5th February, 2025

BSE Limited
Listing Dept. / Dept. of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.

Security Code : 539301
Security ID : ARVSMART

National Stock Exchange of India Ltd.
Listing Dept., Exchange Plaza, 5th Floor,
Plot No. C/1, G. Block,
Bandra-Kurla Complex,
Bandra (E),
Mumbai - 400 051.

Symbol : ARVSMART

Dear Sir / Madam,

Sub: Transcript of conference call with Analysts / Investors.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are attaching herewith transcript of the conference call with analysts / investors held on Thursday, 30th January, 2025 to discuss Q3 & 9M FY25 Results of the Company.

The same is being uploaded on the website of the Company.

Thanking you,

Yours faithfully,
For Arvind SmartSpaces Limited

PRAKASH BHOGIBHAI MAKWANA

Digitally signed by PRAKASH BHOGIBHAI MAKWANA
Date: 2025.02.05 11:34:00 +05'30'

Prakash Makwana
Company Secretary

Encl.: As above

Arvind SmartSpaces Limited

Q3 & 9M FY25 Earnings Conference Call

January 30, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and 9M FY25 Earnings Conference Call for Arvind SmartSpaces Limited.

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 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. Smit Shah from Adfactors. Thank you and over to you sir.

Smit Shah: Thank you. Good afternoon, everyone and thank you for joining us on the Q3 and 9M FY25 Results Conference Call of Arvind SmartSpaces Limited.

We have with us today on the call Mr. Kamal Singal – Managing Director and CEO, Mr. Avinash Suresh – Chief Operating Officer, Mr. Mitanshu Shah – Chief Financial Officer, Mr. Prakash Makwana – Company Secretary and Mr. Vikram Rajput – Head Investor Relations.

Please note that a copy of the disclosure is available on the investor section of the website of Arvind SmartSpaces Limited as well as on the stock exchanges. Please do note that certain things that are said on this call that reflects the outlook towards the future which could be construed as a forward-looking statement must be reviewed in conjunction with the risk that the company possesses.

With this I would now like to hand over the call to Kamal Singal for his "Opening Remarks". Thank you and over to you sir.

Kamal Singal: Good afternoon, and a very warm welcome to everyone present on this call. Thank you for joining us today to discuss the operating and financial performance of Arvind SmartSpaces for the third quarter and the nine months ending December 31 2024.

Let me share brief thoughts on the sector. The housing space sustained its strong run in CY24, the fourth consecutive year of buoyant demand where affordable segments took a backseat while mid income and luxury demand surged. The performance follows the K-shaped recovery in the economy with the upper income segment of the society doing really well while those at the affordable end of the socio-economic matrix witnessing gradual growth. Supply continues to be fully matched by demand, resulting in inventory levels near 14-year lows.

Looking ahead, as mortgage rates have been stable since Mar 2023, any potential rate cuts by RBI would drive demand higher, especially in the mid-income segments. India's real estate industry reflects the broader optimism surrounding the country's economic future. We believe the sector is in the midst of a long-term upcycle, with structural drivers outweighing short-term fluctuations. Brand developers with a strong capital book bringing the right product to the right micro market will stand to benefit the most.

Coming to the operational update for the quarter, bookings for Q3 FY25 stood at Rs. 224 crore compared to Rs. 280 crore in the same period last year. This was largely due to lengthening approval cycle in the Bengaluru real estate market which impacted one of our plotted launches in the Devanhalli. This launch is now pushed to Q4 FY25. Collections grew strongly by 18% year-on-year, reaching Rs. 229 crore versus Rs. 194 crore in the Q3 FY24.

Our nine months performance, has been best ever in terms of bookings and collections. During 9M our booking value grew by 14% year on year basis to Rs. 890 crore and the collections for 9M FY25 stood at Rs. 725 crore, registering a growth of 10% on year on year basis. Our continued focus on execution and customer deliveries remains a key priority, and the healthy collections reflect the trust and confidence our customers place in us.

Our business development pipeline remains robust, and year-to-date, we have secured projects with a cumulative top-line potential of approximately Rs. 3,850 crore. Recently, we have announced share a significant milestone in our growth journey as we marked our entry into the Mumbai Metropolitan Region (MMR) with a ~Rs. 1,500 crore horizontal multi-asset township project. We are confident of the large opportunity the MMR plotted, villa market presents and look forward to bring our horizontal value proposition there. This project shall mark a significant step in delivering premium, thoughtfully designed experiences to one of the most vibrant markets on India. It will play a seminal role in ASL’s MMR journey as well as the region’s horizontal development landscape.

