SOBHA

PASSION AT WORK

Date: June 25, 2021

| To<br>The Deputy Manager<br>Department of Corporate Services,<br>BSE Limited<br>Floor 25, P.J Towers,<br>Dalal Street, Mumbai – 400 001<br>**Scrip Code: 532784** | To<br>The Manager<br>National Stock Exchange of India Limited<br>Exchange Plaza, Plot No. C/1, G Block,<br>Bandra Kurla Complex, Bandra East,<br>Mumbai – 400 051<br>**Scrip Code: SOBHA** |
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Dear Sir / Madam,

**Sub: Conference Call Update**

Please find enclosed Transcript of the conference call held on June 23, 2021 at 4.00 PM (IST) with the Investors/Analysts in respect of the Financial Results for the quarter and year ended 31st March, 2021.

We request you to take the aforesaid information on record in terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is available on the website of the Company.

Yours sincerely,

**FOR SOBHA LIMITED**

**VIGHNESHWAR G BHAT**
**COMPANY SECRETARY AND COMPLIANCE OFFICER**

“Sobha Limited
Q4 FY2021 Results Conference Call”

June 23, 2021

**ANALYST:** **MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES LIMITED**

**MANAGEMENT:** **MR. SUBHASH MOHAN BHATT - CHIEF FINANCIAL OFFICER – SOBHA LIMITED**
**MR. RAMESH BABU – VICE PRESIDENT, FINANCE – SOBHA LIMITED**
**MR. VIGHNESHWAR BHAT - COMPANY SECRETARY & COMPLIANCE OFFICER - SOBHA LIMITED**
**MR. TEJUS SINGH - HEAD OF INVESTOR RELATIONS - SOBHA LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Sobha Limited Q4 FY2021 earnings conference call hosted by ICICI Securities 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities. Thank you and over to you Sir!

**Adhidev Chattopadhyay**: Good evening everyone. On behalf of ICICI Securities, I would like to welcome everyone on the call today. Today from the management of Sobha Limited we have with us Mr. Subhash Bhatt, Chief Financial Officer, Mr. Ramesh Babu, VP, Finance, Mr. Vighneshwar Bhat, Company Secretary & Compliance Officer and Mr. Tejus Singh, Head of Investor Relations. Now I would like to hand it over to the management for their opening remarks. Over to you! Thank you.

**Subhash Mohan Bhatt**: Thanks you Adhidev. Good evening ladies and gentlemen. We are pleased to connect with you post declaration of our audited financial results for the Q4 and the financial year ended March 31, 2021, through this concall hosted by ICICI Securities. Thanks Adhidev and the team for organising this call.

We have already shared with the investors the operational update of the company in the second week of April 2021. The investor presentation based on the financial results adopted by the Board is already uploaded on our website and investors can access it.

Coming to the outlook and the Sobha's performance specific during this year and the quarter we are aware that the impact of COVID-19 on the Indian real estate sector was cycling to the point that it brought property transactions to almost near halt last year when nation went into the complete lockdown between March and June 2020 and since the market has taken several side towards recovery and just when it seems the revival was not very far, we were stuck by second wave of the COVID-19 which turned out to be more fatal than the first wave.

From halted construction activities to marked exodus of migrant workers year 2020 has been a watershed year in the history of the economic downturn till now. From negligible home buying enquiries and site visits to the incessant curb on construction activity the crisis got the entire real estate sector quite unaware in the beginning of 20220-2021.

After a series of lockdown and the restrictions, the country started getting back to normalcy by July 2020. The pandemic forced the real estate sector to employ digital business strategies which has led to a rapid transformation of thought and seems to be a blessing in disguise. Resultant virtual visit share in the overall site visits increased manifolds within these three months to four months after the opening happened after the first wave. The expert anticipated that the market would recover completely in 2021 given that the enquiry sites visits, and the sales had started nearing the pre-COVID levels in most of the cities. However, the resurgence of COVID-19 in a more lethal form starting March 2021 starts fear of the far worse than the last year, so with the several cities currently undergoing lockdowns in various phases unlock happening in various phases and people struggled through healthcare issues during the second wave, the reality sector have seen another globe.

