Rustomjee®

Date: May 20, 2025

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Sub: Q4 FY25 - Earnings call Transcript

Dear Sir/ Madam,

We are enclosing herewith a copy of the transcript of the Company's earnings conference call which was held on May 14, 2025 with respect to Results (Standalone and Consolidated) / Audited Financial Statement of the Company for the quarter and full year ended March 31, 2025. The transcript is also being uploaded on the Company's website i.e. www.rustomjee.com under the Investors section.

This is for the information of your members, and all concerned.

Thanking You.

Yours faithfully,

For Keystone Realtors Limited

BIMAL KISHORE NANDA

Digitally signed by BIMAL KISHORE NANDA
Date: 2025.05.20 14:02:09 +05'30'

Bimal K Nanda
Company Secretary and Compliance Officer
ACS – 11578

Encl.: As above

"Keystone Realtors Limited Q4 FY-25 Earnings Conference Call"

May 14, 2025

MANAGEMENT: **MR. BOMAN IRANI – CHAIRMAN & MANAGING DIRECTOR, KEYSTONE REALTORS LIMITED**
MR. CHANDRESH MEHTA – EXECUTIVE DIRECTOR, KEYSTONE REALTORS LIMITED
MR. PERCY CHAUDHARY – EXECUTIVE DIRECTOR, KEYSTONE REALTORS LIMITED
MR. SAJAL GUPTA – GROUP CFO, KEYSTONE REALTORS LIMITED

MODERATOR: **MR. RISHITH SHAH – AXIS CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Keystone Realtors Limited Q4 and FY25 Earnings Conference Call hosted by Axis Capital.

As a reminder all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rishith Shah from Axis Capital. Thank you and over to you sir.

Rishith Shah: Thank you, Manav and good evening, everyone, welcome to the call. So, we have with us the management of Keystone Realtors represented by Mr. Boman Irani, who is the Chairman & Managing Director, Mr. Chandresh Mehta, the Executive Director, Mr. Percy Chowdhry – Executive Director and Mr. Sajal Gupta – the Group CFO.

I will hand over the call to the Management for their initial comments and then we can open the floor for questions and answers. So over to you Mr. Irani. Thank you.

Boman Irani: Thank you. Good evening, everyone and welcome to our Q4FY25 and FY25 Earnings Conference Call.

I am Boman Irani – Chairman & Managing Director of Keystone Realtors Limited and I extend my heartfelt gratitude to all of you for joining us today.

I am pleased to share that Keystone Realtors report steady and consistent performance surpassing presales guidance of FY25, thereby reinforcing confidence in our growth trajectory and operational strategy. FY25 has been an eventful and successful year for our company, marked by impressive achievements across key performance metrics including pre sales, collections, business development and new project launches. Our performance has exceeded guidance across these key metrics.

As we close this fiscal year FY25, I am excited to walk you through our impressive achievements which highlight our ongoing growth and our commitment to excellence. Our presales performance for FY25 aligns with the forecasted guidance reaching Rs. 3,028 crores which is a 34% increase over FY24.

The aspirational & mid-mass segments contributed 60% of the pre sales of FY25. For Q4 FY25 alone, we recorded pre-sales of Rs. 854 crores compared to Rs. 843 crores in Q4 FY24. This demonstrates our sustained momentum across the quarters. It also shows that our presales are in line with expectations and this sets a strong foundation for the next phase of our revenue growth. The surge in demand affirms our strategic direction and reflects the increasing confidence our customers have in our offerings. As we move forward, our goal is clear to continue delivering exceptional value to our customers, upholding the strength of our brand and leading the industry with both passion and purpose.

In terms of collection, we achieved a collection of Rs. 747 crores in Q4FY25. This reflects an 11% increase from Rs. 670 crores in Q4FY24. Our collections for FY25 stand at Rs. 2,327 crores. Our collection efficiency for FY25 stood at 77%. This underscores our operational strength, our discipline, our execution and deliverability. We remain confident in our strategy. We will further enhance collection efficiency and continue to generate strong cash flows. In this connection, one key focus area is accelerating the construction pace, not only to meet and exceed our timeline commitments and delight customers with quicker project delivery, but also to optimize our collection cycle. As construction milestones are triggered more frequently, we have seen a direct positive impact on cash flow.

For the full year FY25 we have launched seven projects with a total estimated GDV of Rs. 5,000 crores plus. This strengthens our future revenue visibility and reflects our ability to activate high potential locations across micro markets aligning with our strategy of delivering high quality living spaces across diverse micro markets.

