



“Prestige Estates Projects Limited
Q2 FY '25 Earnings Conference Call’

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MODERATOR: **MR. PRITESH SHETH – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Prestige Estates Q2 FY '25 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 Mr. Pritesh Sheth from Axis Capital Limited. Thank you, and over to you, sir.

Pritesh Sheth: Yes. Thank you, Tanmaya. Good afternoon, everyone, and welcome to the call. We have with us the Management of Prestige Estates represented by Mr. Irfan Razack, Chairman and Managing Director; Mr. Zayd Noaman, Executive Director; and Mr. Amit Mor, who is the Chief Financial Officer. I'll now hand over the call to the management for their initial comments. Thank you. Over to you, sir.

Irfan Razack: Good afternoon, everyone. Good afternoon, Pritesh, and it's a pleasure for us to be on this call again. We just -- all of you have seen what the performance of the company has been. As usual, with operational results according to me they have been very good under the circumstances that the company did not have too much inventory. In spite of that, they've done a great amount of sales top line.

As far as the financial results are concerned, it's function of how the accounting system we are in that Ind AS and then all our revenues are back-ended as long as when the completions happened. So I think the market is good. There is a demand and the demand continues to be there as long as we have the product and the location, which is the mid income.

And I believe that there is enough and plenty of demand that will keep coming. We, at the company, have a lot of launches in the pipeline for this quarter and the next quarter. And we are working relentlessly to see that we get the approvals and the RERA number for most of the projects that we want to launch in this quarter as well as in the next.

With this, I'll ask Zayd to give his comments and then Amit also and then we'll take question and answer.

Zayd Noaman: Good afternoon, everyone. Thank you for joining us for the Prestige Estates Q2 and first half of FY '25 earnings call. I'll begin by providing an overview of our key performance highlights for the quarter and first half of the fiscal year. First thing first, we are pleased to announce the successive completion of our QIP there in Q2, raising INR5,000 crores. This issuance was met with an overwhelming response and we extend our sincere gratitude to our investors for the confidence you placed in us.

The fund raised will be primarily used -- are allocated to a debt reduction, business expansion and equity investments in our SPVs of these funds, INR872 crores have already been used to pay down debt there in Q2, and INR230 crores have been allocated towards business development and investment in subsidiaries.

On our operational performance, we've achieved a total sales of INR4,226 crores for Q2 FY '25, bringing our first half of FY '25 sales to INR7,052 crores. In terms of sales volumes, we recorded 3 million square feet in Q2 with the half year, total reaching 5.87 million square feet. We sold 1,356 units this quarter, summing up to 2,730 units sold for the first half of FY '25.

Geographically, our sales mix for the quarter reflects 51% from Bangalore, 25% from Mumbai and 26% from Hyderabad. Moving to average realization rate. The average realization for apartments, villas and commercial spaces in Q2 FY '25 was INR13,782 per square foot while the half year average was INR13,010 per square foot. On collection, we reported INR2,737 crores for Q2 FY '25. And for the first half of fiscal year, collection amounted to INR5,653 crores.

In terms of project launches, I'm happy to say we successfully launched 3 projects covering 8.19 million square feet in Q2 of FY '25. These included Prestige Raintree Park in Bangalore, Prestige Forest Hills Phase 1 in Mumbai and Prestige Pine Forest in Bangalore. For the first half, we launched a total of 10 million square feet across these 5 projects, reinforcing our presence in key markets. The gross development value of these projects launched during the first half stood at INR10,000 crores, of which Q2 launches contributed to INR8,600 crores.

Notably, our recently launched project, the Raintree Park and Forest Hills have performed exceptionally well despite being introduced in the month of September, the last month of Q2 and during the Shradh period. Even with those market conditions, we achieved sales of INR1,600 crores of Raintree Park and INR600 crores in Forest Hills, reflecting strong market acceptance for both the product and the price point.

Additionally, our project completions remain on schedule with 3 million square feet completed in Q2 FY '25, covering developments such as Prestige Primrose Hills Phase 1 and Prestige Waterford in Bangalore. Moving to financial performance. At our first half revenue was INR4,448 crores with an EBITDA of INR 1,709 crores, reflecting an EBITDA margin of 38.43%. PAT for the first half was INR541 crores with a margin of 12.18%. As of September 30, our net debt stood at INR3,592 crores, and our debt-to-equity ratio is down to 0.21.

Our other business segments have shown great progress too, starting with the office portfolio. Leasing activity remains robust with an occupancy rate of 90% across our existing portfolio. As we approach the end of this financial year, the completion of Prestige Lakeshore Drive and DIAL and further leasing our exit rental for office will be at INR720 crores.

Looking further ahead, our exit rental is projected to reach INR3,326 crores by FY '28 once all ongoing and upcoming projects are completed. In terms of ESG, our ongoing achievements like the GRESB Green Star rating, WiredScore Platinum certification, LEED and WELL certifications. We are building spaces that prioritize well-being, digital resilience and sustainable practices.

Turning to our retail segment, we've seen a strong performance in all our malls. Foot traffic during the first half crossed 9 million with a gross turnover, GTO of the retailers in our malls of over INR1,100 crores and an impressive occupancy rate of 99.2%. The current exit rentals for

our retail segment stands at INR217 crores. With 13 additional malls in the pipeline, our exit rental in our retail portfolio is expected to reach nearly INR1,000 crores by FY '29, further bolstering our portfolio value.

