

# Rustomjee®

Date: February 02, 2024

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## Sub: Q3 FY24 - Earnings call Transcript

Dear Sir/ Madam,

We are enclosing herewith a copy of the transcript of the Company's earnings conference call held on January 30, 2024 on Unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter and nine months ended December 31, 2023 i.e. Q3 FY-24.

This is also being uploaded on the Company's website at [www.rustomjee.com](http://www.rustomjee.com).

Kindly take the same on record.

Thanking You.

Yours faithfully,

**For Keystone Realtors Limited**

**Bimal K Nanda**  
Company Secretary & Compliance Officer  
Membership No A11578

**Encl.: As above**

**KEYSTONE REALTORS LIMITED**



“Keystone Realtors Limited  
Q3 FY’24 Earnings Conference Call”  
January 30, 2024



**MANAGEMENT:** **MR. BOMAN IRANI – CHAIRMAN AND MANAGING  
DIRECTOR – KEYSTONE REALTORS LIMITED**  
**MR. CHANDRESH MEHTA – EXECUTIVE DIRECTOR –  
KEYSTONE REALTORS LIMITED**  
**MR. PERCY CHOWDHRY – EXECUTIVE DIRECTOR –  
KEYSTONE REALTORS LIMITED**  
**MR. SAJAL GUPTA – GROUP CHIEF FINANCIAL  
OFFICER – KEYSTONE REALTORS LIMITED**

**MODERATOR:** **MR. SAMAR SARDA – AXIS CAPITAL**

**Moderator:** Ladies and gentlemen, good day and welcome to the Keystone Reality 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Samar Sarda. Thank you and over to you, sir.

**Samar Sarda:** Hello. Thank you, Viren. Welcome again to everybody. As always, we have the senior management from Keystone Realtors, more famously known as Rustomjee Group amongst us today, headed by Mr. Boman Irani, Chairman and Managing Director, Mr. Chandresh Mehta and Mr. Percy Chowdhry, Directors, and Sajal Gupta, the Group Chief Financial Officer.

Without ado, let me hand over the call to Boman for his initial comments. Over to you.

**Boman Irani:** Good evening, everyone. I hope you can hear me loud and clear. Welcome to our Q3 and year-to-date '24 earnings conference call. I am Boman Irani, CMD Keystone Realtors. I express my heartfelt gratitude to everyone joining us on this call today. It is with great pleasure that I announce the outstanding achievements of our company this quarter as we have accomplished an impressive pre-sales figure of INR616 crores for the Quarter 3, FY24.

This represents a 101% jump in the quarter-on-quarter growth, propelling us towards attainment and surpassing our targeted numbers. For the first nine months of FY24, we have achieved a cumulative pre-sales of INR1,423 crores as compared to INR1,131 crores for the same period last year, again, a 26% growth year-on-year.

The growth numbers are in line with our guidance. Conditions are strong, collections are strong at INR452 crores in the Q3 FY24 and INR1,533 crores for year-to-date FY24, again, showing a growth of 32% year-on-year on a year-to-date basis. As we look forward, our projections indicate a sustained growth trajectory in pre-sales. This is driven by a robust launch pipeline and steadfast trust bestowed upon us by our valued customers.

In the current financial year, we have already launched four projects with a GDV of INR2,238 crores. Over and above the quarter Q4, we have already launched another project, Rustomjee Stella, in Bandra East with a GDV of INR300 crores and we plan to launch at least one, if not two projects in the balance part of this financial year '24. I am happy to state that we have surpassed our own guidance in this aspect as well. Given the market strength, we plan to accelerate the pace of our launches going forward.

Furthermore, the addition of five new projects in year-to-date FY24 exemplifies our strategic focus on expanding our presence into the promising micro-markets, which are strong. These projects boasting an estimated GDV of INR5,100 crores, underscore our dedication to crafting living spaces that transcend conventional norms.

Over and above, I am happy to announce that we have been chosen as a redevelopment partner for two societies located in Malad West with a GDV of INR1,200 crores. We have also entered

a JV to develop a project having a GDV of INR760 crores in Bandra. These projects highlight the trust that society has placed in our brand's proven expertise in the redevelopment space.

