



Eldeco Housing and Industries Limited
Q1 FY21 Earnings Conference Call
18 August 2020

Moderator: Good day, ladies and gentlemen. I am Reyo, moderator for this conference. Welcome to the conference call of Eldeco Housing and Industries Limited arranged by One IR to discuss its first quarter results ended June 30th 2020.

We have with us today Mr. Pankaj Bajaj – CMD; Mr. A. K. Dhanda – Group CFO who will represent Eldeco Housing and Industries Limited on the call. At this moment, all participants are in the listen only mode. Later we will conduct a question-and-answer session. At that time if you have a question, please press ‘*’ and ‘1’ on the telephone keypad. Please note that this conference is recorded.

I now hand the conference over to Mr. Pankaj Bajaj – CMD for his opening remarks. Thank you and over to you, sir.

Pankaj Bajaj: Good afternoon everyone. This is Pankaj Bajaj. I welcome all the participants to the maiden earnings conference call of Eldeco Housing and Industries Limited for the first quarter of financial 2021 results. Thank you all for being here.

Since this is our first such call, I would like to give you an overview of the company followed by the highlights of the financial performance and our view of the business and then we will open the floor for your questions.

So EHIL as we call, Eldeco Housing & Industries Limited is part of the Eldeco Group, a leading real estate brand of North India. EHIL is a leading real estate developer in Lucknow for more than three decades with a proven track record and excellent delivery of over 40 large and medium sized projects.

Due to our strong regional focus we have a strong execution cycles, relatively faster approvals and the trust of the local market. Though we have a diversified real estate portfolio in Lucknow spread across group housing, townships and commercial buildings, our business model is more concentrated towards horizontal real estate residential development that consists of row houses or plot developments in an integrated township format.

The project cycle of large townships tend to be elongated as land acquisition, regulatory clearances, development and sales happen in phases. Due to this reason, you will witness lumpiness in our financial numbers. Due to our focus on the township format and the strong brand we have been able to maintain a strong balance sheet all along. For the past 5 years there has been no long term debt in the company, despite having almost 300% growth in revenues during this period.

We are concentrated in the Lucknow region and we feel it is one of the fastest growing tier 2 cities with high demand for quality real estate. It being the state capital of the most populous state, there is a constant influx of migrants for government and private jobs, with continuous infrastructure development and the actual consumer demand is expected to remain robust in this region.

We are also testing a few periphery markets. Now I would like to turn to the financial performance. As you are aware the last quarter was extraordinary for all businesses so I would also like to give last year's financial numbers to give you some more perspective.

In FY20 the company recorded a topline of Rs. 128.53 crores which represents a decline of 24% year-on-year. The decline was attributable to a few large-scale projects nearing completion during the year. As these projects achieve completion in the financial year the revenue will recognize as per the new accounting norms.

In Q1 of FY21 the revenue decreased by almost 54% to Rs. 19.98 crores, nearly Rs. 20 crores due to stoppages in project execution during lockdowns, labor shortages and periodic supply chain issues. The company has long duration projects among which a few are completed or nearing completion. Hence although the revenues have declined the EBITDA margins have improved significantly.

The EBITDA margin stood at 42% in FY20 and has now improved to 51% in Q1 FY21. In FY20 the PAT increased by 7% to Rs. 39.18 crores and PAT margin improved to 30% from 22% in the previous year. In Q1 FY21 PAT decreased by 21% year-on-year to Rs. 7.22 crores while PAT margin improved to 36%. During the last quarter we have successfully completed Eldeco Regalia, which is a 33 acre township project in Lucknow.

As construction and development have been fully completed, registry and possession work have started in June 2020. As discussed before to expand our regional footprint we have made our first investment outside Lucknow in a 40 acre township project in Bareilly in FY20. Given our market strength of timely execution, cash reserves and long awaited correction in the land market we have further seeking land banks to aggressively scale up our project pipeline. This is mostly in and around Lucknow.

COVID-19 pandemic has presented fresh challenges in the Indian real estate market in terms of delay in project execution, migration of workers and supply chain disruptions. However, the demand for completed inventory and quality housing remain firm even during this pandemic. Against the backdrop of this challenging business environment, the project execution in the near to medium term depends on how the COVID-19 crisis pans out for the rest of the year.

Once the situation gets stabilized and the economy starts reviving the residential real estate sector is very strongly poised for a bounce back. Interest rates are at a record low. In addition rapid urbanization, increasing migration and improved affordability will drive the Lucknow real estate market.