On the hospitality front, our operating hotels have delivered revenue of INR415 crores with a gross operating profit margin of 44%. We have a robust pipeline of 14 hotels with 3,000-odd keys projected to drive our revenue to INR2,346 crores in the hospitality segment. We're looking forward to the coming quarter and launches of major upcoming developments, including The Prestige City Indirapuram in NCR, Prestige Southern Star in Bangalore, Pallava Gardens in Chennai, Prestige Spring Heights in Hyderabad and Prestige Beach Gardens in Goa.

Some smaller projects in Bangalore and Hyderabad will also be launched. And our focus remains on disciplined growth and delivering sustained value to our stakeholders as we continue to capitalize on emerging opportunities within the real estate sector. Having said that, there are a lot of business development opportunities, which we are currently working on, which will add into our pipeline. With this, I thank you for your patience in hearing me out, and I'll open the floor to questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: Congratulations on a decent quarter. So my first question is on launches. So I think Zayd did mention 4, 5 launches. So in terms of time lines, so how far is the RERA number away from the launch? Like for Southern Star and Indirapuram, these are 2 large chunky launches. So if you can highlight the next -- in this quarter, which launch looks probable and where -- when is the RERA expected for these?

Irfan Razack: We are working relentlessly very hard to get in Pallava Gardens from Chennai, Indirapuram, that is Prestige City in Noida. We are trying hard to get Southern Star in Bangalore, Sunset Park in Bangalore, all these to be launched in this quarter. Of course, the plans have progressed very well. And we should get all these plans out in the next maximum end date. After which is the RERA and the launch.

And as far as for launch, we are all in the launch readiness. We have all the data, material and everything ready. And we do believe when we launch it, we should be able to sell substantially in the first 2 to 3 weeks. So that's our hope and desire, but that's -- we are working quite focused on this, but this should get launched this quarter.

Parikshit Kandpal: Because of the ask is very high. In the first half, we have done INR7,000 crores of sales. And to meet the guidance of 24,000, 25,000 we need to do 18,000 to 19,000 in the second half in terms of presales. That mean this quarter needs to be really strong, almost close to INR8,000 crores.

Irfan Razack: INR8,000 crores and INR8,000 crores, INR16,000 crores in the next 2 quarters will be there. And I think we will definitely be able to do it because we are working hard on it. The demand is there. There is a requirement and there is a market which for me that I don't have the product and the product is coming in. And of course, Nautilus in Mumbai will not come this quarter, it will come only in the next quarter.

- Amit Mor:** So Parikshit, just to add on, apart from these projects, Q4 also will be launching few more projects right from Northwest, KG Marg; Sector 150, we have a project in Noida, Rock Cliff, all of this will add up to that number, so these are annual targets. So that way, we are not very concerned. We are pushing very hard. I don't think in the history of any rented company, they have been launching these many projects quarter-on-quarter. Having said that, we're very focused and we're very confident. And in each city, we have a target, and we will achieve those targets in these for this quarter and the next.
- Parikshit Kandpal:** I just mean, Irfan you said 16,000 or 18,000 for the second half?
- Irfan Razack:** What happened is since we have already done 8,000, another 16,000 will come in the second half and adds up to the 24,000, which was our guidance. And I think maybe even exceed that guide.
- Parikshit Kandpal:** Great. So I mean get reassurance on that guidance. given that we have slightly weaker H1. So just to understand the second quarter was weak. Is it because of the approvals we are getting delayed because generally, what we understand from other developers in the market that has been a significant delay in getting approvals even RERA has been extended, which used to come in 10 days, now taking 20, 25 days. So what is the current situation on approvals?
- Irfan Razack:** It is the same situation and it is actually, we have to really push really hard, even my Chennai project every day, every week, my staff tells me, "Sir the plan is clear. It's getting uploaded." Even this afternoon when I talked to him, he said, it's clear.
- I said, "Man, from the last three weeks you are telling me it is clear, but what is the next step? " So these guys, they -- actually, they've got too many tomorrow. And unfortunately, we have no tomorrow. So there's a mismatch in how the government functions. And it's just not in Bangalore, it's across the country. But we are hopeful that we'll be able to get these approvals, get the RERA number and do the launches.
- Parikshit Kandpal:** Okay. Just the last question, sir, in this quarter, sometime like you've announced the consolidation of stakes and the related party transactions. So if you can explain us like what is the rationale behind that and how do we see because still some more projects have related party stakes. So -- and how much would the total expenditure would be and whether it has factored in or it will come in Q3?
- Irfan Razack:** I'll tell you 1 company called Prestige Acres which was 51% PEPL and 49% Pinnacle. Now there are many projects in this company Prestige Acre including Goa and including the Southern Star. So we thought that the best ways for us to dilute Pinnacle fully 51% and make it 100% own subsidiary of the company. And to that extent, we have done a very fair and very reasonable valuation, more in favour of the company, PEPL and that stake has been 100% bought over by PEPL.
- Also going forward, we -- what we did is we also diluted out of the 40% stake of Pinnacle and PPPL. We diluted 16% of the stake and the Pinnacle still holds only 24%. These all payments are need to be made if it gets done. And that way what happens is company stake in PPPL goes up by 76%. And of course, the Acres it is 100%. We also took over the K2K, which was

contracting arm of company which was holding 75% and 25% was held by another shareholder, and we bought off that 25% for now. It's 100% owned subsidiary of PEPL.