With these recent additions, we have added eight projects in the current financial year having a GDV of INR7,100 crores and with two more months remaining in FY24, we are confident of adding some more. This overwhelming response and inquiries from societies intending to undergo redevelopment, indicate a continuous expansion of our redevelopment portfolio, which has more than doubled in our acquisitions from last year, where we were at INR3,425 crores, we have already crossed INR7,100 crores this year.

In the ever-evolving landscape of the redevelopment market in MMR, our company has maintained its stronghold through a distinctive asset-light approach. We proudly stand as a front-runner, possessing a competitive edge in the MMR region in the redevelopment space. As we navigate this segment, our focus remains on enhancing operational efficiency and consistently delivering unparalleled value to all our customers.

Your trust, dear customers, is our driving force and we are dedicated to not only meeting, but surpassing the expectations, as we continue to be a dominant developer in the redevelopment in MMR.

In the same context, I would like to mention about the remarkable achievement and strength of our on-ground project teams. In one of our projects, the Khernagar 31, Rustomjee Stella as it is known, the entire demolition was achieved in just two days, reflecting our commitment to shorten the cycle time across business processes. This project is now launched in January 2024 already.

In terms of project completion, again, I am very happy to state that we have successfully delivered 6 RERA projects in FY24. Total construction area being 3.36 million square feet. This is the highest ever completion in any year for our company. Our emphasis on seamless operations and delivering value to stakeholders continues to grow. This continues to solidify our commitment to excellence.

I am happy to state that we have had strong collections and the company has generated an OCF, the operating cash flow, of INR355 crores in year-to-date FY24. This is as compared to INR280 crores in the same period last year, thereby showing a jump of 27% year-on-year on year-to-date basis.

Our investments in new projects during this quarter alone is INR173 crores as compared to INR53 crores in Q2 FY24. And for the first month, the same number, first nine months, this number has actually grown multi-fold from INR106 crores to INR257 crores, resulting in the growth of 143% year-on-year on year-to-date basis. With the increased spend on investment in new projects, we believe that we have a robust pipeline of the projects ready to launch.

Moving to the consolidated key financial numbers, the revenue for Q3 FY24 stands at INR520 crores compared to INR127 crores in Q3 FY23. The EBITDA for Q3 FY24 stood at INR21

crores and the PAT for the same period stood at INR30 crores. The year-to-date EBITDA and PAT are INR96 crores and INR81.5 crores respectively.

With respect to our liquidity positions, the gross debt stands at INR889 crores and the gross debt-to-equity ratio is at 0.5:1 as on the Q3 FY24. This is well within our guidance of debt-to-equity ratio of 1:1. The net debt stands at INR458 crores only and the net debt-to-equity ratio is 0.26:1 at the end of the quarter.

Further, in line with our commitment for the environmental, social and governance practices, we have made substantial progress and are increasing our sustainability initiatives. We have recently partnered with Oren for streamlining our data collection processes for all ESG metrics and the business responsibility and sustainable reporting, as it's called BRSR.

Moreover, all relevant stakeholders have undergone training on use of the software to make this process effective and seamless. Additionally, all our ongoing project sites are audited by the ESG team for compliance to environmental and social requirements applicable at site. Finally, I will close by saying that we are strategically poised to harness the synergies evident in the current upswing of the real estate market in the MMR region.

With our focused approach, our experienced team and our robust operational performance, we are confident in our ability to provide substantial value to our stakeholders, positioning ourselves as the most sought-after developer in the MMR area. Once more, we express our gratitude for your steadfast support and trust in Keystone Realtors Limited.

With this, I'm happy to open the floor for questions. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Samar Sarda from Axis Capital Limited. Please go ahead.

**Samar Sarda:** Yes, thanks. Let me, like, go in first this time. Boman, Sajal, I had three queries, and if you could clarify on this. One, we have round about 11 ongoing projects, and since the first quarter of FY23, we've added 13 projects, like, one of which we've launched. The total GDV is around about 100 billion or INR10,000 crores for this. What is the likelihood that, like, the remaining 12 projects of these redevelopments would be launched by or before end of FY26? One and what would be the gross margin these projects would have?