I would like to highlight that one of the projects 180 Bayview launched in Q1 FY25 received an industry recognition and was featured in Construction Week "Top five projects that will take your breath away". The demand for our products remains robust and we are excited about strong pipeline of upcoming launches. Again, a key highlight for the financial year is the significant progress one of our upcoming projects, Crescent which is situated in Bandra in Pali Hill. We have successfully shortened the timeline between executing the DA and issuing a notice to vacate in under 170 days. This streamlined process will enable faster project launches creating more opportunities to enhance and expand our launch pipelines.

In terms of BD (business development), I am pleased to share that Q4 FY25 was continued to strengthen our growth pipeline in adding three new projects with a combined GDV of Rs. 1,487 crores. Out of these two, our redevelopment projects that strengthen our leadership position in this segment. This further solidifies our standing in the redevelopment space. Our total additions in FY25 is nine projects, totaling an estimated GDV of Rs. 4,783 crores, allowing us to surpass our annual business development guidance for the year which is 2x of the presales done in FY24. All new projects added by the company undergo rigorous evaluations based on predefined selection criteria set by our investment committee members. This ensures disciplined underwriting and a strong emphasis on maintaining and preserving healthy margins. Since FY23, your company has added 22 projects in business development with a total estimated GDV of Rs. 17,700 crores plus. Notably, 18 of these are redevelopment projects, 16 of these projects are in the mid-mass and aspiration category. All this aligns perfectly with our strategic focus, capturing value through urban consolidation by maintaining volume through high demand and mid segment offerings. These strategic additions highlight our ongoing commitment to growth and leadership.

I am confident in our team's capability to consistently take on and successfully deliver new projects. With a strong and diversified portfolio across all MMR areas and price points from value housing to luxury, our strategy ensures resilience and growth across market cycles. The redevelopment opportunity in Mumbai continues to be significant and as a trusted leader in this space, we are ideally positioned to capitalize on the momentum. Backed by a strong balance sheet, we are well positioned and fully equipped to capitalize on opportunities.

Execution continues to be a key pillar of our strategy. In Q4 FY25 we successfully completed two RERA registered projects, Parishram at Pali Hill and a building at Global City Virar, covering a construction area of 0.26 million sq ft. With these we have completed five projects totaling 0.72 million sq ft of construction. A notable example of our execution excellence is from our project Rustomjee Cleon where we achieved a remarkable milestone by casting five slabs within a single month. This accelerated pace reduced the slab cycle from a typical 8 or 9 days to just 6 days per slab. This significantly shortens the overall construction timeline thereby adds to the cash flow.

During FY25 we generated an OCF (operating cash flow) of Rs. 580 crores. This while supporting the accelerated pace of new launches, our investment in new projects during this period has been Rs. 682 crores, approximately 1.75X higher than the last year FY24. Investment in new projects continues to rise steadily registering a 2.25X increase in FY24 over FY23 and an expected 1.75X growth in FY25 over FY24. This enhanced investment strategically positions us to build a robust pipeline of launch ready projects for the year.

Moving on to our consolidated financial performance:

We have reported revenue from operations of Rs. 2,004 crores for FY25. Our absolute EBITDA number has grown from Rs. 163 crores to Rs. 332 crores, that is by 104% year-on-year. Our PAT number has also grown from the Rs. 111 crores to Rs. 188 crores, that is a 69% year-on-year for the FY25.

I am happy to announce that the Board of Directors has recommended a final dividend of Rs. 1.5 per fully paid-up equity share of Rs. 10 each. That is 15% of the face value of the equity share for the financial year ended March 31st, 2025. This of course is subject to the approval of the shareholders in the ensuing annual general meeting of the company.

About our liquidity:

Our gross debt stands at approximately Rs. 316 crores with a gross debt to equity ratio of 0.12:1 as of 31st March '25, which is well within our guidance. The total free cash at the end of Q4 is Rs. 874 crores, indicating our strong liquidity position. Our net debt for the same period is Zero. Additionally, in May 2025 our credit rating was upgraded to ICRA by ICRA to (A+) with a stable outlook. This is an upgrade from the A with a positive outlook earlier.

