"Prestige Estates Projects Limited

Q4 & FY '24 Earnings Conference Call

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MODERATOR: **MR. ASHUTOSH MITTAL – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Prestige Estate Q4 and FY24 Earnings Conference Call hosted by Axis Capital Limited. 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 the star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to the Axis Capital team. Thank you and over to you.

Ashutosh Mittal: Thank you, Steve, and good afternoon, everyone. As always, we have Mr. Irfan Razack, Chairman and Managing Director, and Amit Mor, Chief Financial Officer of Prestige Estate. We're also taking this opportunity to reintroduce Mr. Zayd Noaman. He's an Executive Director with the CMD's office at Prestige Group, active for more than 10 years now. Zayd overlooks a host of functions in Prestige, including sales and marketing, business development, land acquisitions, strategic investments, corporate finance, amongst other things. He's also a President-elect for CREDAI Bangalore Chapter.

From an education perspective, he has a double master's degree from both Columbia University and London Business School. He did work with Capital Land in Singapore for a couple of years before joining Prestige Estates. With this, I would request Mr. Razack to take over. Sir.

Irfan Razack: Thank you for the introduction. I have with me, like you said, I have Zayd, I have Amit, I have Mr. Sarma also here at the call and thank you all of you for joining. As usual, this quarter gone by, and the year gone by has been quite historic for Prestige Estates.

I think we've done the highest sales ever in our company, that is INR21,000 plus crores during the financial year 24, and even the quarterly sales for the previous quarter at INR4,700 crores, which is again up 21% year on year. We had given a guidance of 18,000 or 19,000, but we have crossed 20 and it's now 21,000, which is probably what we were trying to achieve for. And this year, hopefully on this 21,000, we'll again give a fairly decent growth of almost 25% to 30%.

That's what we are hoping for. But the teams I know will surprise me and give me more. Also, we've done the highest ever annual collections and that's all touching almost INR12,000 crores and a quarterly collection of 3,400. And we also sold the highest ever area of 20.25 million square feet and in the last quarter, 4.11 square feet. So that is quite a big task and a big achievement. And the number of units sold stood at 10,068 units for the financial year 24, and for the quarter at 1,666.

We have the average realization since we say 20.25 million and 21,000, an average realization of INR10,000 plus per square foot for the year 24. Yes, the pricing of the product is going up increasingly more and there's acceptance for that price. And we also did, though last quarter there were not many launches in the residential segment, we did launches for the office and retail.

And of course, that is not for sale. So without any major launches for the last quarter, we still managed to clean up all the old inventory and that's a good feel. And we have got the launches during the year, we did 40.19 million square feet, but this 40.19 square feet includes office, includes retail, includes hospitality.

I think this break up I'll give you how much in that is residential a little later. Of course, the company has delivered more than 300 projects up to now and still counting. And on the financial side, for the year, we did the 9,425 in spite of Ind AS, in spite of the accounting system and all that we've been managing to clock good financial results also and it's INR9,425 crores and an EBITDA of 4,000 with an EBITDA margin of 40% and a PAT of 17.27.

Our debt is still in control in spite of all the capex that we have. And I'm happy to say we've signed a major deal with ADIA, which is an equity platform, a combination of equity and debt and INR2,000 crores on four specific projects, two in Bangalore and one in Mumbai, one in Delhi. So this is quite a landmark investment because we also, ADIA is the first time ever has come independently and invested any private developer and they are looking at much, much more stuff to happen. So they're exciting times.

We did tie up a very large parcel of land in NCR that's in Indirapuram of 62 and half acres with the sales potential of 10 million square feet, INR10,000 crores. And this will be launched sometime in August, September. This all depends on the approval process.