**Boman Irani:** Thank you for that question, Samar. I would like to state that the 11 ongoing projects are well on their way to, or as per the timelines, are well on their way for development. And the added projects that we have, generally, Samar, as we've explained in the past, redevelopment projects usually are about 12 to 13 months away from launch, from the date when they are signed.

So basically that means that all these projects, especially the larger redevelopment ones, will all come up for launches in probably the next financial year and the year following that. However, definitely before the timeline that you have mentioned.

The gross margins, as we have again explained in the past, are generally 35%, and we try to keep this margin healthy because given redevelopment and given the nature of our business, it is better to kind of continually work on margins that are sustainable in the long run. Thank you.

**Samar Sarda:** Sure. And one question for Sajal before, like, I'll let the queue ask more. Sajal, balance sheet debt has gone up because, like, we've taken over one project from DM on our books. Could you explain the participants, the impact of that on revenue recognition and reported margins as well?

**Sajal Gupta:** So, Samar, thanks for the question. The debt addition is on account of the Crown project where we have taken the 100% shareholding from the erstwhile developer, DB. As all of you know, this project is a residential project located at Prabhadevi, having three towers, of which one tower has already been completed.

Prior to taking over the RealGem shareholding from the DB group, all the loans were in the books of the RealGem and Bhisma Realty, that is the erstwhile developer and the land owner for the Crown project. Rustomjee, till this stage, was the DM of the project. In the whole process, we supported the strategic opportunity to take over the company from DB group, along with the financial arbitrage of INR400 crores.

Rest of the dynamics of the project continues to remain the same, but it was earlier. Coming to the specifics of the question that you have asked, Samar, we have about INR800 crores of receivables into the project and close to about INR1200 crores of unsold goods, thereby the total of about INR2000 crores of inflows, against with the outflows of close to about INR950 crores. So, which leaves about INR1,000 crores to serve this debt, the total debt on the project is close to about INR700 crores.

**Samar Sarda:** So, from a cash flow perspective, the mathematics won't change, but from a P&L perspective, the reported margins might probably look a little low.

**Sajal Gupta:** Yes, from the reported margins point of view, the reported margins will be looking to be skewed. Given that this is a legacy project, all the revenue gets recognized on the completions. Sales, as we all know, had started right from 2012 on the project, a lot of legacy sales, as they come up. From a cash flow point of view, in fact, because of the financial arbitrage I just spoke about, it should only improve.

**Samar Sarda:** Thanks, Sajal, for this. Viren, you can take the questions in the queue, please.

**Moderator:** Thank you. The next question is from the line of Sumit Kumar from JM Financial Institutional Securities. Please go ahead.

**Sumit Kumar:** Hi, good evening. Am I audible?

**Moderator:** Yes.

**Sumit Kumar:** Yes, thanks for taking my question and congratulations on a good set of numbers. My first question was on the pre-sales of this quarter, what has come from the new launches and what has been the sustained in sales, if you have the data?

And the second question would be, what would be the guidance on future sort of pre-sales in the next 12 months and the project additions on the business development side? If you can guide us on that number, please.

**Sajal Gupta:** So, out of INR615 crores of the new sales, INR204 crores has come from the new launches. So, roughly about one third of the total number is from the new launches. As we have spoken about that we launched two new towers in Urbania in the last quarter and about INR200 crores has come from there. And the balance is from the ongoing projects. And I'm so sorry, I couldn't get the second part of your question.

**Sumit Kumar:** Sir, any guidance on what sort of pre-sales and business development you are looking forward to in the next financial year?

**Sajal Gupta:** So, while for the next financial year we would like to hold our horses and let this year pass by and all our concentration and focus is first ensuring that we have a very good year, this year in line with what we have achieved in the first nine months. The guidance that we gave at the start of the year was that we will grow 25% pre-sales year-over-year. For the first nine months we have grown 26% and we are well on the track to surpass the number that we gave you of the 25% growth.