As we progress through FY26, I am pleased to share that significant strides have been made in our commitment to the ESG; Environmental, Social and Governance principles. We are making substantial progress with our sustainability efforts, including the registration of our first Carbon Net Zero project with the IGBC, which is the Indian Green Building Council, for our plotted development project in Kasara. Furthermore, we have completed ESG audits for all our project sites and have started digitally generating and reporting sustainability data for new sites that have begun with demolition or piling in the last quarter. We have celebrated Safety Week across all projects including medical camps, fire safety training and other health and safety programs. We have also launched a supply chain sustainability program with key building material vendors.

Furthermore, we have conducted our first in house ISO 14001 and ISO 45001 awareness training for all our site and project engineers including the safety officers. In FY25 as a heartfelt tribute to our late Shri. Venkatramana Balraman, a technical advisor to the board, a source of inspiration to all of us, particularly to the execution operations team, we have introduced the merit scholarship program for degree engineering wherein 50% of the course fees will be paid by the company. This scholarship is for all our employees, including third party employees and consultants.

In addition, I am proud to say that our company has inaugurated the Apne Ghar, a new and thoughtfully built accommodation across 35,000 sq ft that will house about 500 of our site workers across well-ventilated rooms. These are individuals who travel from across the country to bring our projects to life. With skill in their hands and dedication in their hearts, they help us shape the skyline brick by brick. Apne Ghar is our way of honoring their invaluable contributions. Rooted in the Rustomjee Culture of Care and Community, this thoughtful initiative reflects not just infrastructure but intention. What has been created is not just accommodation but a nurturing ecosystem. This underscores the group's commitment to giving back to those who build homes for all of us. It reinforces our enduring belief in building not just better homes but better lives. This project is a worth seeing with a well-equipped camp that offers a clean and efficient gas bank system and a dining facility, safe drinking water, clean sanitation facilities, an entertainment zone, an open gym, recreational facilities including a cricket pitch and a badminton court and most importantly, a creche for the children of our laborers.

I am proud to share that our commitment to excellence has been recognized through various prestigious awards, and I will just name a few of them. “India's Top Builders of 2024” in the “National Category” at the CWAB Awards, “Maharashtra State's Best Employer Award” at the 19th Employer Brand Awards. Our Ultra Luxury project Rustomjee Ocean Vista has been awarded the “Ultra Luxury Project of the Year” at the Realty Plus Excellence Awards. We have celebrated the “Skyscraper of the Year Accolade” for Rustomjee Crown at the Realty Plus Excellence Awards 2024. This project showcases our architectural prowess and our commitment to quality. We have also been awarded the “Best Realty Brands” by ET Now, “Best Realty Brand Awards 2025”. These awards and accolades inspire us and reaffirm our mission to set new benchmarks in the real estate sector. Our Q4 FY25 performance reflects strong execution, robust growth and continued market leadership. With solid fundamentals and a healthy balance sheet, we are poised for a very strong FY26. Demand for our offerings remains high and our launch pipeline is well positioned to meet it.

I continue to state that our asset light model and our focus on redevelopment, especially in the Mumbai MMR area, are driving sustained growth for Rustomjee. We remain committed to exceeding our guidance and delivering long-term value to all our stakeholders. Favorable market conditions and strategic strength position us for the next wave of expansion. Like I said earlier, we are not just building homes, we are shaping and thriving future ready communities. Thank you for your trust and continued support.

I look forward to a growing partnership and I am open for questions that you may have now. Thank you.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. We have our first question from the line of Himanshu Upadhyay from Bugle Rock PMS. Please go ahead.

Himanshu Upadhyay: So, my first question was, I was going through the slide #20 of ongoing projects. If we see they are sold receivables, especially on the aspirational mid-mass and affordable and on the lower side what we see is the sold receivable is significantly lower than cost to complete these projects. What are your thoughts here? Because in some of the segments like mid-mass the cost to complete is around Rs. 2,800 crores. What sold receivables is only Rs. 1,400 crores, less than 50% is receivable and similarly affordable. And what we understand is as we go lower, the margins are also lower and hence higher sales velocity will help you make better IRRs. And in super premium and premium the margins are generally higher. So lower velocity even at the completion helps you get better IRR. So just some of your thoughts. How do you generally go about selling your projects? Your thoughts here will be helpful.