The faster the approval comes, the faster we will launch and then faster we'll realize the revenues. And we launched the Prestige City in Hyderabad. Prestige City Hyderabad again did phenomenally well. I think the largest sales of Hyderabad are now with Prestige, though we have a fairly small player there, but now we've become a large player and Prestige City Hyderabad just in four months of launch has clocked almost INR4,000 crores worth of sales. And all in all, it's been quite exciting. And the best news is that during the financial year 25, we have INR60,000 crores worth of launches in the pipeline where these are not something where land has to be tied up or designed.

The projects are designed, projects are logged in for approvals in different stages of the approvals. And if all the approvals come the way we are planning financial year 25 should be a defining year, more so since the market is pretty robust. With this, I'll open the forum for questions.

Before that, I would like Mr. Zayd and Amit to add in a sentence each. So then we'll open it up for questions. Thank you very much for listening on to me.

Amit Mor: As CMD mentioned, '25 is an exciting year for us with INR60,000 crores of sales that is lined up for launch. That should give considerable free cash flows to the company and keep the debt levels and give us a significant cash flow for the business development.

Zayd Noaman: And just to add on, for the launches that we did in FY'24, of the 40 million square feet that we had launched, 31 million square feet was in residential and office retail hospitality contributed to 8.52. And out of the 20-odd million square feet of new launches, INR21,000 crores worth of new launches that we sold this financial year, INR15,600 crores was sold in office new launches and the balance was from the inventory.

Irfan Razack: Okay, now we are open for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Hi, Irfan Ji. Hi, Zaid. My first question is on business development for this year we have spent close to about INR4,800 crores as per the cash flows. So for the year as a whole for FY'25, so with this INR2,000 crores which we have raised from RDR, so excluding that how much do you think you will spend on land, given that we have very limited inventory now in Hyderabad, which had contributed significantly to sales in FY'24?

And incremental growth, which we see from 21,000, giving a 25% guidance almost like almost INR5,000 crores-INR6,000 crores. So how do you intend to make it up? So intensity of BD and also like which locations you are looking at, how much will be the total deployment for FY'25?

Irfan Razack: So the good news of Parikshit is that we've already got the land now. Even in Hyderabad, we've got two large parcels of land in Budvel, which we bought in an auction. And this INR2,000 crores which I told you about earlier, all the money hasn't yet come in. Now that money will come in. It's for acquisition of two more, for two parcels the land has come in. One is for our -- which was for the retirement of debt of Edelweiss in our Prestige Ocean Tower in Mumbai.

And there's one more that we did was for Bangalore. There are two more properties that need to be bought, need to be tied up. And for this, the money is there. So it was just pre-emptive that we got the funding. And that is for Kamla Nagar in Delhi and also for a large tract of land in Goa. So once that is required, that will be utilized. Once that comes in, until then, we have just received as of today, only a sum of INR500 crores out of the 2,000 crores and not more.

And then moving on, you asked me how we are able to reach the INR26,000 crores. As it is, like I told you, we've bought a INR60,000 crores new pipeline plus a INR12,000 crores inventory which is in various cities, all put together INR70,000 crores. With that, I think even if I sell half my stock, it will be INR36,000 crores. In spite of that, I've just given a guidance of INR26,000 crores to INR27,000 crores, which should be easily achievable. And I think we will surprise the market by doing more.

Parikshit Kandpal: That means that there has to be some heavy lifting. Even from Mumbai, I think Mumbai, FY'23, we did INR2,700 crores of sales. '24, we did INR3,200 crores. So now since we have almost like a lot of premium launches coming up in Mumbai, so how do you think FY'25 will shape up for Mumbai in terms of sales?

Irfan Razack: See, Mumbai, we have Prestige Forest Hills and Prestige City. We are waiting for the MOEF. Because of elections, the MOEF has got delayed and the meeting which was even fixed for last week got postponed for post the election results. And similarly, Nautilus, even there the MOEF is pending. Now once that gets done, I think both Nautilus in Mumbai as well as the Forest Hills in Mumbai are large number movers.