Additionally, we have further strengthened our presence in the horizontal development market in Ahmedabad with the signing of a mega industrial park project with a top-line potential of ~Rs. 1,350 crore. This joint development project, located on NH47, Bavla-Bagodara road, is envisioned as one of Gujarat’s largest industrial parks, catering to the growing demand for high-quality industrial and logistics infrastructure in the region.

Now moving to the financial highlights. The size and scale of P&L is catching up with our operational performance. During 9M we have reported revenue of around Rs. 550 crore up by 146% on a year-on-year basis. EBITDA for 9M grew by 166% to Rs. 152 crore and PAT for 9M grew by 208% to Rs. 97 crore. In Q3 we reported a revenue of Rs. 210 crore, which were up 149% year-on-year basis. Q3 EBITDA grew by 188% on a year-on-year basis to Rs. 60 crore and PAT for the quarter grew 331% year-on-year basis to Rs. 50 crore.

Our balance sheet position remains very strong despite expanding operations, where net debt remained negative at Rs. 196 crore. A crucial parameter in real estate reflecting the underlying business performance quite well is the operating cash flows. During the quarter operating cash flows amounted to Rs. 74 crore and Rs. 277 crore during the nine months. We estimate an unrealized operating cash flow exceeding Rs. 3,818 crore coming from the current pipeline of projects. This is expected to realise within 3-4 years.

Looking ahead, we expect supply to improve and buoyancy in housing sales to sustain. Our collections, alongside strong sales performance and disciplined project acquisitions, have positioned us well for the future. We are currently gearing up for a vertical project launch in Bannerghatta in Q4 as mentioned earlier due to the lengthening approval cycle in Bengaluru there remains a likelihood of this launch slipping into Q1 FY26. We look forward to add projects across our target markets of MMR, Bengaluru and Ahmedabad in the coming quarters and strengthen our launch pipeline for the next year.

With that, I will now conclude our opening remarks, and we can start the question-and-answer session. Thank you.

Moderator: Thank you very much. The first question is from Dhananjay Mishra from Sunidhi Securities. Please go ahead.

Dhananjay Mishra: Congratulations on the very good delivery side. And P&L was very strong in this quarter and although it was contributed majorly by one project. So, in terms of sales booking, we are down 20% and despite the major contribution came from Aqua City. So, are we seeing any slowdown in terms of ongoing project in terms of new booking, what is the issue?

Kamal Singal: Dhananjay, good question. In the first nine months if you were to take the number as a cumulative number, we are at Rs. 890 crore, which is 14% up from last year. We have always been targeting a growth of around 25% thereabouts over previous years and this year has been a similar year and this is what we are trying to do. Although we just touched upon a small point in the my remarks where we said that there is at least one project in Bengaluru, which was expected to be launched in the last quarter i.e. the current quarter. That launch might get shifted into next quarter but that's not reflecting anything to do with the demand. It's mainly to do with the approvals which are getting slightly delayed in a few micro markets of Bangalore. Except for this project which might slip into the next project, and which might have a couple of Rs. 100 crore impact on our overall plan the rest is on track, and we are quite confident that we will be able to achieve the sales target.

Dhananjay Mishra: So, this 25% growth guidance which we started with that is still intact or we will have some lower growth in terms of sales for FY25?

Kamal Singal: So, as I said normally, we would expect a 25% to 30% growth and this one project slipping into maybe the first month or second month of the next quarter will mean a loss of around maybe Rs. 150 to 200 crore which will impact the growth by maybe 10% odd for the current year.

But if we are able to launch it, which is the effort at this point in time, we will be very comfortable in achieving the numbers.. But having said this project is a little doubtful and the worst case is that we launch it next quarter.

Dhananjay Mishra: So, next 2 months we are expecting this Bannerghatta to be launched and Surat project will also slip in Q1 or will it be launched in this quarter?

Kamal Singal: The numbers should happen if you are able to launch Bannerghatta and we are at around Rs. 890 crore. The rest of the things are progressing well, and we are inching closer to the number of anything between Rs. 1,400 - Rs. 1,500 crore as we guided earlier. Bannerghatta, if it is slipping out then we have a problem of couple of Rs. 100 crore. That's what I am saying. Surat will possibly get shifted by a couple of quarters. There are some technical, legal issues that we are trying to resolve at this point in time. It's a very large horizontal project which involves aggregation and land conversion etc. So, overall timeline and technical issues are taking longer than expected. So, Surat obviously will happen at least a couple of quarter from today and that's the timeline on that.