Buyers have slowed down property transactions and since the lockdowns are in place over weekend site visits have also considerably dropped. The ongoing second wave of COVID-19 and the intermittent lockdowns, localized lockdowns that have slowed down the economic activities during Q1 of FY2021-2022 but we continue to believe that real estate sector will bounce back earlier due to the demand in housing.

The work-from-home concept becoming more and more ingrained now that is better affordability and the low interest rate regime continuing or near future. Managing cash flows efficiently during these times has been critical and that is where Sobha has focused its managerial time during FY2020-2021 and managed to do its efficiently due to off stated self-reliant business model, utilization of resources to the optimum level, use of digital technologies especially in sales and market areas, cost effective saving measures which were introduced during the FY2020-2021 and along with the customers trust and the brand equity that we have built over last 25 years.

During FY2021, cash flows remain healthy and due to our efficient cash flow management, we have been able to reduce our net debt by Rs.1.71 billion resulting in the debt equity coming in at 1:1.17 as of March 2021. We are pleased to inform you that the India Ratings and the rated company has rated Sobha Limited for the first time and assigned a long-time term rating of "Ind AA-" stable during the month of April 2020-2021 which was already shared with the exchange and the investors.

During these challenging times, we are also delighted to share with you that the company has achieved best ever quarterly sales volume in Q4 followed by substantial positive growth in the sales value and the value realization as compared to the year-on-year Q4 of last year and the sequential Q3 of the current year.

Bengaluru continues to remain the core market for us with 60% to 65% of the sales volume contribution but performance of the other markets like Gurugram, Pune, Cochin have been highest during Q4, and it is worth noting that during FY2021 the sales volume received by Gurugram, Cochin, Thrissur, and Pune are higher as compared to FY202 itself. Total sales value for the period FY2021 was at 31.37 billion which is also highest during the financial year. We believe that the pandemic situation will ease in Q2 of the current financial fiscal year and demand and supply and collection situations who should improve further with a broad base economic revival which is envisaged.

Coming to specific Sobha performance, we are happy to announce that during Q4 of FY2020-2021, we recorded as I mentioned earlier best ever sales volumes surpassing the previous five years achieved in Q3 of the current year. This is a positive development noticed during the second half year of 2021 and it is clearly a sign of recovery from the slow pace that is witnessed during the first half of gone fiscal.

We have achieved a total sales volume of 1.34 million square feet valued at Rs.10.72 billion with a total average price realization of Rs.8014 per square feet. The sales volume total sales value and Sobha's share in the sales value during Q4 were up by 48%, 54% and 58% respectively as compared to Q4 of the last year that is March 2021. The price realization of Rs.8014 per square feet achieved during Q4 2021 is the highest price realization achieved by the company in the last eight quarters.

During FY2021, we achieved overall sales volume of 4.01 million square feet with the presales value at as I mentioned earlier 31.37 billion and an average price realization of Rs.7,817 per square feet. The pandemic has challenged the core operational abilities of well-established enterprises and Sobha who has managed to overcome this using our backward integration, in house technologies, manufacturing capabilities that we have along with extensive digital land technological tools in the sales and marketing areas and we have constantly looked at whatever cost saving measures that can be bought in place to tackle this impact of the pandemic, so same you will be able to clearly see from our operational and financial performance during FY2021.

Our sales and marketing activities have moved into advanced levels of digital platform in view of the current market situation and the trend and considering the sales and safety and health requirement for both the customers and our staff. Our investment in technological tools like Salesforce augmented and virtual reality have reaped in the expected results, and we will continue to focus on expanding the digital footprint in order to reach out to greater masses.

With these development, the activities which were managed fundamentally via in person approach, are now being replaced is virtual site visit, questions being answered primarily through our dedicated customers contact centers and we have witnessed that these are also resulting in expected results and bringing in more serious quality of the prospect and customers.

During the quarter, we launched one new super luxury project in Whitefield; Bengaluru Sobha Windsor with a super built up area of 1.35 million square feet and Sobha Metropolis in Thrissur with the super built up area of 1.17 million square feet. Both these projects were launched on our own land and there is no joint development in these projects.