Boman Irani: Sure Himanshu. Thank you for your question. And what I would like to state is, we could continue to be only focusing on high end or high margin or the upper echelons in terms of doing ultra luxury and of course that gives higher margins. But at Rustomjee we have got to be a company with a full bouquet of offerings for all consumers. As a matter of fact, at a recent launch the brokers were extremely happy because we have everything from a 50 lakh to a 150 crores apartment for sale. So, there is something for everyone out there. And they actually were very positive because as brokers grow, they kind of deal with all kinds of customer requirements and they are able to deal with one company that provides the entire bouquet. Of course, it's a fact that the margins are better in high value projects. That is because the risk is also higher, the investments are higher and there's always a lot more value that can be derived out of them. But we consistently believe that volumes and in the future with everything the government wishes to do, mid-mass and aspirational, which is Bombay's or Mumbai's highest selling segment, will continue to grow. And over there you have seen that we almost have 66% of our portfolio in this mid-mass and aspirational category. And the margins are good. There is a continuous supply, a continuous demand for the products out here. And we are continually able to sell. Our foray in the affordable space continues to be because we believe that this market is a steady state market as predefined, there are not very high what they call margins out here. But at the same point of time, consistent sales make it for a consistent, how do I say, sales make it very interesting for us continue to be here. And this is simple and easy and a good market to be in and sooner or later when the tide does turn and then certain governmental changes favor it, we want to continue to be in this market to be recognized as someone who supplies even to the affordable housing. Now for your question with regards to your slide #20. I will let Sajal take it.

Sajal Gupta: So, we are ramping up launches. In the last year we have launched seven projects. The total value of these seven projects is more than Rs. 5,000 crores. So, of my ongoing projects, the total GDV is Rs. 11,500 of which the half is contributed by the projects which have been launched in the current financial year only. At the same time, we are also seeing the robust sales coming from the new launches. We have already sold about 25% by value the goods which has been launched in the current year. So, on account of our ramp up on the launches, new projects coming in, the sold receivables will catch up over a period of time. But at a point over time when we are ramping up on this, the sole receivables from that point of view is quite healthy is that what we feel in terms of the sales velocity that we have planned over this project.

Himanshu Upadhyay: But can you, Sajal, give some more idea? Let's say in one year of a project launch, what type of sold receivable or cost to complete we will be targeting or how do we step up our sales in the sales of a project? Because see, these are very good times and the momentum is very good on the sales time. But if in good periods the old receivable is 50% of cost to complete, in bad times how does this numbers move and what is the risk? Those are the questions. I am trying to understand your thought process.

Sajal Gupta: Typically, all projects have a business plan for the entire life cycle of the project. As a rule of thumb, we target about 35% inventory to be sold in the launch phase. And the launch phase is considered to be a phase which is from the RERA registration to the plinth level. Then in the sustenance phase, which is up to the structure coming up, we sell another 35% odd of the total sales, which makes it 70%. The last 30% is divided during the finishing phase and then some goods basically post OC phase. So fundamentally if I launch basically during this year, if you typically look that the launches keep taking place during the different quarters of the current year, by virtue of what I said, that we should have roughly sold about 17%-18% or 20% of the goods that we have launched in the current year. But what we witnessed, as you rightly said, the times are good, the sales buoyancy is good, the demand is pretty good in most of the projects. But we have launched that we have been able to sell about 25% of the total value that we have launched in the current year. So out of Rs. 5,000 crores, almost Rs. 1,250 crores of a sale that comes from the new launches. So as we catch up means like just to answer your question, I think by the end of the second year we are almost fully covered in terms of the cost to complete because 70% of our goods are sold taking typically a project life cycle of 3 years from start to finish. And then 70% of our goods are sold that we are financially close basically 70% of our goods sold because we typically work on a 35% gross margin. It means my hard cost is Rs. 65

and at 70% of our sales that we are talking. So that typically is the trajectory that we target and that is the trajectory that we follow in terms of selling and covering our cost to complete.

Himanshu Upadhyay: That was very helpful. And the other question was in terms of projects what we acquired in FY23, one of the larger one was Basant Park and it is still to be launched. What is the timeline to launch?

Boman Irani: So, Basant Park has just been launched as a matter of fact, three days back we launched Basant Park. In the last 10 days, I think we have launched three projects just to bring to everybody's attention we have launched Crescent in Bandra, which is Pali Hill, we have launched Cliff which is again in Bandra at Mount Mary, and we have launched Basant Park which is in Chembur. So, in the last 10 days, these are launches that we have had.

Sajal Gupta: If I may add, the total value of these launches is close to about Rs. 4,000 crores. So, we get the significant bump up in terms of launches right at the start of the year.

Himanshu Upadhyay: And one more thing. The FY24, the eight projects which we acquired till now how many would we have launched including in last?