Similarly there is a company called PGEPL that is Prestige Garden Estates Private Limited. There also, whatever stake of the external shareholder was, we have given some ICD. So what we did is we got back the ICD and we bought our shares and now PEPL is 100% shareholder of PGEPL. Now PGEPL is doing 2 projects in Hyderabad called Tranquility and Beverly Hills and all the cash flows, inflows, everything will accrue to PGEPL.

And the good news is that both these projects, if one project is completed, we just have quite a large number of money to be collected in Tranquility and in Beverly Hills we are also -- the project is almost completed, the OC will be coming in and even that we believe there will be a lot of positive cash flow and there's no debt in that company.

So it's a positive move for the company. Now finally, external shareholder, which is a related party, which you rightly said, will be 24% with the Pinnacle and PPPL, which over maybe a period of time, we may endeavour to even buy that off and close it once and for all, so it will be 100% owned this thing, but it's nothing that's final just now. But so far, we have done this bit of restructuring.

Parikshit Kandpal: So in terms of the -- Amit can come in if you have the number handy or I'll take it offline. So how much was total gross development value was transferred to this estate buyout? And how much would be the pay-out for the same?

Amit Mor: It is Amit. So in PPPL, the Gross Development Value was...

Parikshit Kandpal: Overall consolidated value is going to add, I don't want entity wise, if you can you the entire...

Amit Mor: Between these 2 entities, between PPPL as well as Acres, it was around INR70,000 crores.

Parikshit Kandpal: So INR70,000 crores of GDV has got added to Prestige now?

Amit Mor: No, the total GDV of those entities. So in the Acres, it is 49% what we have acquired. So INR23,000 crores was in Acres, so 50%, we have acquired additionally. So 12,500 in Acres, the total GDV is getting added in the console. And in the PPPL, total GDV was INR47,000 crores, 16% we have acquired. So close to INR6,500 crores is what we have, it will get added.

Parikshit Kandpal: And how much are you paying? I think INR1,100 crores is the total. How much is the total payout, sir?

Amit Mor: Total payout is around INR330 crores and INR494 crores. So close to INR820 crores.

Parikshit Kandpal: INR330 crores and INR290 crores?

Amit Mor: INR494. INR330 crores and INR494 crores.

Parikshit Kandpal: INR494 crores. So you are basically adding INR800 crores is the outgo and approximately INR22,000 crores of GDV addition -- INR20,000 crores of GDV addition?

- Amit Mor:** Yes, yes. And you can fairly assume around 40% EBITDA for these 2 entities, average margin in these 2 entities, EBITDA margins.
- Parikshit Kandpal:** Got it, sir. So approximately INR8,000 crores. So you're paying out INR824 crores and you are adding INR8,000 crores of EBITDA. And any debt on these entities, which would come to us?
- Irfan Razack:** That debt is already consolidated, Parikshit. So whatever debt numbers we show is the total debt. So the minority, we don't deduct. So subsidiaries, we take care of 100%. So reported number is 100%. So in the consolidation, whatever happens in the future, additional debt won't come. It is already reported.
- Parikshit Kandpal:** So INR800 crores versus INR800 crores payout, you are adding almost INR8,000 crores of pretax EBITDA, which can be -- which will take over 4, 5 years to materialize.
- Irfan Razack:** Yes, yes.
- Moderator:** The next question is from the line of Yash from Stallion Asset.
- Yash:** Sir, I just wanted to ask, out of the INR52,000 crores GDV launches that are there in the next 6 months for this financial year, how much would it be in Q3? And how much would it be in Q4?
- Amit Mor:** Yes. So approximately INR25,000 crores should come in Q3 and the remaining should come in Q4.
- Yash:** Okay. Got it. So sir, if I assume that about, let's say, 55% to 60% of the launches is presales, then broadly, sir, I just feel that in second half, your presales will be much, much stronger. It will be about around INR25,000 crores of presales just for the 2 quarters. Is my calculation right?
- Amit Mor:** Yes. That's why Mr. Razack said we will surpass our guidance. But having said that, we are being conservative and we'll make sure that we achieve what we have guided.
- Yash:** Okay. That's good. So we're expecting a very good presales in the next quarter. And sir, last question is, is there any plans from the management for the IPO of the hospitality business?
- Amit Mor:** Yes. The work in progress. We will keep you informed as we go along.
- Yash:** I'm sorry, I'm not able to hear.
- Zayd Noaman:** Yes. What Mr. Razack said was we are in the midst of working on it, and we will make sure that it happens.
- Moderator:** The next question is from the line of Kunal Lakhan from CLSA.
- Kunal Lakhan:** Just firstly on the launches again, like so in October, have we launched anything so far of this list that you have put out?
- Zayd Noaman:** Not yet, Kunal. This will be closer to the end of maybe mid or end of November and beginning of December, our launches will begin. Prestige White Meadows will be our first launch.

Kunal Lakhan: Okay. And so I'm assuming that since you're giving a guidance of INR25,000 crores GDV for Q3, a fair bit of these launches you should have already applied for RERA approvals. If you can share those launches where you have already applied for RERA approvals, if that helps?

Zayd Noaman: So we'll be applying now. So very soon, we'll be logging in for approval.

Kunal Lakhan: Okay. Sure. And my second question was on besides the 4 transactions that we did and besides PPPL, any more subsidiaries or associates where, say, the promoters have a considerable stake that, again, these entities can come up for a purchase later on?