We also managed to rollout a plotted development Sobha Chartered Woodpecker under the DM model with a total sellable area of 0.45 million square feet in Bengaluru. So in total we have launched 2.77 million square feet of super build up area during the quarter ended March 2020 and during this quarter, we have also opened our first flagship retail showroom under the “metercube" brand with the area of 29,526 square feet at our 1 Sobha Commercial Space in Bengaluru.

On the planned residential launches of 13.35 million square feet across various cities we are on track for launching the as per the timelines that were shared with the investor community during our earlier concall. These launches are expected to further boost our sales in the coming quarter. We would also like to inform you that these launches are from our existing land bank and the balance land payments which will be required to be made on the same would be from our internal accruals and not through fresh borrowing.

As on March 31, 2020-2021, we had unsold inventory of 15.66 million square feet in ongoing projects which we considered to the adequate given the current market scenario. As of March 31, 2021, we had unsold completed inventory of only 290,000 square feet valued at Rs.1.3 billion. It is probably one of the lowest in the industry and shows our ability to sell the inventory before the project gets completed. Overall, we have delivered 112.3 million square feet of developable area which is one of the highest successes.

On the areas which are released for same in ongoing project, we have achieved 58% sales and the committed receivables from the sold unit today stand at Rs.34.82 billion which provides the coverage of 79% for the balance cost to be spent on the ongoing projects which have been offered for sale which makes us be in a very, very comfortable position.

On the financial performance during FY2021, the real estate revenues were lower due to the Ind-AS revenue recognition methodology that Sobha is required to follow and which we have shared with the investor community earlier also that we recognize revenue on a unit handover after 100% project completion. It should be noted that out of the community sales done in the residential business as of March 31, 2020-2021, there is a balance revenue of Rs.67.83 billion to be recognized in our books as and when the 100% completion of the project happens and we handover those units to the customers. This gives us good visibility to the revenue recognition coming in the coming year.

The contract and the manufacturing business during FY2020-2021 were lower revenues due to COVID-19 impact; however, we believe that the same will improve with a healthy order book that we have of Rs.70.69 billion as of March 31, 2021. Margins have remained healthy due to the cost saving done across all the projects and the digital optimization that we managed to achieve in our sales and the marketing functions. Also during our concall for the last quarter, we had said that we have taken a price increase of 5% to 6% common across Board, across all our projects in India and the same continued during Q4. So the price increase that we took in October of 2020 continues to deliver a good numbers for us in the last quarter also.

In our contractual vertical as of March 31, 2021, we have completed projects to the tune of 53.33 million square feet since the inspection of Sobha Limited. Current ongoing contract project aggregates to 5.64 million square feet and these are under various level of construction. As I mentioned earlier order book as of March 31, 2021, stood at 20.69 billion for our contract business and this also provides good visibility and all operational visibility and the trust that has been shown in customers.

With this backdrop, let me summarize now the performance of Sobha Limited for Q4 and the financial year ended March 31, 2021. The financial highlights are the total income was reported at Rs.5.66 billion with the real estate revenue at 2.9 billion. Contracts and manufacturing revenues were reported at 2.64 billion which is 20% higher as compared to the sequential Q3 of the current year.

The EBITDA was at 21% and absolute value at Rs. 1.16 billion, with the PBT at 0.15 billion and a PAT of 0.19 billion. The debt equity ratio as on March 31, 2021, stood at 1.17 billion and we are pleased to inform you that the cost of borrowing has continued to come down like the earlier quarters and over last six quarters we are seen the drop in that we had promised the market happening, right now it stands at 9.04% per annum as on March 31, 2021.

Coming to the full year highlight, the total income was reported at Rs. 21.6 billion with real estate at 13.1 billion and the contract and manufacturing revenue at 8 billion. The EBITDA was at 23% margin 4.91 billion, the PBT was at 0.76 billion and the PAT at 0.63 billion.

