million square feet of commercial and 5 million square feet of residential. We have all the approvals all fully paid, right?
- Ravi:** Yes. The land and all is absolutely there is only the development cost which needs to be done.
- Giriraj Daga:** Okay. When I look at the development cost for Smile City what we have put in, like when is the less than INR500 a square feet. So, what am I missing here?
- Ravi:** Well, you are not missing anything. See, when we do the development in that, the way we are going, we'll have to do all the development of the roads, the infrastructure within that. Only that is what supposed to be incurred in this, because that is cost. No direct revenue, if you really ask me all build-up in that sales, right?
- So that is the only cost which comes up in, which we have looked for. Whenever there will be actual buildings which will come up, let's say, the real township development, there will be a cost and the sale value could be attached to that. So, this is only the infrastructure development cost that we have taken at this point in time.

- Giriraj Daga:** Okay. Sorry, development, when you say, when you look at the presentation.
- Ravi:** Yes, but it is only, see, the development which you have taken is only for the infrastructure or the roads and all that. The realization also, we have taken it at this point in time. So as and when the projects keep adding to larger, let us say, bigger projects and all the costs associated with that and the revenue associated with that also will keep going up. So, this is an estimate on the ground as of now. So, this can change a bit as we go, as we develop the township in full.
- Giriraj Daga:** Sorry, sorry, I'm a bit confused here. When I look at slide number like 11, okay, we have given township, 1.7 million, first phase one is small city one, and then I look at revenue of INR500 crores. When I work out the math, it's like INR2,930 square feet, which you mentioned also sometime back. The ongoing rates are INR2,500 square feet in that area. So that I understood, it was revenue number.
- Rajendra Shah:** No, I'll explain you. See, right now we have our basic estimate for development of township and revenue is that we will develop infrastructure around township and we will sell developed plots. So, there is no development cost which has been accounted for as of now. In case in future we decide to develop buildings and then sell, then our cost and revenue both will go up accordingly. That is what we mean here.
- Giriraj Daga:** Understood. Any other land apart from these two, like for the one for the township of this and millions mined SEZ, apart from any other large land that we have?
- Rajendra Shah:** No, we do have. However, as of now, I think these two land parcels will keep us busy for another seven to eight years. So right now our focus will be on these two larger land parcels. Of course, we will be launching a few small projects here and there. But that will be, so to say, a bonus. But these are short, short, definite projects which are there in the next pipeline which is going to come up.
- Giriraj Daga:** Okay. Last thing from my side, when I look at inventory in the balance sheet, INR515 crores. If you can break this into like what is the finished inventory and what is the land bank inventory?
- Rajendra Shah:** Break up of inventory are (1) Finished goods – INR 63 crore (2) Work in progress – Rs.104 crore and (3) Land – Rs.348 crore.
- Giriraj Daga:** Okay. And that's suitable land only?
- Rajendra Shah:** Yes. Rest will be land and construction, semi-finished construction also. We have Malabar Exotica project which is that very good, about 82% level, 82% completed. So, we account for almost like inventory of about INR94 crores, INR95 odd crores. So, this is just one such example.
- Giriraj Daga:** Okay. No, no. That is separately from the land value. So, I'm looking at 515. You mentioned INR25 crores is the finished goods, INR94 crores, INR95 crores is the work in progress under

construction. So, if you can just separately, what is really work in progress, total finished and total land?

Rajendra Shah: We'll have to, I think, through Go India, we'll have to pull out the data separately and give it to you.

Giriraj Daga: Sure. Thanks from my side.

Rajendra Shah: Yes. Thank you.

Moderator: Thank you. Our next question comes from the line of Dhananjay Kumar Mishra from Sunidhi Securities. Please go ahead.

Dhananjay Mishra: Hello, sir. Congrats on a strong set of numbers. Just one question on our completed project side. So, you said that INR25 crores inventory left to be sold. So, in terms of revenue recognition, what is the amount which is yet to be recognized in P&A? Only INR25 crores or something more than that?

Rajendra Shah: Yes. No, he's saying what is the...

Dhananjay Mishra: Completed project, INR25 crores inventory. From inventory which is there, completed.

Rajendra Shah: Yes. See, Malabar 3, which is completed project, in that there are certain units which have been booked. However, sell rate in respect of those units have not yet been done, which would be roughly about INR48 crores to INR49 crores of revenue which will be booked in this financial year of 24. And we have unsold inventory worth INR25 crores, which will be, meaning, which if gets sold, would give us a revenue of about INR25 crores.

Dhananjay Mishra: So INR75 crores to INR80 crores will come from the completed project in FY24, right?

Rajendra Shah: Yes, yes. We have inventory worth INR75 crores to INR80 crores, which is kind of ready inventory.

Dhananjay Mishra: And this Malabar Exhibitor, which is going to be delivered in FY24, from that project we will get about INR1,065 crores, which is mentioned in the ongoing project, right?