There's a pent-up demand there because Prestige City in Mulund is almost, more, or less, out of the 1,600 units in Bellanza, we have sold 1,300 or 1,400 units. So just about 200 units are left over in different places. So Forest Hills will be a great number mover. Nautilus, there's a huge interest in and the moment we launch it, even that should go. Even the Ocean Towers, one tower which was launched is like almost fully sold out.

Now we are working hard to get the approval for the second tower and even the moment that comes with RERA registered, I think there's a lot of interest in that. With this, we will get a lot of numbers for FY'25 from Mumbai. Similarly, in Bangalore, there's a big pipeline. Hyderabad, there's a big pipeline. Goa, we have a big pipeline.

And of course, we talked about NCR. Even NCR, there are three large projects which are under approval, one in sector 150, one in Indirapuram and the other is in KG Marg. Once all these three gets done, there'll be substantial revenue that will come from these projects also. So we are pretty bullish, we are pretty positive that all this will transfer to sales, and I think it will be easy lifting, not heavy lifting.

Parikshit Kandpal: Okay. So just a last question on the commercial real estate. So we have almost 8 million square feet of total ongoing products supply coming up over the FY'26-FY'27. So if you can give some colour on how much of this is already pre-leased?

Irfan Razack: Yes, see, this is a work in progress. You see, my teams are working hard to even do pre-leasing. Normally, I did this building in Pune, it was a million square feet. When we started it, it was like blank. We didn't know who the tenants will be, how many tenants will come and from where they will come. As we were closer to finish, we got this client called Bank of New York Mellon and they leased out the entire building.

In fact, what happened was our economic interest was only 69%, 31% was the landowner and the balance 59% was the company's interest. But then what ultimately transpired that we bought out the landowner's interest also, so the entire asset is now in the company's hands, the entire 100% asset and that's a good thing because then we can control the asset in a more proper manner and that is leased out.

Similarly, in Mumbai, there's a lot of interest in BKC, there's a lot of pitch has been made to various clients, very large clients, existing clients in Bangalore and Hyderabad. So that's also happened. Like Cochin, we have done one development that's fully leased out. Even Outer Ring Road, there was a bit of a blip now, stress -- but now everything almost is fully leased out. We have some inventory in Bangalore near the airport, which is a Prestige Tech Cloud, but that's work in progress.

That project is almost ready now and I think even that the teams are working hard. And for the under-construction projects also I think there is a lot of interest and as we progress, as we come nearer to completion, the demand will come.

Parikshit Kandpal: Sure sir. Thank you and wish you the best. Thank you.

Moderator: Thank you. The next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead. Hello Mr. Pritesh, your line has been unmuted.

Pritesh Sheth: Hello.

Irfan Razack: Yes, Pritesh we can hear you.

Pritesh Sheth: Hello.

Moderator: Mr. Pritesh, your line has been unmuted. Please go ahead with your question. We will move on to the next participant. It's from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: Hi, good afternoon. So my first question was on when we look at the target that you're setting out yourself for INR26,000 crores, INR27,000 crores. So one needs to also build a pipeline that in the subsequent years to sustain or even grow from here on. So with that context just want to understand like we spent about INR4800 crores this year on new land and BD. How should we look at this number in FY25 and going ahead?

Irfan Razack: We do have Kunal we do have a big pipeline. Apart from 25 we have a pipeline which should be on upcoming projects and also there's a big land bank. So I believe that it's all work in progress. Everything can't be spelt out there, but then there is a pipeline and we are very conscious about that and all this will all happen as we move along and if Amit wants to add up something, Amit wants to say something.

Amit Mor: In terms of outlay for the next year it will be in the similar range of INR3500 to INR4000 crores. So that's what we are budgeting for 24-25 in terms of business development spent.

Kunal Lakhan: Sure. So INR3500 crores to INR4000 crores for the new land and plus like there'll be some pending payments towards existing land. Is that correct?