Coming to the cash flow highlights for the Q4. Our total cash inflow during the Q4 2021 was at Rs.9.78 billion which was up 3% as compared to Q4 of last year and 13% as compared to the Q3 of the current year. The real estate inflow stood at Rs.7.14 billion up again 19% and 8% compared to Q4 of last year and Q3 of the current year.

The contracts and manufacturing inflow was Rs.2.63 billion 30% higher than the sequential Q3. Net operating cash inflow was at Rs. 2.34 billion up by 10% and 29% as compared to again the last year Q4 and the sequential Q3 of the current year. The net cash inflow was Rs.1.23 billion which was 17.3% higher as compared to Q4 of the last year and 64% higher as compared to the Q3 of the current year.

For the full year, the cash inflow was at Rs.30.77 billion with the real estate inflow standing at Rs.22.17 billion and the contract and manufacturing at Rs.8.6 billion. We have generated net operating cash flow of Rs.6.39 billion which is about 138% as compared to FY2020. The net cash flow stood at 2.27 billion which is 61% higher as compared to the full year last year.

With this, I would like to close my opening remarks and I would request the host to open the floor for question and answers. Thank you.

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

**Puneet**: Good evening and congratulation on a great sales and once again returning back of positive cash flows. My first question is in the context of the price increase which you highlighted which we took in October 2020, have you taken any other price increase in the recent quarter?

**Subhash Mohan Bhatt:** No, Puneet we have not taken but as I have said with all the investor community earlier also, every time we release a new power to the sales guys for sale, automatic price increase is considered whereas the 5% to 6% was taken in all unsold units in the launched projects. Over and above this price reset that happens at every time, the tower is launched.

**Puneet:** In the context current commodity prices both steel and cement, how do you feel about margins?

**Subhash Mohan Bhatt:** Right now, because of the price increase that we took and the stickiness of the price increase continuing in the Q4 and thereafter in Q1 also, we do not see the margin getting impacted for Sobha Limited. We should be able to maintain our EBITDA margins that we have achieved earlier.

**Puneet:** So, between 20% and 25% it is**?**

**Subhash Mohan Bhatt:** Yes, it will continue in that range.

**Puneet:** My second question is related to cash flows, so if you look at Q4 cash flow for real estate project that seems to have come down, similarly land payment has also been lower in Q4 and plus the capex also is very, very low, how should one think about all these three items next year and the year ahead?

**Subhash Mohan Bhatt:** On the land side, for Q4 specifically, it was not low, we had land payment of almost 17 Crores whereas the yearly payment was only 38 Crores, so if you look at the commentary that we have been providing to the market, we have enough land right now for the projected launches that are there, so on that the only major payment which is pending is for GIFT

City in Gujarat and during COVID, we had managed to get a moratorium of almost one year from them which in the current year should not be a burden on the cash flow or the operating cash flow for us, so other than that there is hardly any committed land payment which is sitting for our payment or next year. At least two years to three years, we do not see any major land acquisition happening, other than some land here and there for continuous consolidation that we are doing at Hoskote and one or two small lands that we will have to acquire in other locations who just make the land parcels that we have contiguous, so we do not see too much of land payment happening and we are committed.

**Puneet:** Is this kind of budget that you would put in for this?

**Subhash Mohan Bhatt:** Not 100, I would put it at more 75 to 80, not more than that. On the capex side, we do not have so much of commercial coming up. So the kind of spend that we did last year that is in FY2020, 78 Crores mainly on the one Sobha Mall, so we do not have any major commercial capex coming up, the general capex is basically the plant and machinery and that would continue.

**Puneet:** Balance to spend is nothing in rest of your malls?

**Subhash Mohan Bhatt:** Yes, not at all.

**Puneet:** Specifically on Q4 the real estate expenses which in Q3 at 12 Crores 290 Crores in that 2 Crores to 33 Crores, is that the new run rate or it is 290 Crores?

**Subhash Mohan Bhatt:** No, I would suggest you take 290 to be on average, we normally have anywhere between 1000 Crores to 1200 Crores spent in a year, that will be the normal whereas in FY2021 mostly we had 918 but then that is mainly because we had complete lockdown for the first one and a half month of the year.