Zayd Noaman: I think the only one more entity, which Prestige Nautilus, I think where the promoter is holding 39% stake. So that also, as Mr. Razack told in the future, we may look at consolidating and make it 100% -- transfer all the promoter holding to the main entity, but not currently, maybe in next couple of quarters.

Kunal Lakhan: I thought that's PPPL where Nautilus is lying.

Zayd Noaman: Nautilus is a separate entity. It's Prestige Falcon Mumbai. If you see the consolidated list of subsidiaries. It is housed in an SPV called Prestige Falcon Mumbai.

Kunal Lakhan: Okay 39% stake?

Zayd Noaman: Yes, yes.

Kunal Lakhan: Understood. And my third question was on -- if you look at Slide 25, right, the whole commercial buildup. So if you look at '28, '29, I'm assuming these are the BKC and the Mumbai assets commissioning and that's why the sharp jump in rentals. Just wanted to understand like where we are in terms of like execution, firstly, like -- and secondly, in terms of like when do you expect the leasing to start for these assets sir?

Irfan Razack: So yes, thanks, Kunal. On that portfolio, those projects are under construction. As you know, there is a certain period of time that it will take to put those buildings up, which is why the rentals are targeted towards FY '28 and FY '29. Having said that, we're getting a lot of interest from a lot of multinationals and institutions, and we are actively pursuing these. We will talk more about it and maybe finalize these deals later on. I think it's quite premature to pre-lease these.

But having said that, we are open to any opportunities. Our focus right now is to complete the construction of all of these assets. Financial closure also has been reached for these assets. And I'm happy to note that the construction of the rehab for the Prestige at Mahalaxmi has been completed, and we should be getting the OC also within, I think, the next month or 1.5 months and start handovers to all the rehab tenants over there.

As well as in BKC 101, the construction of the rehab is also progressing very well. And we're very happy with the kind of product that we're delivering over there. So everything is on track, and we should be able to execute and start leasing the space out also sooner rather than later than FY '28.

- Kunal Lakhan:** Sure, sure. Just one follow-up on that. So considering the BKC -- the 2 BKC assets, right, considering like the supply itself in BKC remains kind of constrained, would pre-leasing mean like giving at a discount? I mean, considering the...
- Irfan Razack:** Not at all, not at all, Kunal. I think the rates over there are pretty strong. And we will look at something close to INR400 per square foot, and that's what we will be benchmarking against.
- Kunal Lakhan:** Sure. And it's safe to say that FY '26 is when you'll probably start this pre-leasing exercise? Or...
- Irfan Razack:** Yes, that should be around when we look at -- start pushing it more.
- Moderator:** The next question is from the line of Puneet from HSBC.
- Puneet:** Congratulations on your fundraiser. Is there a time line that you have in mind to deploy all that you've raised?
- Irfan Razack:** In terms of QIP, whatever proceeds are there, mainly the debt portion maybe by December will be fully deployed, whatever we have earmarked for repayment of debt. Whereas land also by December, March, it should be fully deployed. Only the capex portion may take a little bit longer by June or September is the time line we have in mind.
- Puneet:** Understood. And on the Mumbai assets for BKC, what is the construction cost? And how much have you spent so far?
- Irfan Razack:** Can we get back to you on this.
- Puneet:** Yes. Sure. Just second is you also talked about mega launches, Indirapuram, almost INR10,000 crores of launches in 1 shot. Is that how one should think about these launches? Or will it be in a staggered manner?
- Irfan Razack:** No. As and when we get the RERA number, we will launch these. We are not going to wait to stagger any launches as such because each of them are in different geographies and different regions, and there's a huge pent-up demand for each of these projects. So if you look at Indirapuram, yes, as we said, it's about INR10,000 crores GDV, Southern Star guiding about INR6,000 crores. Pallava Gardens around INR3,000 crores. So each of these are, I think, unique and indeed are different. So we'll launch it as and when the RERA numbers come.
- Puneet:** I understand. What I'm trying to say, for example, Indirapuram, which is 11.5 million square feet developable area and...
- Irfan Razack:** Sorry, I am unable to hear you.
- Puneet:** Yes. So I'm saying, for example, Indirapuram, which is 11.5 million square feet developable area and INR10,000 crores worth of GDV, will you open up the entire project for sale at 1 shot? Or will you do it in phases?

- Irfan Razack:** We have a business plan. We have a business plan. The total realization will be INR10,000 crores. But as and when the sales come in, first in first out. My inventory will be ready. So my approval will be for the full asset. It won't be split.
- Puneet:** Understood. And lastly, if you can talk a bit about your Q2 construction spend seems to be a little lower than Q1. Anything to read into that in terms of approvals for construction? Or do you think it should pick up from Q3 onwards?
- Irfan Razack:** It will slightly lower, nothing to that approvals and all that. I think so some last minute certifications of the contractor bills and all that. But I don't think any concern on the construction front yet.
- Puneet:** So approvals are all because we are very fast-growing organization. So flattish number looks lower, that's right.
- Irfan Razack:** No, no. Approvals are in place.
- Moderator:** The next question is from the line of Biplab Debbarma from Antique Stock Broking.
- Biplab Debbarma:** Sir, my first question is on the approval.
- Moderator:** Mr. Biplab, may I request you to please speak a little louder and use your handset mode?
- Biplab Debbarma:** Yes. Am I louder now? I'm actually using handset.
- Irfan Razack:** Yes, we're able to hear you.
- Biplab Debbarma:** Yes. So back to approval. Sir, is the -- how do you see the approval-related risk? Is it manageable? By manageable, I mean most of the launches will happen as per our schedule? Or it is a bit kind of uncertain, which means there is a good possibility of delay in launches happening. And why suddenly approval across the market has become an issue? That's my first question.
- Irfan Razack:** We are trying to. See everything -- all approvals that plans that have been logged in is all as per the law. Sometimes the -- across the country, there will be some election or the other, there will be some distraction or the other and then the officials are assigned to some other duties. But I do believe now that after Maharashtra, which is in November, there should be no problem whatsoever. And everything should start rolling in.
- And I don't see any issues. But this has been from the last 1 year, this has been the distraction. But hopefully, it will all fall in place now. Yes, if the approval doesn't come, obviously, we can't launch because if you don't have a RERA number, there's no way that I can launch the project and get revenue. But I think the teams are working hard. And I think all likelihood, they should get the approvals and they should get RERA number and we should launch.
- Biplab Debbarma:** Okay. That's good to hear. And regarding the status of 3 projects, 3 capex projects, Delhi, Aerocity, Mahalaxmi and BKC projects. Sir, when do we expect them to be fully operational?