Amit Mor: It includes those pending payments. So that's our yearly capex spent is around that INR3,000 crores to INR4000 crores, which is what we anticipate for this financial year also. And Kunal, just to add on there is no dearth of deals in the market. As Mr. Razack has also said before our approach is very simple. We are cherry picking what we want to do and conservatively approaching these deals and the market is huge.

If you just look at the Pune and NCR market, it's equal to the Bangalore market or even more. So I think once we get our bearings in these markets the deal flow is just going to ramp up even more and take that sales number even higher. I think your question must have been coming from upcoming we have 75 million square feet and we've showed 60 million square feet are expected to be launched this year. Yes, we'll try to launch as many of those as possible. It's very realistic.

We're not just putting a number over there because we've been working on this for quite some time and capital has been invested in the last year in this project. Hopefully, some will carry on to the Q1 of the next financial year and there'll be more that we'll add on.

Kunal Lakhan: Sure understood. My second question was on the debt side. I think you guys have done a fantastic job of managing your debt levels despite the growth that you're seeing and the capex that you're seeing. Just on the outlook for FY25 where do you see the debt number settling by March 25?

Irfan Razack: In fact, you'll be surprised. My direction to my team is there's so much of positive cash flow that will come in the following year. The debt level will be below what it is today because that's what my ambition is, and I don't see it going up. I only see it going down. That's the game plan also. We have a strategy in mind. We've got a lot of where money has been sunk in on land where there's not much of spent on construction.

We believe projects like Prestige White Meadows or Prestige Raintree Park where money has gone in for land and even in Prestige White Meadows where construction also has been done substantially. Once these get approved and launched it'll give us a huge amount of cash flow. Similarly, Indirapuram, similarly now in the Prestige City Hyderabad also in Budvel even there we've got a lot of money spent on land and that will come into positive cash flows.

So we believe that the debt levels for the end of financial year 2025 of course there'll be blips up and down quarter-on-quarter, but the cash flows will be pretty robust, and we will try and bring down the debt level from what it is today.

Kunal Lakhan: Sure. Just one clarification on when you say debt levels will come down, you're talking about absolute debt levels or debt to equity?

Irfan Razack: Debt to equity.

Kunal Lakhan: Sure. Understood. And one last question from my side. Any update on the hospitality demerger and this thing that we are planning?

Irfan Razack: Yes, that's a work in progress. That's a good question. That's a work in progress and I believe that that's the way to go. That's where a lot of capex will be required for it. And once we do the demerger and we do an IPO that will give us additional bandwidth to grow the hospitality business because currently the hospitality business is booming and we're getting positive numbers from all the assets, current assets which are trading and we do have a huge pipeline of new assets which are either under planning or under construction or approval. So all this will definitely require fresh spending and hence an IPO will be the need of the day.

Kunal Lakhan: Sure. Any indication of the timeline this will happen in 2025?

Irfan Razack: Yes, we'll try and finish it in 2025 itself. There's no need to procrastinate. Hopefully, the team will work on it and make sure it happens in the next couple of quarters.

Kunal Lakhan: Great. Thank you so much and all the best.

Irfan Razack: Thank you Kunal.

Moderator: Thank you. The next question is from the line of Abhinav Sinha from Jefferies India. Please go ahead.

Abhinav Sinha: Hi and good to see the strong pipeline that we have put up. Can you give us an idea of how say the first quarter or second quarter is going to look like in terms of new launches?

Irfan Razack: Abhinav actually this quarter, the current quarter, the first quarter will be very soft. The reason is the approvals did not happen because of the election code of conduct though whatever we've tried, it's quite a tough one. In spite of that whatever inventory we have and we had we are selling and in Bangalore we are in a near sold out position. But we hope that some more approvals will come through in this quarter itself.

And then if we get the RERA, maybe we'll get some good numbers this quarter, but for sure the next and the next quarter will be quite defining. This quarter could be muted, but not so bad, but at the same time because of the election code of conduct and the process, it has really put us into a bit of a bind.