**Puneet:** So, this time around the work has continued, so that?

**Subhash Mohan Bhatt:** The work has continued, billing has happened, collections have happened, so collections also will be better, collections were also impacted in FY2020 in Q1 of the last year.

**Puneet:** That is very helpful. My third question is on, what is it that you are doing now differently in Pune, Gurugram, Kochi all these have come up nicely in Q4 and even from full year perspective?

**Subhash Mohan Bhatt:** Kochi, I think is an inherent demand that we are seeing from the NRI community to look at good options in Kerala and looking at the competition that we have in Kerala, I think there is hardly anybody else who has projects of the size that Sobha has and the quality that we have delivered and therefore if you see the Kochi as well as the Thrissur launches are doing quite well for us. In Gurugram it is a factor of one completion happening, so probably we are the only developer there who has a reputation along with DLF having completed on time and handed over. So, that is helping plus the Dwarka Expressway is again hotting up and you must understand see, Dwarka Expressway our market is basically for the people in main Delhi, who would want to get a sense of living in apartments which is not possible in the current scenario in Delhi at all. So, that is the target market and our site construction is going on well, so when people visit and see that the construction is happening on time and Sobha is spending the money for constructing and the digital process that we have introduced now for the marketing as well as, as I said the first query is getting handled through the call centre so there is a uniform handling process which has come into play. So, that helps to crystalize and ensure that the enquiries which are passed on to the sales team and which then culminate in the site visits are for superior quality of enquiry as compared to what we were getting earlier where any broker would walk in and say this is my customer and he would probably take you and your site visit, whereas currently the site visits are more focused naturally during the intermittent lockdowns, no site visits have happened, but whatever has happened over last year the site visits were more focused and our conversion ratio was far better.

**Puneet:** Okay, Sir. That is very useful. Thank you so much and all the best.

**Moderator:** Thank you. The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

**Sameer Baisiwala:** Thank you and good evening Subhash Ji, the first question is Sir, what is the outlook for fiscal 2022 in terms of your guidance for new schemes and for net debt?

**Subhash Mohan Bhatt:** Sameer thanks, this is a question again we brought up at the board yesterday and the board has advised us to continue with the cautious stand that we took last year especially after the second wave that has happened in Q1. Naturally, if you look at the Bengaluru markets, we had lockdown almost for seven weeks in Main Bengaluru and weekend lockdowns continue, so we are dependent to a lot on the digital marketing and the digital site visits, and virtual site to site visits concept that we have introduced, so we would remain cautious. We expect the economy to bounce back in Q2 and probably by Q2 when we are ready for the Q1 announcement if the board allows to me and then I would probably share with you a kind of guidance for FY2021–FY2022, currently we are holding our works we are not willing to commit anything, but certainly we will try and at least achieve what we did in the last year.

**Sameer Baisiwala:** Okay, this is helpful to have fiscal 2021 as a benchmark and Sir, your thoughts on the net debt, where do you go from here?

**Subhash Mohan Bhatt:** So, we are at 1:1.7. We are expecting at least Rs.150 Crores to Rs.200 Crore's reduction next year also in line with what we achieved in the current year.

**Sameer Baisiwala:** Sir excellent and one final question from my side. You have shown about 13 million square feet of forthcoming projects, so what could be the launch schedule this year and next year out of this?

**Subhash Mohan Bhatt:** Yes, we had shared with you that we will launch about 10 million square feet, 9.7 square feet or 9.8 million square feet by December in the earlier call of which 2.77 square feet is already launched and we are holding on to 10 million square feet remaining 3 million square feet maybe into Q1 or Q2 of next year.

**Sameer Baisiwala:** Okay, great. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Girish Choudhary from Spark Capital Advisors. Please go ahead.

**Girish Choudhary:** Sir thanks, congratulations on the resales and the reduction in the overall debt levels. So, couple of questions, firstly in terms of the upcoming launches what percentage of this will be from the own land bank and the remaining from all these?

**Tejus Singh:** Yes, I have not heard the question, can you please repeat?

**Girish Choudhary:** In terms of the upcoming launches, what percentage will these projects be from the own land bank?

**Subhash Mohan Bhatt:** I think by the time he collates it we can probably take another question and come back to this, is that fine?