Zayd Noaman: Sir, 2028. Mahalaxmi as well as BKC. And as far as the Delhi DIAL, we should be ready in 2025 and operational in the first 2 quarters of 2026.

Moderator: The next question is from the line of Murtuza Arsiwalla from Kotak Securities.

Murtuza Arsiwalla: Just a question, an observation rather, both in terms of the business development that you've shown as well as the launches, there is a fair amount of Hyderabad projects, more so in the new business development. Recent data points that we're getting on Hyderabad is sales are a bit soft or weak to put it politely. Is there a concern? Can you give us some flavour on how activity levels in Hyderabad are in the context of the projects that you've taken up?

Irfan Razack: As far as the company is concerned, Hyderabad is selling, selling well. Yes, for about 2, 3 weeks, there was a blip on some scare about some hydra which was going on for the rumour because that was only pertaining to people who had built on -- built properties without approvals on the lake beds. We have not -- our company has never done anything like that ever. And we have all the approvals in place.

For the customer, there was a bit of scare, but it's back to normal. And all projects, whatever the company is doing, like you see Beverly Hills is almost sold out, 3 lakhs flats there. Tranquility, they have some 3 lakhs flats left. Even Clairemont, which has just come out of the ground and we have come to the only podium parking level, we have almost sold 80% of the inventory.

Even Prestige City, which is a mammoth project, 4,700 units, we've already sold 3,000 units. And every week, we are selling, I don't see any problem whatsoever. Of course, there are new launches, only 2 big new launches which are planned. One is the Prestige Spring Heights and the other one is the prime area in Banjara Hills, which is the Rock Cliff. Rock Cliff is a premium luxury development, whereas Spring Heights is again targeting the mid-income audience.

So I don't see any problem at all. The traction is good. And yes, Hyderabad, what you're saying is right, where the sales are slow is where somewhere developers in Hyderabad lost sight of the product itself and started building some very, very large units like 5,000 square feet and 10,000 square feet and 8,000 square feet.

Now that ticket size will be pretty huge, quite massive. So those are actually slowed down. And fortunately, for us in the company, we don't have any such ticket size in our -- including our villas. So I don't see any stress for us.

Moderator: The next question is from the line of Pritesh Sheth from Axis Capital.

Pritesh Sheth: Just a couple of questions. Firstly, sir, on the market dynamics, are you seeing any particular pain point for certain ticket size across the markets? And what could be your focus segment from ticket size perspective? Just for example, like you had a launch of Raintree Park this quarter, how happy you were with the response considering it was mostly INR3 crore plus kind of ticket size. How happy you are with that response? And what do you see as an outlook for that kind of category in Bangalore?

Irfan Razack: You see now if you ask particularly pointedly on Raintree Park. Now Raintree Park is a total of 1,368 units. You start only with 3-bedroom, go to 4-bedroom and 4-bedroom large. So these are all ticket sizes INR4 crores and above, okay. INR4 crores, INR4.5 crores, maybe even INR5 crores.

Now what happened was we didn't have a mix of the 2 bedroom units. Now we are doing the next phase at the back, we've got more land that's going to be called Evergreen at Raintree Park, project has already been designed and that will come up with the smaller and medium-sized units.

Now if you ask me how happy I am with the response, I think we're extremely happy because we have almost sold about more than **INR 2,000** crores as of today of Raintree Park, and that's about almost 60% of the inventory, -- 50% of the inventory, which is quite large, substantial because these are high ticket value item and high ticket always takes a little more time for customers to decide.

But the good news is because the location is good, because the overall design was good, we were able to sell, and we continue to sell. So we don't have any concerns. We have sold 600-plus units as of today as against 1,368, which I thought was a very good score. And I believe that the rest of the units also, because we just launched and I believe that there should be no difficulty.

And when we come in with Evergreen, that should be a sellout immediately as so also is Southern Star, which again is good income.

Pritesh Sheth: Sure. And does that mean that generally, we were used to seeing sellout kind of launches last year. Would you sell out Grove?

Irfan Razack: We did sell out Park Grove, but then we had a single bedroom. It had a 2-bedroom. It had a small 3-bedroom. So now that category was missing in this product. It was a completely premium upmarket, say, premium to luxury product, and it is all a ticket size of INR4 crores above. So hence, the traction will be -- I would say for what size and the ticket size was, the traction has been brilliant, and I don't see any pain points on that.