As far as the business development is concerned, I think the pipeline, the robust pipeline is getting built. As has been said by Boman in the opening remarks, we added five projects in the last financial year with a total value of INR3,400 crores. And this year we have already added eight projects with a total value of INR7,000 crores. So, almost close to about INR10,000 crores of a GDV has been added by way of the new projects.

As has been said that they will all come up for the launches with a gap of about 12 to 14 months. That's the gestation period. So, the acquisitions that we did in 2023 will come up now in the 2025. Almost all of them should come up basically for the launches in the current year. The third part of your question, the business development pipeline is getting built in a good fashion.

The third part of your question, I would like to say that for the next year, of course, we are looking for a larger growth, but we would like to give you a guidance more close to the meeting that we have at the end of the next quarter.

**Sumit Kumar:** Sure, sir. Thanks. I'll come back in the queue. Thank you.

**Moderator:** Thank you. The next question is from the line of Ritwik Sheth from One-Up Financial. Please go ahead.

**Ritwik Sheth:** Hi. Good evening, sir. Just a couple of bookkeeping questions. In Slide 29 of the presentation, we have mentioned the debt figure, and it also includes the JV debt for KRL share. So, does that

include the debt of INR889 crores or this is independent of the INR889 crores, which you have mentioned in gross debt?

**Sajal Gupta:**

So, this is independent of the INR889 crores gross debt. In the gross debt, we have counted only the debt, which is with the KRL. I am so sorry. So, what I was telling that INR888 crores of debt is only that of the KRL and its subsidiaries controlled by the KRL. As far as the JV debt is concerned, it is not forming part of that, but for the better disclosure, we have mentioned that in the debt sheet.

**Ritwik Sheth:**

Got it. Okay. And in one of the slides, you have mentioned the forthcoming projects and ongoing projects and the total area and inventory. So, is that for our share or it includes the JV-JDA share as well?

**Sajal Gupta:**

It includes our share. Look, I will tell you, as far as the redevelopment project is concerned, it is our share. As far as the JDA is concerned, it is our share. But when it comes to JV, where we have a partner who is sharing the profits with us, there we are counting the total share because they have a share in the profit and not on the share of the top line or the area.

So, we have two JVs. Like we all know that in the Thane, we have a JV with Keppel, wherein they are 49% partner with us on the residential development. And similarly, we have at Bhandup where we have our JV partner holding about 42% beneficial ownership of the business.

**Ritwik Sheth:**

Okay. And, sir, one last question. For the launches, what are the key triggers for the launches to come on time in the next four to six quarters? We have a very strong -- we have done a very strong business development in the last 12 to 15 months. So what should we ensure that these launches come on time? And are there any -- are these free of any litigation? If you can throw some light on that. So, we have a good launch pipeline for the next one, one and a half year, it looks like from the business development that we have done.

**Boman Irani:**

So, [Ritesh], your question is very apt, but we have a full team. And I mentioned to you that our on-ground teams are continuously building their efficiency. Likewise, business development, immediately thereafter approvals or rather design excellence, then there are building approvals after which there is execution, which comes on ground. All of these teams are continuously being, honing their skills and working on a continuous pipeline basis.

For the moment, especially in the redevelopment space, you are aware that our teams have the possibly longest and best experience on both getting the societies to understand the development that we are undertaking at the same point of time, forecasting what the market, through our marketing department and sales department, forecasting what the market really requires and putting up the same designs for approval.

Our liaison team continually works with some of the best architects in the city and depending on whether it is MHADA, BMC, or wherever, VVCMC or Dombivili-Kalyan Municipal Corporation, we are constantly -- have a pulse on what are the issues that need to be tackled at various levels. And that is why we provide a timeline of almost, I would say, 12 to 13 months in which all of these processes are completed.

And projects are, existing members are moved into rental accommodations and then we get the RERA certification and then we get the project in launch phase. So, it's a continuous cycle project. I don't think litigations, what you are mentioning on site as such, because these are all redevelopments, they have been in existence, at least titles are long and steady and people have been living out there.