Abhinav Sinha: Right. Sir, on Bangalore market also, how are we seeing pricing now? Is it stable or still you're seeing double digit growth?

Irfan Razack: Yes. Pricing is something that I wouldn't want it to go spiral upwards. We do have to have a balancing trick between the selling price, our costs and land price and all of it and still retain our margins and make sure that the company earns decent margins. Because if the price goes up too high, too fast, it's counterproductive. And then the entire customer offtake will be a little slow. So hence, we are very conscious on how we price our product.

It all depends on our function of how our product is priced, on cost, on the overhead and also land and opportunity cost. And basically, so we're very conscious and we also look at what the market will accept. And I think we balance our pricing. And I think so far, the team has done a good number. Actually, prices have grown. If you look at the average ticket price of this thing is now 10,000 plus.

Moderator: Mr. Abhinav, does that answer your question?

Abhinav Sinha: Yes, I have another question if it is possible to do that.

Irfan Razack: Yes, Abhinav.

Abhinav Sinha: Yes. So on some -- on the longer term, I just wanted to check on after the CEO's departure, banker's departure, what are your thoughts on having a professional CEO again or on the longer-term succession plan also, if we can have some thoughts there.

Irfan Razack: The thoughts are actually contrary to the perception; we have professional CEOs in every segment of the business. For the office, I have Jaggi Marwa, who heads the office business. I have the Mumbai head CEO, Tariq Ahmad, who runs the entire Mumbai operations. I have got Mr. Swaroop Anish, who heads the residential business. And I have Mr. Mohammad Ali, who handles the retail mall business. Similarly, now, among the promoter group, I have got Zayd Noaman, who is now going to take care of investor relations, funding, financing, and all of it. He has been in the business for a pretty long time. And he is pretty well-versed at how things will work. Now, Amit is now really cutting out his teeth and doing his job as a CFO and he is performing well.

Plus, in the NCR region, another promoter, director that is Sana Rizwan, is going to take care of NCR. Hence -- and in hospitality also, we do have Mr. Suresh Singarvelu, who is quite a senior gentleman and who has been doing the hospitality business for quite a long time, of course, supported by two promoter directors. One is Mr. Zaid Sadiq and Omar Jung.

So hence, I believe there is a pretty well-rounded team that is there and there is no vacuum of any sort including on the production side. We do have two promoter directors, that is Faiz Rizwan, who has quite a lot of energy and youth and he handles now the purchase and production along with my brother Rizwan. And of course, we have Mr. Gopal, the very senior most gentleman. Of course, in Mumbai also, we have the engineering team. So I believe that redundancy is not required. As things go by, we will see.

In case if there is a need, we will definitely fill it up. It is not that we want to run a very shoestring operation if the company needs to be strengthened with some more resources. As time goes by, we will strengthen the resources.

Abhinav Sinha: Great. So, thanks and all the best to the team.

Irfan Razack: Thank you.

Moderator: Thank you. The next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: Yes, thanks for my question. And congrats on some great performance in SR24. Our first question is on the pipeline. So, Bangalore, you keep on adding projects nothing too much to worry on that. But specifically in Hyderabad.

Irfan Razack: No. Hyderabad, I've got a good pipeline. Chennai, I've got a good pipeline. And even now, Mumbai, I have a good pipeline. Plus, now the thing is we've also more or less concluded a large transaction in the Pune market because I believe that's where again there's potential. So we are not trying to spread ourselves too thin. But the potential was there, and this will be handled by my western region.

So, I think the pipeline is there. We are conscious that there's no sense in hanging on to a huge amount of so-called land bank and not launching. We do believe we have to be quick we have to have projects we acquire; we need to bring them to the launch pipeline like now Indirapuram, we tied up just about a quarter ago.