Pritesh Sheth: Sure, sure. And your focus segment would be 2 BHKs, 3 BHKs or you would still...

Irfan Razack: We have to blend ourselves. This one, because the location was such, we planned it like this. Now the one right behind that, so I can't do the same -- more of the same. So I have to keep on sort of tweaking the product and making it acceptable. So the next product that will come will be having a blend of 1, 2, 3, all of that.

Pritesh Sheth: Sure. That's perfect. And secondly, since you highlighted about Maharashtra getting into elections in November, do you see any risk of approvals delay in Nautilus or we are fairly in advanced stage and it's just a matter of time? And second...

Irfan Razack: We're not planning it for this current quarter. We are planning that for the following quarter, and I don't see any delay there. We will launch that in the next quarter.

Pritesh Sheth: Yes. And progress on Jijamata Nagar, sir? Should we see launch in FY '26, most likely or it's still...

Irfan Razack: Work-in-progress. First step, let me get the entire place cleaned up. As of today, if you would like to know the progress, we have cleaned up almost 70% plus of the tenements and only about 27%, 28% is left over. And I believe that the rest of it should get cleaned up by latest end of December. We'll have a flat piece of land.

Parallely, we have started the planning process. Once the planning process -- see, for us, that's a huge, huge responsibility because we have to build 4,000 homes for all those people who have exited. And so that will be the first part. Second part is there are 4 sales units. There will be a retail mall there, there will be hotel as well as residential.

Moderator: The next question is from the line of Abhinav Sinha from Jefferies India.

Abhinav Sinha Sir, just following up on the previous question from Pritesh. In Bangalore, we have seen a sharp jump in pricing and you're also selling units at INR4 crores, INR5 crores. I think this is maybe 3x or 4x of what we used to see a decade back. So from here on, do you think pricing growth will slow down or we should still see double-digit pricing growth? So that's one.

And secondly, similarly, I mean, we have not seen much movement in office rents, but how are they trending in Bangalore now?

Irfan Razack: Abhinav, we don't want the price to jump too fast. It's already jumped up. Now since the market was accepting a certain price, we didn't want to let go of the opportunity. So that's why the Raintree Park has got us an average of around INR14,000 a square foot on super built area, not in carpet area. But of course, the product also will be as good. I don't want the price to go up much more than this. And definitely, all the other launches will be in line with what the market is.

The next big launch will be in Bannerghatta Road -- off Bannerghatta Road, which is Begur, which is Prestige Southern Star. Once the approval and the RERA comes there, we'll launch that. And we do have the old -- one of our old projects, which had got into some litigation. There's 1 project, which will be launching of Prestige White Meadows. And even that, if everything is in place I should get the RERA number either today with saying which by Monday.

And we'll launch that this quarter. And these are the 2 big launches for Bangalore, apart from a plotted development called Prestige Sunset Park, which is in the IVC road. But pricing, for sure, we are very, very conscious. At the same, while we protect our margins, we don't want those super margins and then shoot ourselves in the feet. We want to definitely see that the consumers also get a fair deal.

Abhinav Sinha And sir, on the office rent in Bangalore, what's the outlook?

Irfan Razack: I think we are pretty much full with whatever they are building. There's no vacancy as such. There is only a project that is coming up, which is the OC has to come and work in progress is

the Lakeshore Drive, which is I think the teams are more or less closing out on some 2, 3 large deals there.

And we have -- I think just this morning, my team was here, and they were talking about saying that they said we've done some 5.2 million square feet of leasing in this calendar year, which is pretty huge. And they say we'll do another 1 million or so square feet by the end of the year, which is quite big.

We do have a product called the Prestige Tech Cloud. We've leased out 1 block and then 3 blocks, we are doing a build-to-suit for a data center. There are some 2 buildings which is already as far as the company is concerned, which is starter sold. So there is -- I mean, if the rent comes also, we will have the arbitrage.

More important is to protect our investors, we have to see that this gets leased out as soon as possible. And I think November will be a defining month where we've got some 1 or 2 large occupants who are seriously considering this park, and that also should get occupied.

Zayd Noaman: Overall, our occupancy is around 90% across the portfolio. That delta is only because SkyTech is -- there's some vacancy and that will also get leased out.

Irfan Razack: Skytech in Hyderabad.

Zayd Noaman: Hyderabad.

Moderator: The current participant has been dropped. The next question is from the line of Yash from Stallion Asset.

Yash: Sir, my question was that out of the INR52,000 crores GDV, the launches that you have, do you have RERA approval for majority of them? Or like what percentage of them have RERA approval already?

Zayd Noaman: No, we're in the midst of...

Irfan Razack: If we had RERA approval, we would have already launched it. Because we don't have it, we are stuck.

Yash: Okay. So all of them have RERA approval basically.

Irfan Razack: RERA approval for even INR1 of the INR52,000 crores.

Yash: Okay. Got it. And sir.

Zayd Noaman: Understand if you should see us launching the projects, we should have RERA for a few of the projects that we mentioned that we'll launch for Q3.

Yash: Right, right. And sir, just I know you've answered the question before, but I just sort of understand it a little bit better. So the INR52,000 crores GDV that we have, I'm assuming that half -- about, let's say, 50% of them are converted from launches to presales. So that will be

about INR25,000 crores. So H2, basically, your presales can be about INR20,000 to INR25,000 crores right, just broad numbers just for the second half?