So, if you are talking about, let's say, the environmental challenges, etcetera, etcetera, we always work on the side of or rather, we air on the side of caution and we are happier to kind of take on those projects where there are lesser possibilities of issues arising out of, let's say, other issues that will come up. So, I hope that answers your question, but if there's anything more I can add to clarify, please let me know.

**Ritwik Sheth:** Yes. No, sir, this is very encouraging and all the best for the upcoming launches. Thank you, sir.

**Boman Irani:** Thank you.

**Moderator:** Thank you. The next question is from the line of Amit Sanghvi from Equity Analyst. Please go ahead.

**Amit Sanghvi:** Hello. My question is with respect to this acquisition of 100% stake in Real Gem Buildtech Private Limited. As I understood from the annual report of Real Gem Buildtech Private Limited, they own 6.13 acres of land at Prabhadevi on which there are three buildings. One has already come up, that is, Rustomjee Crown 1 and Crown A, and then B and C is under development.

So, just I wanted to know whether there is any further potential to develop the -- for further development at that particular land of 6.13 acres. That is my one question. Another question is that when is the Crown B and Crown C is likely to be completed? And the third one, my third question is with respect to the current sales rate of Prabhadevi Crown C.

**Boman Irani:** I'm sorry, I didn't hear your third question, but Amit.

**Amit Sanghvi:** Yes, sir.

**Boman Irani:** What's your third question?

**Amit Sanghvi:** My third question is current selling rate at Prabha Devi Crown C? Because A and B is almost sold out and C is more than 50% pending for sale. So, just I wanted to know what is the current rate of selling for Crown C?

**Boman Irani:** Okay. Okay, Amit. I mean, thank you very much, Amit. Amit, I can tell you that the fullest development potential has been taken into consideration. There are three towers, approximately 700 apartments in Crown. Tower A and B, as you mentioned, are well sold and C, which is under construction and will be ready sometime end of '25, so say about December '25, is being sold as of right now more in terms of number of apartments.

That's a nice mix of three types of apartments out there. We have three-bedroom, four bedroom and five-bedroom apartments in Crown. And we've seen a very healthy sales taking place. The project A tower has got its OC. B tower, hopefully any day, we will be announcing that we've received the OC of the same.

And the C tower, like I mentioned, will be December 2025 is when we will be doing it. So, there is no added potential that we will be developing in that area. And once we are developed with tower C, we should be completing the project. So, that was, I think, the question that you asked. And today I can tell you, thanks to the kind of development that has been undertaken, including that podium where we've developed various amenities,

Crown has become a project where people who really wish to, create an abode for themselves will come and buy. And today all our buyers, past and present, are extremely happy with the podium, the amenities, the garden, the clubhouse, the gym and some of those nooks that have been created for recreation.

And we are happy to quote that the prices or happy to state that the prices that we quote on site are 60,000 plus, depending on the location and the view that we can provide out there in the C wing. I hope that answers your question, Amit.

**Amit Sanghvi:** Yes. And sir, one more thing. As per RERA information, the unsold inventory is about 5.33 lakh square feet in Crown Tower C. Is it updated information or it is yet to be updated?

**Boman:** So, I can tell you that your number on the RERA website is definitely updated. But there is also consideration that there is a landowner who's got his own stake and share out there. So, all put together, that is the updated number. But at least as far as we are concerned, we have about 2,77,000 square feet of unsold inventory in the Tower C, which is less than 20% of the total area of all the three towers put together.

**Amit Sanghvi:** Okay. Yes. Thanks. Thanks a lot, sir.

**Boman:** And I'm very happy we have that stock because as it comes up, sorry, can I just continue, Amit? We're very happy, with the progress we've made with that project. And when that project is complete, we will be setting a benchmark for the kind of development that South Mumbai will see in our, what do you call, foray to enter that area going forward. So, the intangibles of that project development are going to be huge for Rustomjee.

**Amit Sanghvi:** Okay. Okay. And sir, this Goodwill, as per this financial result, is around INR302 crores. And if we say that unsold inventory, which is on our account, is INR2.77 crores. And if we add whatever amount yet to be spent on this Tower C till December '25, I don't think there will be a significant amount of profit which we will realize from this acquisition?