**Girish Choudhary:** Yes, sure and the other question I had is that in terms of the margins what would be indicative margins for the bookings done in FY2021, and similarly what can we expect for the upcoming launches?

**Subhash Mohan Bhatt:** We continue to operate on the same mechanism where we target a gross margin of 25% to 30% depending on whether it is the aspirational home series or is a luxury series. So, that thing has not happened because as I said that is how Sobha operates, and we are continuing to price our product at a gross margin of 25% to 30%.

**Girish Choudhary:** Okay, so the reason I asked is that incrementally if you are going to see more launches from the own land bank, can we see higher margins for the upcoming launches?

**Subhash Mohan Bhatt:** Yes, you will see that, but in the pricing, we do not consider it when we do the gross margins, and we do the gross margin numbers we do consider the replacement cost of the land. Yes, the P&L will see, if the P&L is far down the line, what we launch in the next year probably I will start seeing the P&L impact of that three year to four years down the line not before that.

**Tejus Singh:** I was just saying to close to 23% is from our own land in terms of the launches, square feet wise I am talking, okay.

**Girish Choudhary:** Okay, and one more last question on the cash flow. I think generally we are seeing a very slow ramp up in the construction cost in the real estate segment because if I see even the third quarter and the fourth quarter, the spend is around let us say Rs.260 Crores, but before COVID we used to see Rs.350 Crores – Rs. 400 Crores spend on the construction?

**Subhash Mohan Bhatt:** We exclude FY2020, because FY2020 when the call happened, I had shared that there were one-off expenses which were supposed to happened, should have happened earlier but did not happen and that is the reason why we had a problem with the cash flow in FY2019–FY2020. If you look at my average spend over last four year to five years, it has always been in this range of Rs.900 Crores to Rs.1200 Crores. So, I would suggest we would continue to be in that range only.

**Girish Choudhary:** Thank you, Sir. So, that was helpful.

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

**Abhinav Sinha:** Sir, good to see the Rs.1000 Crores number being crossed for sales. Sir, just wanted to check couple of things, so one how much the execution front itself where are we say the worker count as compared to previously. So that is one. Secondly, also on the sales front, the run rate that we had say in the beginning of April or late March, where we would be now as compared to that?

**Subhash Mohan Bhatt:** Yes, as I said Bengaluru faced seven weeks lockdown during the current Q1 with the weekend lockdown continuing, I do not want to share the numbers right now, but as I mentioned in the answer to Sameer's question internally, we are targeting almost similar numbers as we achieved during the period last year.

**Abhinav Sinha:** In the same first quarter?

**Subhash Mohan Bhatt:** Yes, first quarter and I am not giving the guidance right now for FY2021–FY2022, I would go by the advice given by the board that hold on to guidance right now and after the economy opens and Q2 we see some resilience back probably we can share with you the guidance at that point or probably it is a quarter after that.

**Abhinav Sinha:** Sure, yes makes sense. On the workers Sir, labour front?

**Subhash Mohan Bhatt:** So, labour front we are not seeing any issues. Labour continued because of our model of operating with the labour camp next to the site. So, even though the lockdown was there our construction activity continued and we managed to do our billings and all that, so no concerns on that side.

**Abhinav Sinha:** Okay, so you would have achieved say Rs.200 Crores plus of construction expenditure or on track for that, is that correct?

**Subhash Mohan Bhatt:** Yes, on track. The Rs.1000 Crores to Rs.1200 Crores spend for the year is on track, so that is not getting impacted by any of these lockdowns.

**Abhinav Sinha:** Okay, and I think maybe what the previous participant was also asking, so on the contractual side when do you see us returning to the previous run rate, right I mean there is also this challenge of commercial activity, commercial limit operating and sites than before. So, what is the outlook there if you can share with us?

**Subhash Mohan Bhatt:** So, Abhinav luckily for us we are not into building commercial for the renting rights, whereas we are building it for people who use it for their own, in fact from Infosys we did manage to get two new building POs, one in Nagpur and one in Chandigarh, right Tejus?