Dhananjay Mishra: So, as of now we are sure about Devanahalli future project. That is one project we are working?

Kamal Singal: Devanahalli for sure. Yes.

Dhananjay Mishra: And this in terms of new business development we are already at Rs. 3,850 crore and we had guided for Rs. 5,000 crore. So, that number is likely to be achieved or will it be at this level only?

Kamal Singal: Broadly, yes, we are a shade lower than Rs. 4,000 crore and we still are left with couple of months and we are quite on track on that and we should hit something like Rs. 5,000 crore thereabouts for the year as a whole.

Dhananjay Mishra: And lastly in terms of this industrial park, we will be creating SPV, and entire investment will be done by SPV. So, I mean who is the other partner and what is the arrangement over there? So, can you throw some more light on it?

Kamal Singal: So, specifics we can discuss later offline and you can get in touch with the IR team. But this is obviously a joint venture kind of structure and specifics maybe you can discuss with the team offline.

Dhananjay Mishra: Okay, thank you.

Moderator: The next question is from Amit Srivastava from B&K Securities. Please go ahead.

Amit Srivastava: Thank you, sir, for the opportunity. I have a couple of questions. One, is that the Surat project now we are talking about. Earlier were talking about Q3 launch. Now we are talking about it will get delayed by a couple of quarters because of technical reasons. So, we are running at a risk also that because the demand trend for the plotting business is also now getting some kind of issues because the market is saying that some demand slowdown is witnessed. So, have you witnessed the plotted business slowdown into the market? And you have also highlighted that luxury has done well in the past. Now the affordable, mid premiums also do well. So, it is now running at risk when we launch. We don't know how the demand trend will be there into the Surat project. So, any feedback on the Surat project, demand trend and the channels which you have done on that?

Kamal Singal: Amit, Surat when we say that the launch should happen in a couple of quarters from now is mainly due to technical, regulatory and legal issues.

Nothing to do with demand side of the market at all. In fact, there is a very robust demand on ground that we are getting on the horizontal side. One launch which is expected to happen very soon within this financial year is in Bangalore on the horizontal side. And we are very hopeful, and we are very excited about that launch and we are hoping that this gives as good traction as we have been getting in all other versions. So, in our understanding there is no slowdown in horizontal at all and things are moving pretty handsome there.

Amit Srivastava: But sir, similar line on a Sarjapur project which we launched at the peak of cycle was doing very well and still we have managed to sell only 30% of launch inventory whereas the other players managed to sell across all the inventories whatever they launched. So, why we are going slow on that project? If you can highlight that.

Kamal Singal: Yes, Sarjapur micro market in villa specifically has not done that great in general. The high-density horizontal which is row houses actually compete with apartments only from the segmentation point of view, although it is horizontal, against a vertical comparison that we are trying to make here. But it's not plotting. This is not large villas with large land parcels etc. These are very high density, almost like 1.2, 1.3 saleable FSI is being achieved on the piece of land but in the form of row houses. That project has not done that strong as compared to the rest of the horizontal in the category that we're talking about. In fact, we have observed that in specific micro markets that kind of product has not been doing that great as we have been expecting. But for us this project is still great with the kind of investment we have made, the kind of cumulative cash flow we have got already, etc. On those parameters this still ticks the box. But yes, it has been slower than the rest of the products that we do. But this is the only product that we have in a row house category. So, to compare it with the rest of the horizontal which are plotting and very different kind of development etc. will be a little unfair. But yes, this particular project has not done that great in that sense.

Amit Srivastava: Last one basically on a launch pipeline. So, this year in Q4 we have one project in Bangalore which we highlight other than everything will be on a sustenance sale which will reach towards whatever the guidance which we are looking at maybe missing by Rs. 100 crore or so. But for that also we will have a significant jump-up we have to do in Q4. So, how do you think which are the projects which can contribute in the coming quarter?

Kamal Singal: There is one big launch in Devanahalli that will give decent numbers for us, sustenance sales, there is a very specific focus that we put. We have achieved some good numbers of late in the last couple of months. But from here onwards we are pretty sure that sustenance coupled with this one launch at least and of course we are trying to launch Bannerghatta as well within this quarter per se. Even if that slips, we will lose a couple of hundred. That's a different story. But otherwise, the rest of the numbers we are pretty confident of achieving. Apart from this there is one another launch, which is expected to happen, almost certain to happen. It's the new phase of Orchards. So, there also we are opening a new inventory, and that launch will also happen within this financial. So, to say, two launches, horizontal launches of new phases in Bangalore are happening this year and we are trying to launch Bannerghatta. If Bannerghatta happens, we will exceed our target. If that doesn't happen then we're talking about the kind of numbers that we just discussed. But two launches, not one.