**Sajal Gupta:** So, Amit, first of all, the Goodwill of INR302 crores, as you would have read and also stated in our P/L also, the total acquisition value is INR231 crores. Right? Now, this INR231 crores, the point to be noted is that INR141 crores has been paid back by the DB against the loans that they

had. So, the net outgo from us is only INR90 crores and which also is needed to be paid on the staggered manner. That is as far as the acquisition outflows are concerned.

Now, about the Goodwill of INR302, comprises of INR231 crores of the acquisition cost and the INR70 crores, you know that under IND AS, we have to fair value the inventory that we take over and thus the IND AS adjustment of the inventory has taken over. And this goodwill will be tested against the cash flows and the profits quarter by quarter and accordingly will keep on getting readjusted.

So, all we are trying to say that we have, so we will be far better inflows basically into a project. Yes, you are right in terms of margins. The margins will be low on a project because of lot of legacy sales and the margins as far as our commercials are concerned, cash flows are concerned, they stay intact as they were.

**Boman:** But Amit, I should also state to you, which I mentioned earlier, that the intangible benefits out of a development of this size that Rustomjee would be able to show the ability and creativity of development, which will be huge for us given that the South Mumbai market is being explored by us on the redevelopment front. And even today, when we go for any kind of redevelopment, people are very happy to speak about Crown and they are totally in tune with our sensibilities and thereby we are being able to further garner better redevelopment potential in the South of the city.

**Amit Sanghvi:** Yes, Yes, I understood it. Yes, yes. Thank you very much. Thanks from my side.

**Moderator:** Thank you. The next question is from the line of Shreyans Mehta from Equirus. Please go ahead.

**Shreyans Mehta:** Yes, thanks for the opportunity. So, a couple of questions from my side. First, as far as redevelopment is concerned, we've become a very sizable player and also seen healthy additions. So, as a strategy, will we take a pause and wait, before the projects which we've added recently come on stream or we'll just keep on adding more projects as far as the redevelopment market is concerned?

**Boman:** Shreyans, thank you for that and very good question actually. So, if you see what we do with the redevelopment, we've already charted our course as to the kind of project that we want to be in. Now, in the affordable, there is no redevelopment that we do. Those are usually green fields. But in the mid-mass and aspirational is where we are looking at a maximum growth in the MMR region. Just to give you an idea, INR1 to INR3 crores is considered mid-mass and INR3 crores and up to INR7 crores is considered as aspirational apartments. We continue to increase our penetration in these kinds of locations which will allow us to provide our consumers with apartments in these price ranges.

The other thing about redevelopment is we do not stop and pause, but we are definitely clear as to which are the areas and what are the projects in those areas that we definitely should make a full effort to be in. Having said that, we get invited for a lot of redevelopment projects and generally, we go or we participate in not more than 30%, 35% of them. And in that also, we are very happy if the development is being well thought through and we are very happy to be even

number two, even as long as it means that the development of the entire area is being undertaken by good brands.

So like you mentioned, there is a lot of redevelopment taking place and Rustomjee continues to be the developer of choice. But no, we do not take every one of them. We usually go for 0.3 of all that we get and then even in that 0.3, we are very certain about the ones that we want to take and the ones that we don't.

And generally, we prefer, again to add over here, development that will give us some size and scale and allow us to create, what we do best is gated communities. And thereby, I am not saying we do not take standalone buildings. We do if they match our profitability requirements and our investment criteria. But more often than not, we are looking for the larger projects where we can create communities and gated communities of that.

**Shreyans Mehta:** Got it. Got it. Got it. Secondly, in terms of the redevelopment opportunity, can you quantify or which is the pie which we are targeting and where there is opportunity?

**Boman Irani:** So again, Rustomjee has built its skill set in the developments across these five types of homes that we provide, whether it is affordable, mid-mass, aspirational, premium and now Uber premium as well. You must have read that we have sold apartments in the 100 plus crores price point. So we will address markets where prices are in excess of, let's say, INR30,000 on carpet because those are what make these projects developable, sustainably.