In conclusion, we feel that we are well positioned to deliver sustainable growth and will continue to create value for all the stakeholders. Now I would like to open the floor for question-and-answers. I have with me our Group CFO, Mr. A. K. Dhanda who would be helping me with any questions that you might have. So I think we can open it.

Moderator: Thank you very much. We will now begin the question-and-answer session.

The first question is from the line of Priyank Gupta from Guardian Advisors. Please go ahead.

Priyank Gupta: My question is how is the visibility since first phase of unlock? I understand that in tier-1 markets Delhi, Mumbai we have seen lot of residential sales happening in month of July, so if the management can comment on that?

Pankaj Bajaj: Priyank, it is the same in Lucknow. April and May obviously were quite poor and understandably so, but July has been good and August is also continuing that trend. So just to give you a number, we have had sales of about 40,000 square feet in July and we are continuing in that trend in August and cumulatively we have done fresh bookings of about Rs. 25 crores in the last few weeks in Lucknow itself. It could probably be the pent up demand of the first of the months, which were under lockdown or it could be a long-term trend, so it is too early to say, but July and August have been quite good.

Moderator: Thank you. The next question is from the line of Arjun Lamba from Guardian Advisors. Please go ahead.

Arjun Lamba: So my question relates to the acquisitions of land parcels, is it something that one is gaining traction and is it becoming a relatively easier since you mentioned that prices have come down and I think one would want little bit clarity on that and is the company well-funded? I am assuming it is because there is relatively less leverage on the balance sheet as you said there is no leverage, so how are you looking at that?

Pankaj Bajaj: So Arjun, we have some in principle agreements on couple of land parcels, so we have already circulated the investor presentation I think it is on the website. There is a project called Imperia in which towards the rear side we have a MoU on buying more land, but the due diligence is taking time. There is a project in Banthra where we have MoU for another 40 acre parcel. There is a third one, so we find that land assembly is taking time in UP especially in the last four-five months because everything is under slowdown, but overall there are proposals coming and the land owners are much more flexible than they were before and they do not require the expectation of putting cash down upfront, so you mentioned about fund availability.

So we find that tying up projects of scale do not insight require for a player like us a lot of funds because we are getting into quasi kind of partnerships with the landowners where we say that we are not going to pay you the entire money upfront, but in fact going to pay you over a period of time. Such kind of deals were not available about say two years or three years ago that is the new thing which has changed and I think that trend is only going to accelerate going forward especially for a brand like Eldeco in Lucknow. So funds will not be a constraint. The constraint would be that the land has to pass must in terms of diligence and stuff. There is a pipeline but it is too early to say that it is formally there.

Arjun Lamba: Do you see any change in the psyche of the customers post the lockdown these people who have come and bought in the last one month is there a change in psyche or it is a business as usual, any flavor on that?

Pankaj Bajaj: I think we are reading too much into psyche is changing and stuff. It is just that people are coming back. It could as I said in response to Priyank's query, it could probably just be people coming. It is the pent up demand which is coming back in July and August or it could be a long-time change in psyche, it is too early for us to say. The theory say that people is going to we are sensed that people are going to put more premium to a good house that portends only well for the residential market. But whether that theory pans out I will wait for a couple of quarters to make that definitive statement.

Moderator: Thank you. The next question is from Yogansh Jeswani from Mittal Analytics. Please go ahead.

Yogansh Jeswani: Firstly congratulations to the management for taking this straight initiative starting a con call and I hope this will continue in the future as it is a very good bridge to connect between you and the investors. So I hope this continues. And sir, my first question to you is what is the update on Luxa project, where is it in terms of development at this stage?

Pankaj Bajaj: There are two towers in Luxa and one tower of the structure is ready finishing is going on. The other tier the structure is under construction. We are looking at completion sometime in the next financial year.

Yogansh Jeswani: So if I look at the saleable area and the area built, I think hardly 10% to 20% of it has been booked, so any specific issues that we are facing in our Luxa project?

Pankaj Bajaj: Yes, good question and you seem to have done your homework there. So that is the only project where we are facing some challenge. The thing with Luxa is that it is unfortunately in an area with very high circle rate, the collector's rate, the minimum rate at which you can sell and to justify that rate we have to up the specifications. Obviously we do not want to do sale under the circle rate.

So we find especially in such products do not sell very well while they are under construction. We feel that it will sell only on completion, so that is a project where more we will have to bring it towards completion and that is when we feel traction is going to come sometime next year. Till that time it is going to be a little slow, because it is still high priced luxury product.