Now we want to bring that to the market soon. Now we've got not even KG Marg, we want to bring that to the market soon. So once those get launched in the next pipeline, we'll start this like Zaid very rightly said, every day there's offer for projects but we cherry pick and only select the best of the best. So, I don't think there's any dearth of opportunity. It's only trying to do things properly without spreading yourself too thin.

Moderator: Sorry to interrupt, sir but the current participant has been disconnected. The next question is from the line of Ashutosh Mittal from Axis Capital. Please go ahead.

Ashutosh Mittal: Sir, our pre-sales have been great. We have also capitalized well on the cycle. So in the next two years, can we see yearly sales of INR30,000 crores before the market actually peaks out?

Irfan Razack: Ashutosh, we'll make you INR30,000 crores in FY '25 but I'm not guiding. I'm only saying 26,000 but I'm very sure the team will touch 30.

Ashutosh Mittal: Okay, thank you, sir. And my second question is on closures of deals in Pune and Gurgaon residential market. So both are big residential markets and we have been trying for some time. So any updates on these 2 markets?

Irfan Razack: Yes. Pune, as I told you, we have closed out one transaction which will get formalized in the next month or so. And that's a large ticket one in the sense it's a joint development, so there's not any major cash outflow. And we do have a local partner who's undertaken to get all the approvals, everything. We just have to give the scheme. So I believe that will be a big number mover for us there again. So I can't reveal more details than this, but it's all work in progress.

Ashutosh Mittal: Okay. And anything on Goa market, sir?

Irfan Razack: Goa, yes. Now we've already bought one piece of land and that's getting registered as we speak in Goa. And then we also have – we've got two large piece of tracts of land. One is now the one that in Goa I'm talking about, the seascapes, prestige seascapes. That's a combination of plots, villas, and high-rise apartments. That should get launched if everything goes well by August, September.

Ashutosh Mittal: Okay, thank you, sir.

Moderator: Thank you. The next question is from the line of Pritesh Shah from Motilal Oswal. Please go ahead.

Pritesh Shah: So my question was I wanted a little more on pipeline specifically in Mumbai, Hyderabad, Pune which we were talking about. Hyderabad, you answered in a bit, and I heard that. So just on Mumbai, after these couple of projects launches, right, how do you think the pipeline is coming up in terms of other micro-markets in Mumbai apart from South Central? So just your comment on that and Pune, which you were talking about last quarter, where are we progressing on that front?

Irfan Razack: Now, as I told you, Mumbai, we have a good, strong pipeline just now. As I said, we always like to tread softly. Now let these 2 big launches happen. We would like to see the response. There are opportunities, like in central Mumbai, we're also working on the JijaMata Nagar, which is now, I think one-fourth of that slum is now getting cleared. And by August, September, the entire place will become a flat ground.

It's a big responsibility, but we need to do that. And we have to build 4,000 rehab homes, which the team has really worked on, the architects are in place. So that's central Mumbai. But now we are also conscious that we need to get in a product which is appealing to the mid-income group. And hence, we are looking at various opportunities in Thane, in Panvel, and other places. But there are many opportunities, but we don't want to make commitments till the current commitments that are on hand get launched, and we get ourselves a little free.

Pritesh Shah: Sure. That's helpful. Second on the margins, this quarter, specifically on residential segments.

So we have a sharp increase at 34%. Anything specific to look at, and what should be the sustainable margins on the sales that the company is right now doing? Should one assume in that sense?

Irfan Razack: Amit will answer this question. Amit.

Amit Mor: Hi, Pritesh. In the current quarter, we had 2, 3 project completions which had higher margins, which has resulted in an increase in margins. Going forward, most of our projects are in the range of 30%-35%. So EBITDA margin should remain at 20%-23%.

Pritesh Shah: Sure. That's where the average for the full year was?

Amit Mor: Yes.

Pritesh Shah: Okay. And just lastly, I'm not sure if you have answered, but what should be the capex spend this year and next year? If you can guide on that number, some range on that side.