And also, if there is any kind of a hit on the market, these markets would be least affected. Second, I think we also look for those projects that we can call marquee, where the development that is possible is very high end because this allows us to interact with that community who we can serve brilliantly with our creativity and our development potential.

Wherever we believe that there are strong pre-sales that are possible when we are undertaking redevelopment, especially in the mid-mass and aspirational category, we will look for those redevelopments. 100% we will target in that the ones that have got slightly larger sizes, where we can create some kind of community. And then we are also looking at projects which can give us a marquee kind of a development.

In that, mostly we get projects which are about 3,000 to 4,000 meters. But we are also looking at larger ones, especially in the Bandra belt, in the Andheri belt, anywhere between Borivali and Malad belt. And over there, we have closed two projects which are 12,000 odd square meters development, where we create what is possibly one of the finer developments in that area after having created Ozone and Elanza in that area. I think after some time, that area will also see some fantastic new development from us.

**Shrihan Shweta:** Secondly, we have done a JV with Ajmera for a Bandra project. So, if you could tell us the location and the launch time?

**Boman Irani:** I can tell you the location. This project is actually a redevelopment which was affected by an earlier developer not being able to complete it. And it is on the 33rd row in Bandra. And the

gross plot area is about 3,260 square meters. Again, I will not share more right now because the way we have envisaged that project, it will be a marquee, but a different type of development for that area. And I think the launch timing should be within the next financial year itself.

**Shrihan Shweta:** Got it. So, any approval pending or any outstanding out there that we need to clear first before the launch?

**Boman Irani:** See, the advantage on that project is that it is a vacated site. So, that itself is a big one. The agreement has already been entered into. So, that is the second one. And the, what do you call, approvals, obviously we will go in for. We always enhance the kind of development that we undertake.

And towards that, there is a change of plans. And as we all know that any change in plans is considered as a new approval process which we will undertake. But as of right now, designs are where we are focused on and we are working on something unique which will create a kind of a marquee in that particular area.

**Shrihan Shweta:** Sure. And last one from my side. As you know, NCR as a market is very hot market currently. So, any plans or are we looking at any projects, be it JV/JDA or land acquisition?

**Boman Irani:** If you remember, we had said that the MMR market is actually, we are blessed to be here because it is, the last year figures were 42% of the recognized residential real estate sales by value, we are in the MMR region and we are a strong developer of this area, which means that we will continue to grow our strength out here. A lot of national players are looking at finding a foothold and some of them are already here in a big way.

It makes more sense for us today to continue expanding our reach, ability and growing in this market, which we not only know, but even understand intrinsically because of our 27 years of experience of being here. So, we can understand our buyer. We don't even need, of course, we carry out a lot of research.

But the point is, you know, it's like having a mother tongue, which you're so fluent with and we are very, very happy to be here. Yes, definitely NCR continues to amaze and there are certain developers that are doing a great job out there. But as of now, I can be quite honest and tell you, while we watch all markets, we are very happy with the MMR market and we'll continue to grow our developments out here, whether it be various types of development, whether it be, you know, various sizes and rates at which we sell.

So basically the consumer that we wish to attract, the different types of consumers that are now available in this market. And believe you me, we can keep working in this market for the next five to six years, eyes closed and be in the leadership position for this period very easily.

**Shrihan Shweta:** Got it, got it, got it. Thank you. That's it from my side and all the best.

**Boman Irani:** Thank you, Shayan.

**Moderator:** Thank you. The next question is from the line of Samar Sarda from Axis Capital Limited. Please go ahead.

**Samar Sarda:** Yes, thanks. I had a couple of more questions. One, a bookkeeping question for Sajal. Sajal, the revenue recognized in second quarter of FY24 and third quarter is around about INR6.2 billion and INR5.2 billion. So, this has a hefty contribution from crown A, because the adjusted EBITDA margin. If I look at the interest component, it's on about INR127 crores for this quarter and INR114 crores for the last quarter. Can you please confirm this?

**Sajal Gupta:** So the revenue recognized from the crown is INR411 crores. That is the point number one.

**Samar Sarda:** Only for this quarter?

**Sajal Gupta:** Only for this quarter and this quarter only, because this is the first time we have recognized the revenue in the crown. Tower A completion happened towards the end of last quarter and the possession started now. So out of the tower A, the possessions that we have given, INR411 crores out of the total INR533 crores revenue recognized in the quarter 3 comes from the crown.