Yogansh Jeswani: Right, so if I have to say compare it with the kind of projects that Eldeco has developed in and around Lucknow, so in terms of the rate, what is the kind of difference that Eldeco Luxa will be fetching as compared to the any other similar project of star development we have done in Lucknow, since you mentioned it is more of a luxury, sir?

Pankaj Bajaj: So in terms of pricing Luxa is at about Rs. 4,700 to Rs. 5,000 a square foot, so if you look at our numbers, which is much higher than our average realization of Rs. 3,000 to Rs. 3,500 which is what it has been historically been. So it is at a much higher level, both in terms of pricing and also specifications. So it attracts different kind of clientele, which is a little slow in that location. But we could not have configured the project in any other way because the circle rate itself is Rs. 4,600.

Yogansh Jeswani: Just to get more sense on the ongoing project, I think then the other two-three projects are Regalia, which you mentioned we have completed and we have started possession in June and the other one is Eldeco City Dreams. So first on the Regalia side, since we are seeing a pandemic situation and we have come up with possession now, are we seeing any deferment or delays from customers in terms of taking the possession and making that last final payment? Are we seeing any stress there or do we expect that things would normalize in a quarter or two and we should be able to book the revenues out of this?

Pankaj Bajaj: So again good question. There is some deferment, but it is not of a serious nature because there has been a substantial appreciation in the prices of the market price of Luxa, so it was sold at a much lower price earlier and now the current prices are much higher, which means that we are not facing even though there could be some deferment say a month, two months, a quarter by some customers because they could have their own income issues these days, but we do not see any serious threat of mass cancellations.

In fact if there are any cancellations they go in the favor of the company because the current prices are much higher. The product is even I had mentioned about our sales in July and August, some sales have happened in Regalia at a much higher prices, so which just validates that the price point is accepted by the market.

Yogansh Jeswani: And what was the realization, sir? First quarter for Regalia there?

Pankaj Bajaj: Regalia now the current price is about Rs. 3,400 to Rs. 3,500.

Yogansh Jeswani: Rs. 3,400 to Rs. 3,500, but for us historical average would be?

Pankaj Bajaj: That Dhandaji may be can answer.

A.K. Dhand: Yes, actually historical it was Rs. 3,200 to Rs. 3,300. Now Regalia is actually Rs. 3,400 to Rs. 3,500.

Pankaj Bajaj: No, historical average would probably a bit lower maybe we can get back to you because we will have to compile that.

Yogansh Jeswani: Absolutely fine sir. Sir, just to get some more sense, I have been following Eldeco for a very long time almost three-four years. I think couple of years ago I was in Noida and I happened to be at the AGM as well. So since then I have been tracking and I have been pretty surprised with the kind of consistent performance that the company has delivered, but one issue that I see or I do not get a sense is, why the product pipeline so slow, like we do have a lot of cash on books.

In a way lot of our inventory is funded by our customers itself in terms of advances and as you mentioned five years debt free, that in itself is a big achievement for the real estate company given the times we are facing in the economy for a very long time. So looking at all that, the pipeline that we have seems a bit weak. Is my understanding right or do you have any thought process or any issue that you saw in Lucknow as a market to improve our pipeline, sir?

Pankaj Bajaj: We saw an issue with not Lucknow as a market, but the overall real estate market and hindsight proves us right. If we had actually built up a pipeline in the years 2015, 2016, 2017, 2018, then this balance sheet would not have been any different from any other typical developer's balance sheet in the country. Those were not the years to be locking in the large scale CAPEX heavy kind of projects in Lucknow or in any market, so it was more strategy driven that go a little slow in terms of tying up more lands or taking leverage and building up a pipeline. So cash on the balance sheet is inversely proportional to your pipeline. Generally speaking a real estate company cannot have both

SSo now is the time to be actually using the cash reserves that we built over the years. When would we rather be buying projects in 2020 or 2018 or 2017, so that was more strategy driven ,that was more that we felt uncomfortable with the kind of exuberance that there was in the market with the pricing with the terms that we were getting, even though we were confident of selling on the sale side, we were not very confident of the purchase that we were getting on the lands, we pay the entire money upfront, block about Rs. 80 crores, Rs. 100 crores upfront, those kind of deals did not make sense and had we gone for those deals then this balance sheet would have looked very different. Having said that now we feel that as I answered Arjun's question earlier, the land owners seem much more flexible and I think we will be putting this cash reserves to build a pipeline now.

Yogansh Jeswani: Just a follow up on that. So if I look at the current unsold inventory, it would be safe to say that roughly a ballpark figure would be Rs. 150 crores or Rs. 180 odd crores turnover that now we can book from all these unsold inventories, right?