Rajendra Shah: Not INR1,065 crores.

Dhananjay Mishra: Sir, you have mentioned one project residential, one commercial. The commercial will have only rental, right?

Ravi: If you are talking about the ongoing project, there is one which is 83% complete, that is the Exotica residential one, which was started in July 21. That is worth around INR150 crores to INR160 crores. That should be the one which will have revenues of that nature. The other one is the SEZ that we talked about, and that is something which is not going to be realized in this current year. The number of that balance of 100 is 1,050, and this comes in such a manner that

we are looking at SEZ as a rental. And as I said earlier, if you do the rentals of INR72 crores on a discounting basis, the value of that is worth INR1,020 crores at 7% discounting, which is the yield which is present in the market at this point in time. So that is how that number of that has come about in the presentation. Though we will be holding on with as a rental one in SEZ, we will have to put the market value of that if it was sold, and that comes out of the rental yields. And that is the value of the market value of the property which has been put up under development.

Dhananjay Mishra: So, you have discounted INR72 crores annual rental for only one of your commercial projects?

Ravi: Only one SEZ. Correct. Because that is one which is under development. Next will come under each phase from next year onwards. At this point in time, we have estimated that no escalation in rentals and no escalation in costs. So, if you go on the same basis, seven phases, INR72 crores, that would be the recurring rentals, not taking any escalation, though of course that is conservative. And similarly, if you do that as a rental yield at seven percent, it comes around 1020 into seven again. That is how the total value of the SEZ commercial would be arrived at.

Dhananjay Mishra: So INR1,065, what is the Malabar Exotica contribution in this? INR150 crores.

Ravi: Yes, around INR150 crores-INR160 crores. And as I said, there will be some completed ones which comes in the completed projects, not in the ongoing projects.

Dhananjay Mishra: INR150 crores plus INR75 crores. So INR225 crores revenue we will be recognizing for FY24 from entirely. So, in case of there is no land sale in FY24, our revenue will go down, right?

Ravi: Sorry, please come again. I think there was a disturbance.

Dhananjay Mishra: Last year in FY23, we had INR452 crores-INR500 crores of land sale. So, in FY24, from the actual project, we will be having about INR225 crores contribution. In case of there is no further land sale in FY24, our revenue will be, I mean, as compared to FY21 crores, it will be about INR225 crores, right?

Ravi: That would not be the right comparison. The right comparison would be that we also have said that there is this, the Godavi township project which is going to commence in the second half. The Villa plotted development, Villa development that we are talking about. So, there will be sales from that too, which will be recorded for. And as a part of our total vertical, as I said earlier, there would be a land sale, whether it is in the township or anywhere else. So that will continue. It is not going to be a drop. It is going to be only an increase in revenues from now.

Dhananjay Mishra: No, no, you said -- that's fine. So, FY '24 I'm talking about. Of course, you have given...

Ravi: FY '24 also, there would be -- if the way we are planning Smile City that is the township one goes about, then there will be the. Next six months, there will be a lot of revenues coming in from the sales coming in from that.

Dhananjay Mishra: Sales will come, but which we will not recognize, that's what I'm asking?

- Ravi:** There is difference, that's something is technical which we're working on, which we call it as a complete township development with all that maybe there is something else, be only cash flow. But we really need to work out whether we can actually recognize the revenue or not that's something to do with accounting, but it is cash flow wise, we will be having far more than that. Let's talk about the cash flow.
- Dhananjay Mishra:** Right. Right. What proportion of infra that you are already created or it is just started?
- Ravi:** No, it is just started, interested where in such a place that we only have to do a little bit of cleaning frankly that they're at quite close to the roads which we are already laid. So work is just started.
- Dhananjay Mishra:** Okay. And what is the difference? Is there any standard difference in township project vis-a-vis other project in Ahmadabad?
- Ravi:** First of all, it would be on the basis which is different for different area.
- Dhananjay Mishra:** So, in township project, there is any concession in stamp duty?
- Ravi:** Is there any? I am not aware of any different standards.
- Dhananjay Mishra:** Because for other developers, they are doing township and they are creating lot of infrastructure for project township, the stamp duty is at 50% compared to other single project. So that's what I hear?
- Rajendra Shah:** Sorry, we are not aware of that any such reduction, but I can always check. Pardon our ignorance, but we'll check.
- Dhananjay Mishra:** Okay. Thank you. That's all from my side.
- Ravi:** Thank you.
- Moderator:** Our next question comes from the line of Pruthul Shah from Anubhuti Advisors. Please go ahead.
- Pruthul Shah:** Yes. Thank you for the opportunity. My first question is with respect to the revenue from operations. So, our standalone sales is compared good consol. So, there is a difference of around INR20 crores. So, can you put a bridge about it? And why it less in consol and higher in standalone? Is there not land or something?
- Ravi:** Pardon me. Are you talking of Q4 or...
- Pruthul Shah:** Yes, Q4 only. Yes, only Q4.
- Rajendra Shah:** There was a sale, which was anticipated in Gatil, which was in one of our subsidiary of about INR30 odd crores, which was canceled.