Sajal Gupta: We have already launched two projects out of FY24 acquisitions, Panorama has been launched and the Crescent has been launched. During the current year, we are expecting almost three to four more projects out of this list to be launched.

Himanshu Upadhyay: Thanks. I will join back in the queue.

Boman Irani: Thank you, Himanshu.

Moderator: Thank you. We have our next question from the line of Ritwik Sheth from One Up Financials. Please go ahead.

Ritwik Sheth: Hi, good evening, sir. So, few questions from my end. So firstly, just right now, you mentioned Rs. 4,000 crores of GDV from the three projects which we launched in May. Is the Rs. 4,000 figure accurate?

Boman Irani: Yes.

Ritwik Sheth: Including all the phases?

Boman Irani: There are not so many phases because two of the buildings which at Bandra are just standalone buildings as such. And Basant Park is four sale buildings of which we have launched two and then we are going to launch two more shortly. They are just a different type of apartment. So, there is a little bit more fanfare that is required for that. And given the present situation at the border, we thought it a muted launch. So that is why it was kind of segregated. That is about it. But all the buildings will be coming up more or less at the same time.

Ritwik Sheth: Right. So, you have mentioned in the presentation that we are looking to launch Rs. 7,000 crores. So almost 55%-60% of it has already been launched, is that like understanding right? Like 7,000, all this you had.

Boman Irani: Ritwik, just to answer your question and sorry, a little tongue in cheek, but like we believe in customer delight. Now we are looking at even our investor delight. And as a company, we have always been someone who kind of underquotes and over performs and we plan to do that this year even on the launches. Let's see.

Ritwik Sheth: Right, sure. And sir, one question on the investments in new projects; in FY25, we have spent about Rs. 680 crores as per the presentation. So safe to say that this would be for investing in the acquired projects in FY25 and also for the approvals for projects to be launched in FY26.

Boman Irani: Yes.

Ritwik Sheth: So, this is where our confidence is coming from to launch at least Rs. 7,000 crores.

Boman Irani: So Ritwik, after we listed and I think we have had interactions on this account, we said that first we want to kind of stabilize ourselves so that we are able to get a projectile growth. As a matter of fact, last time I remember telling everybody that we are at that cusp where we will suddenly or we will now start showing a bigger spurt in times to come. And we were very understated and we will continue to understate as we are as a company. But yes, to answer your question in short, we are poised for greater growth in time to come.

Sajal Gupta: Ritwik, just one more point. We are virtually doubling our investment into the new projects. In FY24 we doubled over what we spent in FY23 and in FY25 we have virtually doubled over what we spent in FY24. So, from the Rs. 185 crores we moved to Rs. 389 crores to now basically Rs. 681 crores. So, our spend on the new projects is getting doubled year-over-year. And that is what gives us a confidence of launching these projects at the kind of a pace that we are launching.

Ritwik Sheth: Sure. Great, sir. And Sajal, one question to you on the operating cash flow, we have reported about Rs. 580 crores in FY25. So, would you like to give any ballpark guidance for this operating cashflow for FY26?

Sajal Gupta: Ritwik, as we told you earlier that our focus is on the launches of the new projects. We are launching at a much higher pace year-on-year. Like the last year we have launched Rs. 5,000 crores as against the Rs. 3,000 crores in a year earlier than that, this year we are seeing that we will be launching Rs. 7,000 crores which is again a 40% jump. So, our focus obviously is bringing more projects on stream. And as you are aware of that, the first year of the project launches always put a pressure on the generation of the OCF and thereafter it stabilizes. My sense is that we will be able to generate the OCF more or less closer to what we have done in the FY25 and FY26 as well, more close to about Rs. 500 crores. But I guess that the priority at the moment basically is to launch more projects, bring in more material, bring in basically ramp up our sales basically at the higher pace.

Ritwik Sheth: And one last question before I get back in the queue. Does this launch pipeline include the Bandstand project?

Boman Irani: That is where the delight will come in later Ritwik.

Ritwik Sheth: Sure. Sir, can I ask one more question please?

Boman Irani: We are fine.

Ritwik Sheth: So, on Crown, what is the inventory as of March '25 and if you can give the figures for FY25 in sales value and in number of units sold also please.

Sajal Gupta: So, Ritwik, as you are aware of that two out of three towers are already completed. We have an inventory close to about a lakh square feet, little over 1 lakh sq ft. But for the ballpark purposes we can take about 1 lakh sq ft and the total value should be about Rs. 450 odd crores. So that's the number we have yet to sell which is now a very-very small number to sell. I am also happy to tell that we have already been able to pay the substantial part of the debt on the Crown. We have paid the debt ahead of the time and we are now in the last mile or the last basically run to complete the Crown which is going to happen in the current financial year only.