**Samar Sarda:** And what was the major revenue contribution for second quarter then?

**Sajal Gupta:** Second quarter, the major revenue contributor was our summit project. Again, it is a legacy project. This is the project, Summit and Yazarina. Out of the total revenue, INR618 crores, INR510 crores comes from the Summit and Yazarina. Again, these are the projects which have been acquired long back and these are the ones which we have been stating into our meetings with all of you.

That they are the ones where we may not have margins in line with our other projects. So incidentally, these two quarters, these two completions have come up and that is how the revenue and the margins were placed.

**Samar Sarda:** And just to reiterate, while reported margins whenever crown gets recognized will be lower, but from a cash flow perspective, this will not have an impact.

**Sajal Gupta:** Yes. Yes.

**Samar Sarda:** And the second question was for Boman again, like just on that redevelopment query. So suddenly we see a lot of larger developers pitching for projects and you are again well aware that non-Bombay developers are also coming and pitching for projects. Are you seeing times where like the incremental area which is being offered by developers to the existing society members is going up, just like older days when land prices went up crazy and eventually margins came down?

Are we already there or like it's still some time where such things won't happen?

**Boman Irani:** I would not like to comment, but thanks for that question. I would not like to comment on the strategy that other developers have and sometimes to get a foothold into a market, they may be

working on maybe a lower margin. I'm not sure quite honestly, but our strategy is to continually keep our margins in mind while going in for it.

So like I mentioned, because we are the preferred developer, maybe we have the luxury of being identified as a developer with lower areas that we may be offering compared to other developers. And we've seen that happen because the trust that is developed in the Rustomjee brand and people are giving their home and one of the things that they don't look at is the return. They just look at the return of the home with the area and the amenities promised.

So I don't compete on only the amount of area handed back or the corpus or the rent. We price our rent in keeping with what the market of that area demands. Our corpus is also just to keep at least those societies where the existing members are getting a larger apartment and maybe slightly at an advanced stage to be able to allow them to kind of face some of the maintenance additional costs that comes up.

As far as the areas are concerned, we always promise well-designed homes and that is what people see in our redevelopments and that is why we get chosen. But I'd like Chandresh to comment out here about this because he does a lot of the redevelopment forays in the city.

**Chandresh Mehta:**

Hi, Samar. Just to add on to what Boman said, while we all know and we all understand that a lot of developers have suddenly seen that there is an opportunity in the redevelopment space. Having said that, also please understand that the entire city of Mumbai, right from South Mumbai to Central Mumbai and right going all the way up to the suburbs is up for redevelopment. So looking at the number of developers with experience and the track record that we have, there are very few and far in between. And societies do understand that if they want their development to be undertaken by branded developers like us, probably they will have to be satisfied with a little less and live with the comfort of having sure that the project will be delivered with the promises that have been given by the developers.

So to say, while yes, there are developers who have entered in this fray, some of them from North Mumbai, as you say. But as far as, North India as you say, but as far as societies are concerned, and larger societies, they are on a lookout for developers with experience who has a proven track record of having delivered redevelopment. So it's a healthy mix.

There are societies, more and more societies are up for redevelopment. And of course competition is always welcome.

**Samar Sarda:**

Great, thanks for that and all the best for the times to come.

**Moderator:**

Thank you. That was the last question for today. I would now like to hand the conference over to management for closing comments. Over to you, sir.

**Boman Irani:**

Thank you very much. Your questions continue to, you know, keep guiding us or giving us guide rails for our vision in the future and keep reminding us that there are people watching over us. So I'm thankful to each and every one of you on behalf of the Rustomjee management.

I thank you for joining us today. Should there be any further queries, we have an investor relations team that will be only too happy to continually take them and give you responses. Once again, have a lovely evening and thank you very much.

**Moderator:**

Thank you. On behalf of Axis Capital Limited. That concludes this conference. Thank you for joining us and you may now disconnect your line.