Amit Mor: This year, we have spent INR2,300 capex, which includes INR1,600 on commercial, retail around INR250 crores, and hospitality, INR450 crores.

Pritesh Shah: I'm asking for FY ‘25 and ‘26. What should be the number one should assume?

Amit Mor: In the range of INR2,500-INR3,000 crores per annum.

Pritesh Shah: Okay. Sure. That's helpful. Thank you. All the best.

Moderator: Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Thanks for the follow-up, sir. So you've been talking about land acquisitions across India, but one place where we have still not heard anything from you is Gurgaon. So how do you think that market will pan out for us in this year? Are we looking to break any deals there this year and potentially launching something by the year end?

Zayd Noaman: Hi, Parikshit. This is Zayd. As mentioned earlier, we're in the process of seeing many deals and evaluating them. There is a huge pipeline that we see of deals, but we're cherry-picking what we like. And more importantly, we want to stabilize and launch our project in Indirapuram, and then this will follow. So for that region, I think we have our eyes set and focused right now, and then we'll definitely pick up something in Gurgaon.

Parikshit Kandpal: Okay. And the second thing is on Pune. So the format in Pune will be the prestige city, because I think Irfanji spoke about a large land parcel. So are you looking at doing something like we're doing in NCR with the prestige city project coming, a format coming here in Pune?

Zayd Noaman: Yes, we will be looking at a format like that, because it's a large township.

Parikshit Kandpal: Okay. And just the last question now, sir, we have two big commercial assets now. I think both the projects and I think both in BKC have now moved into ongoing, so even the Mahalaxmi is there.

Do you think that at the right time we look at maybe now we have bought out the partner here? And we're at 100%. So are we looking to maybe raise some capital and de-risk this project? Because these are large layouts with large rental potential. So do you think it'd be appropriate maybe before they're ready? We look at raising some capital here from private equity, and then maybe in a long time we have plans for a lease, so then monetize it through that.

Irfan Razack: Yes, I mean, there are various ways to do business, and definitely you're saying long-term plan is to maybe once we have a complete scale in both in the retail as well as in the office space, and we've got a target of almost INR4,000 crores top-line rent by 2028-29, as well as a INR600 crores top-line rent in retail. And I think that's the time we will plan to do a REIT like how we are now planning to do a hospitality IPO. That's the only way to do it.

Parikshit Kandpal: But sir, no plans to do any, I mean, pre-REIT kind of capital raise, I mean, maybe a stake sale to private equity funds, a couple of assets where we've already like gone up.

Irfan Razack: We've already done the stake sale, so it is not there yet, but the whole idea now, game plan is to create the, like we said, Office 2.0 and Retail 2.0. We will do one of some of the best retail assets and the best office assets, make them mature and at that time we'll think of listing them or taking them for a REIT. But it's all work in progress but you never know in life what happens. But as of now, if you're asking me, currently there's no such thoughts.

Parikshit Kandpal: Okay, sir. Thank you, sir.

Moderator: Thank you. The next question is from the line of Chetan Sharma from Systematix Group. Please go ahead. Hello, Mr. Chetan, your line has been unmuted.

Chetan Sharma: My question is regarding the verticals, sir. Can you please give me guidance regarding the verticals of office retail and hospitality and services? How do you go about it?

Irfan Razack: Chetan, speak up a little louder, please. I can't hear you. I couldn't hear you at all, Chetan.

Chetan Sharma: Yes, my question is regarding the verticals. Can you give any guidance on office retail and hospitality or service residential for FY'25 and FY'26?

Irfan Razack: No, we've given a guidance. See, I can't give you early guidance on office and retail, but we have set a vision for office up to FY'28, almost INR3,800 crores of top-line rental, and for retail, INR580 crores of top-line rental up to FY'28. And I think these are pretty realistic numbers and pretty achievable. This is Also, we've given a breakup on how we are going to achieve it, so that's also there in our presentation.