**Tejus Singh:** Yes.

**Subhash Mohan Bhatt:** Yes, Chandigarh in Q1. The project size is smaller but naturally because the cities are smaller, but I think somewhere spends on the own offices at Infosys at least inflow has started which were completely dried out in the last year.

**Abhinav Sinha:** Okay, so you would look for reasonably higher sort of revenues this year?

**Subhash Mohan Bhatt:** As of now I think we should be able deliver the number that we delivered last year, which is about Rs.800 Crores. Plus, or minus 5% to 10% is dependent on what happens on the ground. But at least right now we are not deviating from that Rs.800 Crores.

**Abhinav Sinha:** Okay, and on the residential front, I know these deliveries can be fairly volatile but is there a number, some guidance of what we can expect this year on million square feet to be delivered as far as key projects?

**Subhash Mohan Bhatt:** No, I do not have guidance in terms of number of units that we get handed over, so that is the reason why if you see in the financial highlights, we have shared one number now which is the balance revenue in hand which will be recognized as a handover happens. So, that is 67.83 billion.

**Abhinav Sinha:** Is there a targeted construction completion for the current year?

**Subhash Mohan Bhatt:** No, I would not give that number out right now. That is targeted, because targeted is there you can see that from the RERA deadlines which we give out at the end of the presentation in the annexure we will hold on to those timelines.

**Abhinav Sinha:** Okay, thank you and all the best.

**Moderator:** Thank you. The next question is from the line of Alpesh from Antique Stock Broking. Please go ahead.

**Alpesh:** Thank you for the opportunity, Sir. Couple of questions, one is on the outlook on the non-Bengaluru markets where we are doing good, so it is Gurugram where we have been doing and again so outlook on that market, how do you see that market and how do you see yourself growing there and the Hyderabad market, so if you can have any view on these two markets and our strategy to grow there? That will be very helpful.

**Subhash Mohan Bhatt:** Yes, so Hyderabad you should see among them to very close to getting all the approvals in place. This is the first time we will be approaching RERA in Hyderabad, so I do not have estimate of that timeline right now, because all our approvals earlier were for people like Infosys and our, so RERA was not there so that is the only variable which is there. So, probably somewhere in middle or end of Q2 we should see Hyderabad getting launched. Once we launch that I would be able to give you some understanding after seeing at least one month or two month of sale there from the prospects that Sobha has. We have deliberately not gone and launched in the areas where the My Avatar Homes or something these like operate we are in the Somajiguda area which is kind of a premium area with the premium pricing that Sobha has it would be a good test market for us and then probably we will take it forward from there. In terms of Gurugram, we are seeing a good traction happening because that Dwarka Expressway seems to be progressing well and customers are coming back and seeing as good living option for people who are stuck in places in Delhi and especially after the lockdown, I think they are looking at open areas that we provide especially in the Sobha City complex as well as in the villas that we have. So, the traction is happening mainly because of the Dwarka Expressway. Right now, we have enough in these two locations to sell and there is one project which we are planning with Karma which is DM model for which the approvals are pending which is part of our 30 million square feet that we have shared with you. Probably if once, that is launched we should be able to tell you the non-Dwarka Expressway traction that we would get in Gurugram.

**Alpesh:** Okay, and would it be fair to assume that apart from Bengaluru, Gurugram would be one of the focus areas for us because given that is probably the second biggest market for us, so will be like express in that market?

**Subhash Mohan Bhatt:** It will be Bengaluru, Gurugram, Kochi, Pune, and Hyderabad in that this thing and the focus at Thrissur continue.

**Alpesh:** Thanks for sharing that and my second question is on the digital sales front that you were saying, so probably for most of the builders this has been the true for last one year. So, anything that you can share that how much percentage of the sales would have come from digital sales channel last year for us?