Pankaj Bajaj: Yes, annually.

Yogansh Jeswani: And given that all our new projects are still under planning, for example the Bareilly project you mentioned and another project you mentioned, both are still under planning stage. So it is safe to assume that may be for next one year, one-and-a-half years there would not be much surprises on the topline side of the business, but we might have more new projects that we will start?

Pankaj Bajaj: That would be fair to assume.

Yogansh Jeswani: Right and what is the kind of project sizes that we are targeting, sir? Similar to what we have done in past or bit different?

Pankaj Bajaj: Similar to Regalia.

Yogansh Jeswani: Just one last question, sir. We do have a company in Noida itself, I think a parent company Eldeco Noida. So any plans of putting these two companies together and listing both on the exchange?

Pankaj Bajaj: Not right now. There is confusion on the stamp duty front on that angle. We have toyed with that idea in the past, but the local authorities think that such kind of mergers between real estate companies are nothing but a backdoor kind of route to transfer property and they tend to raise stamp duty demands. So these cases are in litigation and the matters have gone to Supreme Court.

Once Supreme Court gives us go ahead, one way or the other, we would know for sure what the stamp duty impact of such a move would be before we even start contemplating it or

there is some clarification in the law itself. So as of now the stamp duty angle makes the whole transaction such a presumptive transaction so, it would not work currently.

Yogansh Jeswani: And if I may ask sir, in terms of debt is the Noida entity similar to the kind of balance sheet we enjoy in Lucknow entity or is there a substantial debt in the Noida entity? Because I understand Noida is a bigger entity and it has much, much more land bank and much bigger projects so?

Pankaj Bajaj: Yes, so the unlisted company you are right is bigger than this and it also has debt

Moderator: Thank you. The next question is from the line of Monami Manna, who is an Equity Analyst. Please go ahead.

Monami Manna: So first of all I have around three questions. One is your EBITDA margins have improved significantly in this quarter, which was not expected, keeping in mind that we are going through a very bad pandemic. Sir, if I can get some handle on your average realization figure, so we can compare it on an apple-to-apple basis on a quarterly basis because in your presentation, we have got the average realization on a yearly basis. So you can share the number if it is possible for you on the quarterly basis? So that is my first question.

Second is I want to know a little bit on the Regalia front. Though you have considerable amount of area has been booked, but still it is around 0.15 MSF is still under inventory, so what is the outlook on the booking part of the leftover inventory keeping in mind that the overall sentiment is now down in the phase of COVID. So if you can give some light on that?

Last but not the least, going forward what is your outlook on the real estate sector as of now in the Northern region, where you operate in the Lucknow and the NCR and adjoining areas in the Northern part of India, keeping in mind that we are still through the pandemic and vaccine has not been arrived as of now? So going forward what will be the pricing trend keeping in mind the investor's purchasing capacity and all that?

Pankaj Bajaj: Yes, so the first question is you wanted more granularity on the per square foot realization I am sure we can do that. So you wanted it on a quarter wise basis?

Participant: Yes, sir.

Pankaj Bajaj: I do not know if we have the number readily available. Dhandaji after I finish speaking can probably confirm that, otherwise we can always have it from the next presentation onwards.

Participant: Okay.

Pankaj Bajaj: Your second question was on the Regalia. So there is hardly any unsold inventories, 0.15 million square feet, which is not a lot and I will tell you the reason for that inventory being

unsold. It is that when we get a township license in UP or in fact in most states, you have to keep a certain part of saleable area on hold with the government as a guarantee to actually completing the project.

This is from the days when RERA was not there and the government while giving licenses have always apprehensive what if we are allowing this person to take money from the public and he does not complete the project. So they would mortgage a certain part of the saleable inventory and hold it with them and release it only on completion of the project. Since we are not officially got the completion certificate of Regalia, which is expected any day now or may be in two weeks or three weeks.

This inventory is going to get released after that and as I said that there is a lot of demand for our product in Regalia and the prices are also high about Rs. 3,500 a square foot, we do not foresee any problem. Rather than being a problem, this is actually a bonanza for us that this inventory was held. Usually we would not hold strategically any inventory to sell at the end of the project, we would sell everything because we want to be efficient, but this you cannot help. The government holds back a certain amount of inventory. So this is going to get released and we are going to sell it current prices, so there is no problem there.

Your third question was on the general outlook. So my view is and again it is early days that surprisingly and contrary to what people are thinking that I think residential real estate is going to do quite well especially in tier-2 towns and especially in a place like Lucknow. So places like Lucknow and other similar towns have been the supplier of talent to the big metros and after this pandemic, a lot of people have gone back and they want to be a home, they are working from there.