Ritwik Sheth: And what, what is a run rate in Q4 terms of units and sales that we did?

Sajal Gupta: Crown large part of the sales of the residual inventory we expect it to get over in the current financial year, the large part there may be some small residual inventory which will be done in the first half of the next year because C Tower OC we are expecting towards the last quarter of the current financial year. So, there might be some residual inventory which will also get completed. So, we expect the last dollar to collect in the first half of the next financial year.

Ritwik Sheth: What is the debt on Crown?

Sajal Gupta: Crown debt is about Rs. 175 crores at the moment. We started the journey couple of years back with Rs. 730 crores and I am happy to say that we have been able to pay a substantial part of the debt and we are well covered by virtue of the sold receivables and the unsold inventory andcost to complete to cover the debt. We hope to repay it much earlier than it is required to pay. Whatever the debt we have paid so far, none of the installment has got due till now.

Ritwik Sheth: Great sir. Thank you and all the best.

Boman Irani: Thank you.

Moderator: Thank you. We have a next question from the line of Rishith Shah from Axis Capital. Please go ahead.

Rishith Shah: Thank you for the opportunity. One question from my end. So basically, in the 4th Quarter we launched two projects, one was in Dombivli, second in Bandra. Both of them belonging to different segments. So, can you kind of share how has the response been to both of these projects? Is there any contrast in terms of sales velocity in terms of demand momentum in these projects and how do you see these two segments doing?

Boman Irani: So good question. And just in the last quarter these projects were launched as you are aware and we have sold 15% of the launch stock in Dombivli and 11% of the launch stock in Bandra East. We expect this high velocity to continue and as the work on the side picks up momentum, there will be a lot more in terms of value add also to the buying base.

Sajal Gupta: And both these projects were launched in March only in the Quarter 4. And given that they have been launched in Quarter 4 there is a very promising uptick in the sales from both these projects.

Rishith Shah: Right. So I mean we had been actually hearing that the affordable segment is slightly slower. So, nothing of that sort that we are seeing in the numbers.

Boman Irani: I said this before and I will say it again that when a multi-starrer blockbuster comes up, so when Rs. 150 crores apartment sells, whether it is one apartment also it figures on the front page of most newspapers. But I could sell the same value of stock in affordable housing and nobody wants that to be mentioned also. So, like I said that is the fact of the way things are.

Rishith Shah: Right, I agree with you. So yes, that's largely from my end. Thank you.

Boman Irani: Thank you.

Moderator: Thank you. We have our next question from the line of Ronald Siyoni from ICICI Securities. Please go ahead.

Ronald Siyoni: Good evening, sir and thank you for the opportunity. Sir, my first question would be your sales run rate which you strategize for the projects. So is it a conscious decision that you highlighted the 35%, 35% and 30% or is it because after every 35% you take some kind of price hikes and then you launch the second portion or you sell the second portion, the third part subsequently. So, is it a conscious decision or is it just the velocity in the segments that derives this number?

Boman Irani: So, it's an interesting question and I would like to answer it in two parts. (A.) It is our experience of 29 years that we have kind of brought to when we answer this question, because the sales, when they are broken up in this fashion, 35-35 and 30 or more like 40-30 and 30. It's because we believe this is the right way to keep the project funded through customer receipts at the same point of time also to keep in check any inflationary pressures that come on the project due to the cost increases. And this allows us to kind offset that by the increase in prices. But if you ask me, if I was to sell, if I was to look at a project that has a single building, which I have done right now in Pali Hill also which our team has sold 12 of the 15 apartments for sale because it met the business plan. So, we do not purposefully hold anything at the same point of time we believe that if you can get sales of 35% or 40% in the first six months, you are very good on a home run as far as the project funding is concerned and you are able to complete the project in the timelines and give value build to your consumers. So that is what we try to do. I hope that's answered the question.

Ronald Siyoni: Yes, definitely, sir. And secondly, on the margin front, like the booked margins are in the range of 15%. Generally, I think you have a blended margin kind of guidance of around 20%. So is it the 20% margins are at the project level and when it gets consolidated for the overheads and then after you get 15% to 16%, what is your view on the project level margins and once it gets delivered when it gets booked and how it will materialize?