Irfan Razack: Yes, it could be. It could be.

Zayd Noaman: But our guidance and target remains the same for the year.

Moderator: The next question is from the line of Rajeev Venkatesh, who is an individual investor.

Rajeev Venkatesh: Sir, I have a couple of questions. Are we building a new portfolio for data center? Because I don't get much of any response on the data center, especially in Bangalore, Mumbai and Chennai locations. Do we -- are any hyperscalers contacting us to build these type of data centers?

Zayd Noaman: Hi Rajeev, we are very agnostic and we are very open to exploring new opportunities. But having said that, we've done a build-to-suit for a company called NTT. And we are building the data center for them where we sold the land and took the contract to build it for them. So with that, we'll build some expertise, but the operations of a data center are completely different, and it's not our expertise. So we're happy to partner and look at opportunities on a case-to-case basis.

Rajeev Venkatesh: Okay. And on the hospitality business demerger, I hope you consider the retail shareholders also and do some sort of I mean to say shareholder quota for considering the retail investor.

Irfan Razack: It is too early right now. We are in the structuring process. In fact, once the structuring is done, after that, we'll take a Board approval and then maybe appoint the bankers and all that. So maybe how much will be the retail quota for the existing shareholders, we'll figure at that point of time once we -- more advanced.

Moderator: The next question is from the line of Aditya Chandrasekar from UBS.

Aditya Chandrasekar: Just a very quick question. So there was a project called Prestige Oakville in Bangalore, which was an upcoming project in the Q4, PPT of around 4.8 million square feet. Just wanted to understand what that project is because I can't see it in the latest PPTs? Sorry if you've already mentioned something about this in the previous quarter, I didn't listen, but anything there will be helpful.

Irfan Razack: No, that's a good observation. We have dropped that project.

Aditya Chandrasekar: Okay. Did we already have that land or that was just something that was under discussion but never kind of went through?

Irfan Razack: It was supposed to be a JDA, but we dropped that project.

Moderator: The next question is from the line of Vaibhav Saboo from Nippon AIF.

Vaibhav Saboo: Is that fundraise which was previously mentioned. For the Hyderabad market specifically, if I look at it, that for our portfolio that seems to have one of the highest inventories. So whereas versus if you look at other geographies like Bangalore or Mumbai, our sales traction has been

pretty strong. But Hyderabad is something which ranks higher proportionately on the basis of inventory. So any particular reason for that? And what our sales strategies going forward?

Zayd Noaman:

So our sales strategy is pretty simple, and we are very positive on the Hyderabad market. Last year, if you look at our overall performance, we did about INR5,000 crores from the Hyderabad market. And I think there is growth from that number onwards. So based on that, we are also building our opportunities and bringing in a pipeline, because we feel in the next 5 years, there's a huge scope to increase from that number.

So that's how you will see us looking at the Hyderabad market going forward. And our approach to designing the products and specs remains the same. We will cater to a ticket size, which is in the mid-segment and also will give some premium luxury products as well. And we are looking at diversifying into different asset classes in the Hyderabad market as well. So that is our approach towards the market and will remain the same. We are very positive on Hyderabad market.

Vaibhav Saboo:

Understood. And just a second question on a broader industry perspective. See, what we are hearing from also other developers like that everyone is having H2 as very launch heavy season, including, yourself also. So do you feel that we may be in a situation where there is suddenly an oversupply in the market because everyone is -- because as has been mentioned before, the RERA approvals for a lot of projects are set and most are waiting for H2. So just your perspective on that. That's it from my end.

Irfan Razack:

So, we feel that the demand will be way more than the amount of supply that we be able to come into the market. In terms of competition, yes, there will be a lot of products in the market, but Prestige product stands out from its peers. So on that way, we are very secure and happy with the kind of offering that we're bringing to the table. And there's a lot of pent-up demand for the projects in each of our locations, and that gives us a lot of confidence on our performance once we are launching.

Yash Gupta:

The next question is from the line of Yash Gupta from Thinkst Advisory.

Yash Gupta:

Sir, my first question is on Jijamata mixed development. In this quarter, we have given the breakup for the Jijamata. Can you throw some light on it? And what will be the total GDV of this project?

Zayd Noaman:

Hi Yash. Yes. So as Mr. Razack mentioned, we are in the phase of acquiring and cleaning up the land and clearing out all the tenements. About 70% has already been cleared and the balance 30% is left, which should be done in the next few months. After that, we will go into project planning and approvals. We have already envisioned it to be a mixed-use asset with the hotel, mall and residential. In terms of GDV for this, Amit will provide some numbers.

Amit Mor:

We are expecting we will realize close to INR60,000 per square feet and close to INR20,000-plus crores of revenue in terms of GDV will be realized from the project.

Yash Gupta: Okay. Sir, second question is on the launch of the -- H2 launch that we are looking for. A lot of this project, I think we have taken it from the NCLT, like I think NCR Indirapuram was also from NCLT. So what could be the EBITDA margin for this project?

Irfan Razack: Can you just repeat the question?

Yash Gupta: Sir, my question is on the launch of like INR52,000 crores of launch that we are looking in the H2 of FY '25. Lot of this project, we have taken it from NCLT. So I think the margin would be higher in those projects like Indirapuram is also, I think we have taken it from the NCLT. So overall, I just want to understand what could be the EBITDA margin for this INR52,000 crores of the launch that we are looking for?