Even otherwise they want to have a nice secure home and for Rs. 40 lakhs to Rs. 50 lakhs you cannot get anything in metro, but you get a nice house in these smaller places especially in a place like Lucknow which has got good infrastructure, good medical facilities, good education. So we feel that we are at the absolute start of a long bull run in these markets as far as residential real estate goes.

Urbanization is going to pickup even faster. As on now, we are told that the top seven cities of the country they command about 75% to 80% of the real estate market in terms of value and balance 25% is with the rest of the cities. We feel that this figure is going to change by 10% in the coming say 10 years or 15 years, or 10 years in terms of share. So the smaller cities would have a share of 30% to 35% and the bigger cities would have a lower share. If that happens, it looks so small number, but if you look at it from the point of view of a place like Lucknow that means 50% growth increase in market size immediately.

So place like Lucknow is going to do really do well, residential is going to do well. We are bullish about it. We are actively seeking land parcels and we feel that we have the right

products in terms of residential townships. The proof of the pudding is in the eating. Look at the numbers that we have been delivering especially projects like Regalia, so we are going to replicate our product like Regalia and we feel that we have not even scratched the tip here. It is going to be a long term good market. Of course during the process, there will be ups and downs, but the secular trend is very, very strong that is what we feel. Dhandaji, do you have that quarterly breakup?

A.K. Dhand: I have for the current quarter, it is Rs. 3,885 per square feet for the current quarter, the average ratio is there.

Pankaj Bajaj: You can declare it quarter wise in coming times, there is no problem.

A.K. Dhand: Yes.

Moderator: Thank you. The next question is from the line of Ambareesh Baliga, who is an Independent Market Analyst. Please go ahead.

Ambareesh Baliga: I think it is commendable that your balance sheet has got lighter in terms of net debt, despite continuous growth. Every other real estate company in India is trying to raise funds, not just for growth but just to maintain status quo. So, I think I should congratulate you on that.

And like you just discussed a bit earlier, I think it was smart to reduce the construction space in the last three years. I think if you reduce the construction pace from 7 lakh square feet to about 2.9 lakhs square feet, and now 3 lakh square feet, just to reduce the gap between the construction and the area booked, which was widening in the last three years. So my question would be, when do we again see those levels of 7 lakhs square feet construction again? That is my first question.

My second question would be about your two real estate companies in the group. And then though, I understand that we will contemplate a merger right now because of the stamp duty issue, but from an analyst perspective, clearly everyone would talk about the conflict and as to how you have managed the conflict, although there is no location conflict that is very clear. But I suppose your bandwidth as well as your common resources bandwidth would surely be getting divided. Because in most of such cases, what we have seen is we are not water tight compartments. So at least as far as human resources go, there would be at least some bandwidth issues. That is what we would assume.

And my third and last question would be on your vision for this company. Although you have mentioned that your vision is to be the foremost player for North India across all business verticals. But I assume that this vision is for the group and just not for this company because whatever said and done, as of now you are still Lucknow, just started looking beyond Lucknow. So in case the merger, I mean we have been talking about contemplating, if that

gets delayed indefinitely, how do you see the growth for this company and achieving your vision only for the listed entity?

Pankaj Bajaj:

Okay, so the first question was, when do we come back to the earlier numbers in terms of construction? So, this year we are going to be more or less on the same lines as last year, or probably even higher, little bit. But then because of our conscious decision of going a little light on fresh project acquisitions in the last three, four years, there has got to be, you know we would be at this level even though the balance sheet is going to look great. But as I said that we are looking for new land parcels, there are some term sheets which are signed, some MOUs are there, some diligence is going on. So it depends on how quickly we are able to activate those projects.

My guess is a year, a year-and-a-half. And then when we start recognizing those numbers. So I think we will go much beyond 7 lakhs square feet. I am sure of that. It is difficult to put a definitive time frame on that, but definitely come 2025, that number is, if you are going to ask me, will it be 7 lakhs? I think it will be much more than that. What that number would be is that, it will be a little premature to actually spell it out at this stage.

So, to sum up that answer, we are okay for the next year-and-a-half. We have visibility for that. And then we are working overtime to activate new projects. And hopefully by the time the current projects in hand they start dwindling in terms of their contribution to the top line, we would have the next set of projects ready to start contributing and take it beyond 7 lakhs.