Sajal Gupta: So at the project level as you rightly said, we work on 20% pre-tax margins and 15% post-tax margins. This largely we have certain amount of overhead that I am already factoring in when I am speaking about the 15% and 20% paired to 20%. At the moment you see because of the blend of some of the very legacy projects also coming in. But as typically the new projects are coming in and they are getting closed and as can be seen from the numbers this time from the financials that our margins that way have seen a continuous improvement. But typically, all the projects that we take, the blended margins on the pre-tax basis is about 20% and the post-tax is 15%.

Ronald Siyoni: And lastly on sir, this collection figure like we have reported more than Rs. 700 crores gross collection. But when I look at the net collection figures there are around Rs. 520 crores coming. Why the figure is very much different than previous quarters, the spread between the gross and net collection?

Sajal Gupta: No, in fact the collection remains the same. Both are basically the net collections only. In the OCF slide when you look at the collections, this collection we remove the projects which we don't consolidate. For example, we don't consolidate on the DM project and we also don't consolidate on the JV project. So that is how what goes into the OCF is what gets consolidated and what in the operating slides that we report as a collection, in both it is net collection. It is just that in the OCF slide what goes as a collection is the collection which gets consolidated into the KRL consolidated accounts.

Ronald Siyoni: So this quarter you had a higher DM and JV collections which were subtracted on the cash flows?

Sajal Gupta: Yes. The only difference, these are the two major substantial reason of the difference. And the third reason is that when we put the net collection in addition to these two projects, the sales and marketing cost also be netted out basically.

Ronald Siyoni: Thank you very much.

Boman Irani: Thank you.

Moderator: Thank you. We have our next question from the line of Anurag Chheda from Jay Ram Stock brokers. Please go ahead.

Anurag Chheda: Thank you so much sir for the presentation. I wanted to ask like so many buildings are in the process of construction in Mumbai. So how do we see ourselves in next few years? Like we will be able to sell our inventory well and just seeing the markets also stable right now, what is your take on this?

Boman Irani: Anurag Ji, just to tell you there are some broad parameters that one continuously monitors. One of them is inventory overhang in the MMR area is down from the healthy 24 months as it should be to a 15-month overhang which means that demand is outstripping supply even today, number one. Number two is there is a lot of consolidation in the city of Mumbai where larger or rather let's say organized or developers with a larger footprint are being able to do much more business than they were before. And this seems to be a growing continuous trend. Third, our analysis, data reports also point out to micro markets where there is a huge demand and not as much supply. Also, I can tell you two projects which can start off at the same time and be in the same neighborhood may not have the same sales velocity or even the price points. And I can give you examples of two projects that are building side by side. One is not having problem to sell at Rs. 1 lakh with a great velocity and the other one is not being able to sell at Rs. 65,000. So, there's no velocity. So, I think people are a lot more choosy about the developers. And I must say a big thank you to our government that has done a Rs. 3 lakh crores infrastructure boom boost to MMR that is driving a lot of demand. If I look at what all is happening including all the roads that are making travel times much easier between, at least today between Bandra and town I can travel in about 20 minutes which earlier it could take me anywhere as much as like 45 to 50 minutes. So that's like halving the time. Then you have got the entire Atal Setu being done. An airport that is going to be commencing operations in August this year. You have got the Vadhavan Port being announced. You have got Palghar becoming a district that's going to have its own kind of collectorate, SP, Court, etc. All these are huge driving businesses. Further I want to tell you that the types of real estate that are being engaged in Mumbai city, earlier we knew residential, commercial, retail. Today there are senior care living, bachelor's accommodation, data centers, logistics spaces in terms of warehousing, dark rooms as they call them in societies itself, hospitality increasing, health care requirements increasing. All of these if you just see is all thanks to the infrastructure boom that's taking place. And they are all job creating businesses that are coming up. So, when you have so many jobs been created, I mean one airport will add about 55,000 direct jobs and about 3 lakh jobs indirectly. Can you imagine the kind of growth of the population that would take people who are coming to the city? So, we are very gung-ho on the MMR market as of right now.

Anurag Chheda: Do you plan to invest in any other cities like to go ahead with any other Tier II cities?