- Pruthul Shah:** Can you elaborate this?
- Rajendra Shah:** Elaborate meaning?
- Pruthul Shah:** What was the transaction earlier and what has canceled currently?
- Rajendra Shah:** Sales return. There was a sale transaction of some land, which had happened earlier, which was canceled at the request of the buyer.
- Pruthul Shah:** And that was in Gatil or in Ganesh standalone?
- Ravi:** No, no, it was it Gatil and not is Ganesh standalone. So consolidated, you will see that turnover is little lesser than what is there in standalone.
- Pruthul Shah:** Okay. Okay. My second question is with respect to the land in Gatil. So, can you let us know that what is the land available in Gatil, like, how many acres out of the total 500 acres that we claiming?
- Ravi:** Around 450 acres as the presentation, the township one is around 450 acres that is sitting in Gatil.
- Pruthul Shah:** 450 crores, right. So out of...
- Ravi:** 450 acres.
- Pruthul Shah:** Sorry, acres. So whatever township that we are planning in Godhavi that whole land currently is in Gatil.
- Ravi:** That's right.
- Pruthul Shah:** Okay. Okay. Got it. And with respect to Godhavi township only. So initially, what we are saying is that we are planning for the villas. So, are we only going to do the plotted development or actually constructing the villas and setting the villas?
- Ravi:** No, no, it will be a villa development, it may start with the plots being allotted, but it will be a villa development. It's going to be a full-fledged development there.
- Pruthul Shah:** And so, approximately if you can guide us the size in terms of square yards that you would be selling the villas.
- Ravi:** Sizes, please come again. Price, you are saying?
- Pruthul Shah:** No, no, no. For villa, what would be the size in terms of square yard that you are planning to construct and sell?
- Ravi:** That market plan exactly, because it will not be all at the same size, there will be various in the price, it can be smaller or big middle and all depending on the pockets that we need to address

through. Those numbers have not yet been arrived in such great detail that I'd be able to share with you right now.

Pruthul Shah: Okay. And you have guided for this Phase 1 and Smile 51 starting from H2 FY '24 to H2 FY '25. So, this H2 FY '25, will that be getting completed or it would be just launched that you have guided? How much time it will take to actually deliver the villas?

Ravi: See, delivery of the villas will of course, will be a longer process. This is the development in the first phase of 50 acres that we're talking about, which will start in H2 of FY '24 and get completed in H2 of FY '25. So that is the development of the plots, development of the area around that and that's much itself. The villa construction on that and all is not taken up in this one year. Obviously, it will take longer than that. So that's the reason why Rajendra bhai had explained that we have not taken those kind of costs and all that, we have taken only as much as the land and the infrastructure development related to that accounted for at present let me say FY '24 to '25.

Pruthul Shah: And one just last question, what would be the cash and cash equivalent available with the Company after the payment of this monsoon fund for the stake of Gatil as on date, as we speak? I'm not on them as on March, but as we speak?

Rajendra Shah: Yes, roughly about INR300 crores is the surplus, which is available post acquisition of monsoon stake.

Pruthul Shah: Okay. Okay. So, after considering all the payment to monsoon, they would be having around INR300 crores cash on consol basis. Thank you so much. That's it from my side.

Moderator: Thank you. Our next question comes from the line of Jannat Niranjan Shah from Wealth Advisors. Please go ahead.

Jannat Niranjan Shah: Good afternoon. Congratulations on a very good set of numbers. I just had one question on the Godhavi plant. So, would Ganesh be going alone solo on the project or there will be some joint venture partner? What is your mind for the development and the plan for villas?

Rajendra Shah: So, thank you, Chandan, for asking this question. So, as of now, it is only Ganesh Housing, which will be developing this project and we believe we are the brand, which is very well-recognized and we have investors and buyers customers trust. If you see, more recently, almost 40% of the bookings what we have done are from network of our existing customers or referred by our existing customers. So, I don't see there is any need for any other collaboration or effort to market our products.

Jannat Niranjan Shah: Thank you, sir.

Moderator: Thank you. Ladies and gentlemen, we have reached the end of the question-and-answer session. I now hand the conference over to the management for closing remarks.

Ravi:

Thank you everyone for being on the call and giving us a patient hearing. I hope we have been able to answer most of your questions. Those -- some of the detailed numbers and all, not be we'll get back to you separately. Please feel free to contact Rajendra Shah, the CFO, on this. I think you have the connect, otherwise Go India Advisors can get that and we shall be very, very happy to answer all your questions as detailed as possible. Thank you for joining. Good day.

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.