Second question was repetition of the Eldeco Housing and Eldeco Infrastructure, question which I had addressed earlier about the merger. So as of now it is true that Eldeco Housing is concentrated in Lucknow. And there is no conflict in terms of market. There is no cherry picking, there cannot be any cherry picking by the private company that this project is good, let me do this project and let Eldeco Housing not do it. So, all projects in Lucknow are with Eldeco Housing, and outside the geographies are with the unlisted company. That has been the historic arrangement for the last twenty years.

Ambareesh Baliga:

That is very clear. That is very clear that there is no locational conflict. But what conflict I was talking about was your managerial bandwidth as well as that of all your senior management people, because typically we have seen that there is at least some sort of a lack of bandwidth when it comes to two or three companies in the same group. You tend to use the same HR resources for all the companies?

Pankaj Bajaj:

Not really because the personnel are different actually. The Lucknow Company has its own head office in Lucknow and I sit in Delhi, but I travel often enough to Lucknow. And both the companies are professionally managed. They have their own top management. Only the finance function Dhandaji looks after it, and though we also have a CFO in the Lucknow

Company. Otherwise everything is separate. So there is no, it is not a band of 30 people who are common and looking at both the companies. It does not happen that way.

I am the only, because I am the promoter of both the companies, I would look at it as any promoter would look at a new company. So, I do not see the conflict there. It is in my interest to take care of Eldeco Housing. After all, I am the majority owner. So I do not think there is a conflict there at all. It is the interests are perfectly aligned there. So in the long run we would like to simplify the structure definitely. But we are constrained by the stamp duty issue currently.

The third is an extension of that. We are the number one player in terms of reputation, in terms of market respect and possibly size also in many of the markets that we are working in. So the Eldeco Group which, one of the earlier participant said that is in Noida, is not just in Noida, it is in many other cities, but mostly tier 2 cities. Some presence in NCR, but a lot of tier 2 cities. Lucknow is the biggest tier 2 city which is housed under this listed company, Eldeco Housing. And the numbers you have seen.

The vision which is there, which was there in the presentation that we want to be such and such player in North India, that holds true for Eldeco Housing in Lucknow. And this largely been true for the last two decades that we have maintained our leadership position in Lucknow. So that also partly answers the first question. That there has been no this so-called conflict. If it was such a problem, then Eldeco would not have maintained its leadership position in Lucknow for the last twenty years, which it has.

This situation has been there for 25 years now. So we are very aware of our legacy in Lucknow and our, the opportunity in Lucknow. And our vision for Eldeco in Lucknow is very clear that we want to deliver quality housing and quality real estate product. As a by-product we may become number one, very good. But Eldeco is the name which is the top brand in Lucknow. We want to maintain it that way.

So that is the vision for Lucknow. It is not, the merger is not something that we worry about every day. If it happens on a, if it becomes possible, we will definitely contemplate it. But as of now, as I said, it is a non-starter.

Moderator: Thank you. The next question is from Nitin Gandhi from KIFS Trade Capital. Please go ahead.

Nitin Gandhi: I just wanted to know, how much time do you expect Regalia and Luxa sales to be completed? Just approximate view.

Pankaj Bajaj: Luxa?

Nitin Gandhi: Luxa and Regalia both?

Pankaj Bajaj: I think I already answered both the questions. Luxa, we, is going to be, the inventory is going to get sold more towards the end of the project, which will be some time in the middle of FY22. Yes, but the project is a high priced product, and this will be more on completion. So middle of next year is when we feel traction is going to come in that project.

Regalia is a question of when we get the completion certificate and get the mortgage land released from the Government. And I do not see any issues in liquidating that inventory. So that would be within this financial year.

Nitin Gandhi: Okay, this forthcoming project which, where you have 0.43 million square feet, how much is the amount spent over there so far?

Pankaj Bajaj: Dhandaji, I think the question is about Imperia.

Nitin Gandhi: There is one slide where it is mentioned forthcoming project, 0.43 million square feet. So how much amount is spent on that as on date, as on 30th June?

A. K. Dhanda: You mentioned slide #4?

Nitin Gandhi: One second, I, the slide in my hand, I will give you slide number also. I think it is after ongoing projects, forthcoming Projects is the title. Slide #14.

May be by the time you get the amount, there is another question I will probe. Out of the sold 0.72 million square feet, Rs. 230 crores, how much is received and how much is yet to be received?

A. K. Dhanda: Actually, for which project you are asking?

Nitin Gandhi: I am just asking total amount spent on forthcoming project as on date. 0.43 million square feet which is the total?

A. K. Dhanda: I am not able to look at the slide. It is 0.27 million sellable area? You are at talking about Imperia, Uday and Plaza City?