**Subhash Mohan Bhatt:** I do not have the number but from what I gather from the meetings that we have with our sales team and the marketing team, see these channel partners earlier were close to about 50% - 55% today these are dropped last year to about 25%. But then the digital you cannot say everything else is digital, but Sobha has a privilege scheme also where customer of Sobha earlier customer introduces a friend or anybody else in our project there is Sobha privilege scheme also which operates where he gets points and redemption and all that the cost is far lower than the channel partner, but those are there in the 75%. But there is substantial owning of the customer that has happened, so I think the biggest take away from this is that with the digitization and the Salesforce implementation that we have done along with the back-end customer calling call centres that we have expanded today to about 140 people as of now. We were at about 10–12 before the COVID started, so during Q1 we had ramped up this to about 45 people of last year, today we are at 140 people. So, you can imagine the number of calls which are happening and the filtration of those enquiries and then the download of these enquiries to the sales guys once they become hot prospects. So, that is continuing and this whole ownership of this customer data is with us and not with the channel partner. So, once you start interacting with the customer you may not sell project-A but naturally you have the data to go back when you do the project-B launched.

**Alpesh:** Got it. Thanks, and last one on the cash flow side, so on a steady state for next year how do you look at the cash flows for the company?

**Subhash Mohan Bhatt:** As I said we are targeting debt equity of 1:1.1. I think we should be able to achieve that probably by Q1 or Q2 of next year not the FY2021–FY2022 but probably FY2022–FY2023 Q1 or Q2 and we should be with on target for that and as I mentioned in one of the answers to the earlier question next year we should see between Rs.150 Crores to again Rs.200 Crore's debt reduction what we achieved in the current year.

**Alpesh:** Okay, got it. That was helpful. Thank you for the clarification.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraint we take one last question from the line of Chandrashekhar Sridhar from Fidelity International. Please go ahead.

**Chandrashekhar S:** Good evening. Just wanted to know Dream Acres, what is the amount of revenue inventory which we invest and just over a slightly longer period because this is being one of the pretty successful projects for us and at a very good ticket size. What is your thought process on trying to replace something like similar over the next three years?

**Subhash Mohan Bhatt:** I think we have already shared with you in the status on Dream Acres on slide 31, so we have already sold 5.3 million square feet out of 5.66 million square feet which is launched. Overall, developable is 7.43 million square feet but you are aware that almost a million plus is sitting on the land which currently is occupied by the precast factory. So, that we do not have plans to launch right now because that would be non-precast plus we have signed up a JD with the landowner who is next to Dream Acre site itself. Tejus how much is that one, eight lakh square feet or something?

**Tejus Singh:** Yes.

**Subhash Mohan Bhatt:** So, eight lakh square feet is the part of the future launches that we have. So, that should get launched and once the precast factory will be used for that also. But that will be a luxury product, so luxury product with the precast technology just next to the Dream Acres. So, that is how the factory will get utilized and probably will continue to be there for at least next two year to three years.

**Chandrashekhar S:** Right and when do we start monetizing the Panathur project?

**Subhash Mohan Bhatt:** Panathur is next stage that is about 2022, so I think once this JD is done the Panathur will start. Panathur we still need to acquire I think one acre or to two acres which will give us a broader road access, so which will push up the FSI from currently I think it is 2.25 to almost 3.25 if we can manage to acquire some one acre or one and half acres.

**Chandrashekhar S:** Got it, and just on JD payments you have had about Rs.400 Crores odd if I am not wrong of the payments this year. Is there any way you could guide us on what should be this number we should be looking at?

**Subhash Mohan Bhatt:** Approximately, between 20% and 25%, at least for next few years depending on where the collection is coming from. This is the collection that is getting shared it is not the revenue.

**Chandrashekhar S:** Yes, thank you.

**Moderator:** Thank you. I now hand the conference over to the management for their closing comments. Over to you, Sir!

**Subhash Mohan Bhatt:** Thanks. We would like to assure the market very clearly that Sobha would continue to focus on cash flow management even during the current year. We would want to assure you that the land payments would be in cheque, the future launches that are planned does not require us too much of land payment and currently looking at the scenario for we expect the market to bounce back from the COVID second wave by Q2 beginning or probably August and we should be able to share some good news with you when we meet in the next investor call. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of ICICI Securities Limited that concludes this conference. We thank you all for joining us. You may now disconnect your lines.