Irfan Razack: I don't think, sir, we have taken all these projects from NCLT. Directly from NCLT, we have taken just 1 project, which is the Prestige City, Mumbai. But having said that, the margins will be in the range of 35% for whatever we have given the guidance, INR52,000 crores of launches.

Yash Gupta: This is sir, operating margin?

Irfan Razack: Gross margins, yes.

Zayd Noaman: And EBITDA margins of around 30%.

Moderator: The next question is from the line of Karan Khanna from AMBIT Capital.

Karan Khanna: Firstly, a very happy birthday to you, Mr. Razack, and season greetings to the entire team at Prestige Estates. So my first question is on the residential segment. How are you thinking about business development in the NCR market, considering you have about 3 launches that are planned for second half of this year? What kind of future aspirations do you have in the NCR market?

And as a follow-up, you have about INR52,000 crores sort of launches that are planned in second half of this year and INR16,000 crores of inventory on the balance sheet. Of this, you're expecting about INR23,000 crores, INR24,000 crores kind of presales velocity in second half of this year. So how are you thinking about business development aspirations in FY '26 for the company across markets?

Irfan Razack: Thank you, firstly, for your greetings. As far as we are concerned, we are now relentlessly working hard to see whatever projects that are there in all the geographies that we have, the approvals come as soon as possible. As I said earlier, and I'm repeating it again, these all have been drawn up as per the rules of the local bodies of those particular cities. And it's only a function of how quickly we can push these and get them out.

And yes, business development, what we, now since we got this huge amount of inventory sitting there, first focus would be to see that these come to market and they get launched. And once they get launched, there are opportunities. The only thing that we do not want to do is get any development riding in the upper side of the wave and make wrong commitments in terms of commitments for this thing.

Now for instance, in Bangalore itself, even yesterday, we registered 1 particular piece of land in Whitefield, which is again the Phase 3 of my Raintree Park, where I believe the traction will be amazing. So we are very careful on the overall commitments that we make on BD. And anything that comes sensibly, anything that gives us, we believe, will give us correct bottom line as well as we'll be able to give a good offering to the customers.

These are the projects that we are touching with, whether it's NCR, whether it's Mumbai, whether it's Bangalore or Hyderabad. The strategy is the same. And we'll continue to do that. We don't have -- we don't want to do business on a compulsive manner or an impulsive manner. We'll be doing it properly measured, calculatedly.

And if things come our way properly, we will touch it; if it doesn't come our way correctly, we'll leave it. But then there is a pipeline. We are creating pipeline in all cities, including Chennai.

Karan Khanna: Sure. This is useful. Just a follow-up. Sir, you've spoken about markets like Thane and Panvel in the past. So any potential business development that we can see in these markets, because most of the other listed developers and also large unlisted names are operating and perhaps adding projects in this market?

Irfan Razack: Yes, we are. In fact, we are talking about some land in Thane as well as in Dahisar. These are some of the geographies that actively we are negotiating. And if it comes at reasonable and good terms, we'll probably buy these lands, and it's a work in progress.

Karan Khanna: Sure. My second question on the leasing portfolio, you have about 25.5 million square feet of leasing pipeline in Bangalore and Mumbai, that is coming online in next 2 to 3 years. Given that annual leasing in these cities is around 15 million, 16 million square feet, 16 million square feet each, do you anticipate any potential challenges in terms of leasing, especially with some of the competitors also accelerating their expansion in the commercial real estate side?

Irfan Razack: No, not at all. It all depends on location and product. We also have our tenants and our clients who are loyal to us. Of course, as long as I give them a good product within the time and a proper pricing, I think across geographies. See, now if you take the case of Hyderabad, which I talked about, Hyderabad market leasing is very poor. But in spite of that, out of 2.2 million square feet, we have leased up 1.3 million square feet.

When I talk about these numbers, it also includes my landowner share, and we've got a little under 1 million square feet remaining to lease up in Hyderabad. And we are also talking to 2, 3 tenants at the same time. And I think by December, we should almost be near full. So it depends on the product. It depends on the location, price and of course, your relationship with your various customers. And that's what the winning point. And I don't see any stress in leasing up space.

Moderator: The next question is from the line of Shivam Parashar, who is an individual investor.

Shivam Parashar: I would like to know the PAT margin percentage, you spoke about the EBITDA margin on your INR50,000 crores thing. What is the PAT margin on that?

- Zayd Noaman:** Can you just repeat, you're not audible Shivam.
- Shivam Parashar:** Yes. Now I'm audible?
- Zayd Noaman:** Yes.
- Shivam Parashar:** Yes. So you spoke about 30%, 35% of the EBITDA margin thing. What would be the PAT margin on that INR50,000 crores GDV?
- Zayd Noaman:** It will be close to around 15% to 18% on the residential segment. So if you see on the residential segment, we are guiding around 30% EBITDA margin. The final PAT will be around INR15,000 crores to INR18,000 crores.
- Moderator:** The next question is from the line of Deepak from Delta. The line for the participant has been dropped. So we would now like to hand the conference over to the management for closing comments.
- Irfan Razack:** Thank you again, once more for all the insightful questions and the active participation. We enjoyed all your questions. If there's anything else that you'd like to know any clarification, we are always available. Zayd and Amit will be there. And of course, now wish all of you a super Diwali and a happy New Year and may the New Year bring in more joy in all of our lives and may we stay better. Thank you so much.
- Zayd Noaman:** Very happy Diwali.
- Moderator:** Thank you very much. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.