Nitin Gandhi: 0.43 million sellable area. Yes.

A. K. Dhanda: Sir, it is Imperia, Uday and City Plaza at City.

Pankaj Bajaj: Yes, all of them put together.

Nitin Gandhi: Yes, correct five projects there.

Pankaj Bajaj: I think we would not have the numbers readily. We will have to.

A. K. Dhanda: Yes, in this project-wise number I have to get this number, sir.

Pankaj Bajaj: I can tell you the stage of the project. So, Imperia we have got the license for the first phase and land is partly paid for. And as I said that we are now getting good terms of land, so balance would be, there is a schedule of payment. We will get back to you with the exact number.

Eldeco Uday and Joy, these are actually built. Construction is nearly ready there. So we will get back to you, I am just giving you the stage of the project, but the numbers we will get back to you on. Eldeco City Plaza and City is not started. Eldeco Twin Tower and Eldeco City has not started. But the land is there. So we have already paid and the land is at historical prices. So, in terms of what we show, what we spend would be very little. But the realization would be at current prices.

Eldeco Regalia Arcade is again not started. We are yet to get the approval. I think we are going to get it today or something. So apart from number 2, they are all in planning phase. Land is all there, but construction has not started. We can get back to you on that amount we spent on our books on these projects.

Because it depends on when you bought the land. So the Regalia land was bought in 2012, certain land was bought in 2006. So we cannot, you know, we will have to get back on the historic numbers.

Nitin Gandhi: More I was looking for was, besides land what was the other commitments and what is the infrastructure development spend?

Pankaj Bajaj: No, it is not much. These are just, they are just starting only. Apart from.

A. K. Dhanda: Yes, it is land payments only, sir.

Pankaj Bajaj: No, Uday and Joy, it is built. But the others are just about starting.

A. K. Dhanda: Yes, Imperia.

Nitin Gandhi: Okay, and out of the sales which you have done of Rs. 230 crores, how much is received amount?

A. K. Dhanda: For the quarter?

Nitin Gandhi: Yes.

A. K. Dhanda: This quarter collection I can give you.

Pankaj Bajaj: Rs. 230 crores you are holding, somewhere that number would be there. Rs. 230 crores and how much is received and so, he wants to know balance receivables probably.

Nitin Gandhi: Yes, I just want to know how much is received versus receivable, either side?

Pankaj Bajaj: Yes, that is what he wants to know.

A. K. Dhanda: Give me a minute, I will just.

Pankaj Bajaj: We can move on and probably come back to this. In the meantime, Dhandaji can locate the numbers, yes?

Nitin Gandhi: Yes, okay and other one is that inventory which is of 0.37 million square feet, major is Luxa and Regalia only. So what is the amount spent on that whole side. Just wanted to know that?

Pankaj Bajaj: Regalia I have told you that we are about to get completion certificate.

Nitin Gandhi: No, I just want to know the cost, accumulated cost at which it is lying in the books? May be you are carrying is a CWIP or working and inventory level for all?

Pankaj Bajaj: We will have to get back on that.

Nitin Gandhi: No issues. Thank you very much.

Moderator: Thank you. The next question is from the Yogansh Jeswani from Mittal Analytics. Please go ahead.

Yogansh Jeswani: One question is on the inventory side. So if I look at the FY20 closing inventory, of around Rs. 230 crores to Rs. 240 odd crores, can you please share the breakup of how much is the ready-to-sell inventory out of this and how much will be under work-in-progress, and how much would be the land bank? If you can just split this Rs. 230 crores to Rs. 240 odd crores into these three broad categories, a ball park figure would also be helpful?

A. K. Dhanda: Sir, you have the unsold inventory details?

Pankaj Bajaj: Dhandaji, you have that answer?

A. K. Dhanda: Yes. I have that answer. In completed project, we have an inventory of around Rs. 160 crores. Ongoing projects, our inventory is again around Rs. 150 crores. And which other category? Forthcoming projects?

Yogansh Jeswani: Land?

A. K. Dhanda: Land bank is, Pankaj sir, 3.39 square feet is at **(Inaudible) 48:23**, the value you can say at approximately Rs. 30 crores. There are two other small land parcel, their value is around Rs. 6 crores.

Yogansh Jeswani: Rs. 6 crores each or total?

A. K. Dhanda: Total. For both. 50,000 square feet approximately.

Yogansh Jeswani: Okay, the Bareilly Eldeco City, sir? That would also be part of this inventory, right, since we have started with the project there, especially in terms of acquisition of 40 acres?