Boman Irani: So, we have already made a small foray into the Nagpur market. And before you ask the next most obvious question, why Nagpur, I was very impressed when I went out there. I mean the team has done entire research but it all started off with a small little trip to Nagpur and I was floored, I must say by the kind of infrastructure spend that has taken place. Then add to it that Nagpur today, I mean Nagpur should have actually grown, I would say about 10 years back or 15 years back when Boeing was supposed to come there. But today with the airport expansion which has become a reality and 1200 hectares being given to GMR to expand its airport out there is again going to be a major job driver. Nagpur is the Zero Mile of the country and I think there aren't any, if I may say, branded developers or very few branded developers that have entered that market. So, I look at it as a strong market. It's a low-cost entry for us at Rustomjee. It also allows us to make a foray into a new market. And we are exploring that once the initial launch is done, which should be sometime around November this year, we would know better if we want to continue expanding and rapidly expanding or just expanding in that market.

Anurag Chheda: Can I ask one more question?

Boman Irani: I am fine.

Anurag Chheda: Like I visited your site Crown. So, I was very impressed by the Crest service over there and I happened to ask my friend who is working there so he told me that Crest is just for Rustomjee. So why don't we go ahead with other townships as well like it is a really upcoming thing I feel?

Boman Irani: So, at Rustomjee, you asked the question which I am going to give a slightly longer answer if it's okay with everybody. At Rustomjee, we believe in the end-to-end service of our customer. client. So, we start off with everything from doing the business development ourselves to getting the approvals to designs. Of course, we work with outside consultants but most of the designs are first the pre-fit is done in house, thereafter construction management is taken care of. We have our own sales and marketing team, CRM team, handover teams. And then finally Crest is like another feather that we have added to this crown by providing our customers long term care. And very specific reason for Crest to be born was whenever we gave our project to another agency to kind of handle, all the accolades went to them, all the brick bats came to us. So, we said, this is not right. Secondly, even the kind of care that was being taken of the building was never good enough. So, we decided that our own in-house team so the handover would be much better. Our own in-house team should be grown to kind of take care of it. So yes, Crest is growing and at some point, in the future to start serving a lot many more office and residential buildings. I think it has started off this year also serving one more residential unit and one commercial unit. But largely the focus is on Rustomjee because we ourselves are growing at some great pace which we would like to be kind of served very well. Our consumers, we served quite well. So, in the future you will see Crest in other buildings. But as of right now, we largely focused on us itself. Thank you.

Anurag Chheda: Thank you so much, sir. Thank you and all the best.

Moderator: Thank you. We have our next question from the line of Rishith Shah from Axis Capital. Please go ahead.

Rishith Shah: Yes, thanks for the opportunity again. So, one more question from my end. Since we are looking to kind of ramp up our execution progressively going forward, how do we look to build our execution capabilities in this regard and your thoughts on that?

Chandresh Mehta: Hi Rishith, this is Chandresh here. So, we are doing a couple of things to ensure that we are able to deliver on time and with the quality that Rustomjee is known to and famous for. So, we are using a lot of technology per se in how we are building, and we are using technology not only in how the buildings are built, but also how we at Rustomjee manage those projects, manage the entire coordination and project management per se and the construction management of those projects. So, we are using a lot of technology out there. And this is to ensure that we deliver first time right, we deliver on time and we deliver as per the specifications that we are supposed to deliver. Secondly, on the technology front, we are also exploring technology to ensure that we are able to build in terms of the guidance that we are giving. We are for our Dombivli project also exploring precast as a technology. Precast as you know is a very popular mode of construction in Singapore, in Hong Kong, in some of the Scandinavian countries, and also in Japan. And it has been tried and tested and proven to deliver on time with the quality and with minimal intervention of labor per se. So, this is also something that we at Rustomjee are exploring to ensure that we deliver on our commitments.

Rishith Shah: Sure. Just a follow up in this regard, if it is possible can you attach some numbers to it? So, in terms of maybe area, how much with this current bandwidth, how much can we execute annually?

Chandresh Mehta: So, if you look at our track record, we have been doubling our construction spends for the past couple of years. So, in FY25, our construction spend was around Rs. 828 crores, which for FY24 the number was Rs. 766 crores. And we are going to have a similar, if not a higher trajectory in terms of our construction spend for this particular financial year. And we are doing this by continuously engaging with our contractors to ensure that adequate capacity built up happens at their end as well, to ensure that they are able to deliver as per the commitments that we are making.

Rishith Shah: Thanks a lot for this and all the best.

Chandresh Mehta: Does that answer your question?

Rishith Shah: Yes, it does. Thank you.

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

Boman Irani: Thank you. On behalf of the Rustomjee management, a big-big thank you to each and every one of you for joining us today. In case of any further queries, please feel free to reach out to us. I wish you all stay safe and stay well. Thank you.

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