Chetan Sharma: Thank you.

Moderator: Thank you. The next question is from the line of Shivam, an individual investor. Please go ahead.

Shivam: Sir, can you just provide us with some the PAT percentage and the EBITDA percentage numbers for the pre-sales that you have done, and what will be it in the future?

Irfan Razack: Shivam, the PAT percentage, the EBITDA percentage, as Amit already told you, will be hovering around at 30%. And PAT, like you've seen now, it's from a single-digit PAT, it's grown to about 13%, 14%, maybe 17% as we go along. And I think it remains on the similar lines, unless there's some huge cost overrun in terms of material costs and other things. I think we should be able to retain those for the next two years to three years at least.

Shivam: What would be the PAT percentage on the FY'24 pre-sales that you have done?

Irfan Razack: It's there now. We've been talking about pre-sales. Pre-sales are also similar, Shivam.

Shivam: It will be similar, the 11%.

Irfan Razack: No. PAT percentage, as I told you, between, 15% to 17% should be the thing. And Amit wants to add something to you.

Amit Mor: It will be in that range, Shivam, around 14% to 15% PAT percentage. The overall margins will be, the gross margin will be around 30% to 35%, EBITDA margins will be around 23, and after all my overheads and all that, the PAT percentage will be in the range of 14%, 15%.

Irfan Razack: What we do, Shivam, we price our product very sensibly. There's no sense in overpricing the product and having no takers. Hence, we are very conscious that while the company has to earn a decent margin, we don't overprice it and then make it redundant.

Shivam: So 14% to 15% of PAT margin you'll be targeting in FY'25 pre-sales that you're targeting around INR30,000 crores. And that's what you're targeting?

Amit Mor: Just to add something, if you're looking from the financial year, 24%. That is not the right benchmark because we are spending quite a bit on overhead sales and marketing which gets debited to P&L. But what gets recognized as revenue is what I did somewhere in 21, 22. So it's not comparable. So once my sales stabilize at 25,000, 30,000 levels, my overhead percentage will come down and my margin and my PAT percentage will go up. So on a stabilized basis, you can expect 14% to 15%.

Shivam: How much are you willing to target for FY'25? Like you said INR26,000 crores is your pre-sales guidance for FY'25. So what PAT percentage will you be targeting conservatively?

Amit Mor: The answer is the same.

Shivam: 14% to 15%, right? Hello?

Irfan Razack: Yes, tell me.

Shivam: Yes, it will be 14% to 15%, right?

Irfan Razack: Yes.

Shivam: Okay, thank you.

Moderator: Thank you. The next question is from the line of Yash Gupta from Think Side Advisory. Please go ahead.

Yash Gupta: Sir, my question is on launch pipeline. For FY'25, we are looking for around INR60,000 crores of GDV. So, sir, this will be the new normal for the company in FY'26, FY'27. Again, we will look to see like launch of INR50,000 crores, INR60,000 crores on an every year basis or FY'25 will be a little bit on an exceptional side?

Irfan Razack: This could be exceptional because we've been working on this for some time. And you see, 60,000 is the target. We may do 60, we may do 50, we, may do 55. As I said very clearly from the beginning, it depends on the approval process and getting that within the timeline. There could always be some gaps. So, if I have to get the number that we're looking at, we have to target that type of launch pipeline. Otherwise, we will not get those numbers. So, I believe that the potential is huge, and I think we should always target that year-on-year between, 40,000 to 60,000.

Yash Gupta: Okay, thank you, sir.

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

Irfan Razack: Thank you very much once again for a very insightful conference. You had a lot of good questions. Thank you for your support and thank you for anything else you need. I think both Amit and Zayd and Mohit are there to answer any doubts that you have. You're most welcome. You get the answer. Once again, thank you for the interest shown in the company and the support you've given us. Thanks so much.

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