Pankaj Bajaj: Are we holding that as an inventory Dhanda sir? Or maybe we are just showing it as investment?

A. K. Dhanda: Bareilly, sir? As an investment, sir, investment.

Pankaj Bajaj: It is an investment. So it does not come in the inventory stack?

A. K. Dhanda: No, sir.

Yogansh Jeswani: Okay. And sir, on this Eldeco City side, I think Eldeco Housing's share will be only 40%, right?

Pankaj Bajaj: 40% of, basically that project is a joint venture between the unlisted company Eldeco Infrastructure and our local partner. Eldeco Infrastructure's shares in that project is about 60%. And Eldeco Housing's is, how much Dhandaji, out of that?

A. K. Dhanda: 40%, sir.

Pankaj Bajaj: 40%, okay. 40% of 100% or 40% of 60%?

A. K. Dhanda: No, 60%, sir.

Pankaj Bajaj: 40% of 60%?

A. K. Dhanda: Yes.

Yogansh Jeswani: Okay. So basically, if I look at it, from entity point of view, there are three entities. One is a local partner in Bareilly and then the remaining 60% is placed between Eldeco Housing and Eldeco Infra?

Pankaj Bajaj: Yes, correct.

Yogansh Jeswani: Sir, I think this would be probably the first time that Eldeco Housing is doing a project in?

A. K. Dhanda: Sorry, it is 60% our share. Not 40%, it is 60%.

Yogansh Jeswani: 60% of the 60% share that we have?

A. K. Dhanda: Yes.

Yogansh Jeswani: Yes, so like I was saying this is I think probably the first time that the Noida entity and the Lucknow entity are together developing a project. So, safe to say that going forward we do have such more projects in the pipeline or under, you know, as a strategy? Or we are just trying out with this one and let us see how this will work out and then we will look at it?

Pankaj Bajaj: So it is a bit of both. In the last three, four years, we were just get paid down our debt in the Lucknow entity. We were building up our cash reserve. We felt that the local market was not giving us opportunities for land assembly on terms that which we were, which were good. At the same time, we felt that, a time was going to come to use that cash reserve to good use, to build up a pipeline.

In the meantime, obviously you cannot let money idle for a long time. So, we had this opportunity where Eldeco Infrastructure, the unlisted company was, had got into an arrangement with the local partner in Bareilly and it was a good land parcel. So we, as an experiment, we said why not allow Eldeco Housing to participate in it.

And in the meantime, so two things. One, either the Lucknow market, we start getting good proposals. If it does not, then we cannot, we just bogged down by the local market and definitely we are going to move out and do more such deals. Let us see how this project goes also. So I am happy to report, though it is a little early, we opened sales three days ago in this project and we had a huge foot fall at this site. And already 50 bookings have been done.

Yogansh Jeswani: That is fantastic sir. That is a very good start. All the best.

Pankaj Bajaj: I did not want to declare it officially, but because you asked me about it, so we have 50 unit sales already with us in three days, in these times.

Yogansh Jeswani: Fantastic sir.

Pankaj Bajaj: And we are looking at a much better week. This week is an important week for us in that project.

Yogansh Jeswani: Bajajji, one question I have, I think in past Garg family was also very much involved into the Lucknow side of the business, but I think couple of years ago they sold out in their stake, and I think nobody from your family is again, even on the board of directors. So, safe to say that you and your family are only looking at Eldeco and Garg family is completely moved out?

Pankaj Bajaj: Yes, that is absolutely safe, but with one correction. They did not exit two years ago. They exited 14 years ago.

Yogansh Jeswani: Yes, 14. I think last transaction was around 2014-15 when there was a stake sale of around 3%, 3.5% in the month of?

Pankaj Bajaj: Yes, so it was in our share purchase agreement with them got executed in 2006. There were some remaining shares which finally changed hands in 2014. But the management control changed in, by and large, in 2006.

Yogansh Jeswani: Okay, that I was not aware of.

Pankaj Bajaj: Garg family has not been designated as promoters since 2006.

A. K. Dhanda: I have the information of the total receivables. It is Rs. 112 crores.

Pankaj Bajaj: Because somebody had asked that question?

A. K. Dhanda: Yes.

Moderator: Thank you very much. Well, that was the last question in queue. I would now like to hand the conference back to Mr. Pankaj Bajaj for closing comments.

Pankaj Bajaj: Thank you all. It has been a good experience for us. We hope to see you all of you again regularly. And in case you have any further questions, and if any answer was not clear, you can contact Mr. Gautam Jain from One IR Advisors. Thank you all very much for your time.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Eldeco Housing and Industries Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.