Amit Srivastava: Okay, got it. Sir recently signed project of MMR and Ahmedabad if you can give some highlight on that. What kind of equity investment is required in these projects and in the industrial park what exactly we are going to do into that JD actually?

Kamal Singal: So, MMR is a JD project. We are not investing anything significant. It's going to be one more asset light kind of a project as usual. So, we will just pay some very moderate amount as a deposit which will be recoverable. Then the construction has to be done by us and we will share the revenue. That's the structure there. And Ahmedabad Industrial will have a LLP kind of a structure where we partner in the entity itself and we broadly share revenues the way the revenues are predicted to happen etc. will be broadly 70-30. 70% of the revenues will come to us and 30% will go to the land partners.

Amit Srivastava: Sure sir. Thank you.

Moderator: Thank you. Next question is from Shreyansh Mehta from Equirus. Please go ahead.

Shreyans Mehta: Thanks for the opportunity and congratulations on strong financial performance and business development. So, sir, my question is related to the industrial park which is the new vertical which we started. So, from a scalability perspective, how should one look at it? I mean once this is successful will we add more projects, or this is just one of a kind which we are doing? And secondly in terms of margins, will it be better than the current residential portfolio on horizontal & vertical we are doing?

Kamal Singal: It's a great question. This one is a project which in itself is a pretty large, in fact one of the largest in Gujarat state thus far. And hence it has a very significant element of having multiple products within one development. So, in the process we have done little bit of industrial in the past, but nothing of the size and scale. Experience of selling industrial plots with a beautifully developed infrastructure has been great for us. But anything on the built up side of industrial is not that great an experience. So, we're building on our experience on horizontal plotted development for industries where we provide all the amenities and value adds and infrastructure. To us that market is growing and Ahmedabad is drawing quite a bit of crowd, quite a few industrial setups to put up newer and newer industries. Ahmedabad is gearing up for the next level of urbanization where all industries which are sitting in the heart of the city are looking at spaces outside. The entire focus of the government has been to provide better spaces for industries in the outer peripheries so that the inside of the city can be cleaned up. So, these are the drivers which we thought will give us a great opportunity. We have some experience of doing that and we got a land parcel which is very appropriate given the size, the scale etc. that we can achieve. Having said that, this is a normal proposition. On top of that we want to bring innovations the way we have been bringing innovation on the residential horizontal side, quite a bit of it is unexplored. Quite a few value adds can be brought into industrial space as well. That's what the team feels and that's what we are trying to achieve here. And depending on this experience, we always have been conservative in adding new geographies or new product mix, etc. And hence this is an important one that we want to do at a skill that merits our attention. And based on this experience, of course, the idea is to replicate the same thing in various other cities of Gujarat and even outside.

Shreyans Mehta: Got it, sure. And any guidance on margins from this business?

Kamal Singal: It will be as good as a plotted residential project. For us it is also broadly contoured and structured the same way and the revenue shares are very similar in terms of shares, etc. So, these will be pretty healthy in terms of margin.

Shreyans Mehta: Got it, sure. And the second question is on the MMR, when should we expect that project coming on stream in FY26 second half?

Kamal Singal: H2 next year.

Shreyansh Mehta: Got it, sure sir. That's it for myself. Thank you.

Moderator: Thank you. Next question is from Eesha from Axis Securities. Please go ahead.

Eesha: Hi, good afternoon. First of all, congratulations on the good numbers and good announcements. Most of my questions are answered. One which is remaining is on the cash end. Basically, are we utilizing any funds from the HDFC platform in the upcoming quarters? And secondly since MMR and Ahmedabad, both the projects announced are asset light model, do we have any plans for the cash that we're sitting on of around thousand crore cash including the debt and the HDFC platform? So, do we have any plans for how we are utilizing that cash?

Kamal Singal: Great question. And you rightly pointed out that this year these two large projects have once again come on a JV-JD basis and hence they remain asset light. And this also means that we consume less cash for the kind of top line and the bottom line that these projects are expected to be creating. The same thing happened last year also and that resulted into we sitting on cash as on the last year end. But you know, having said that, all the three sources of cash, first is of course internal accruals. Second is the normal bank debt, which is the low-cost debt, more in the region of single digits, high single digit. And the third source is HDFC which is a kind of a quasi-equity kind of structure where you pay when you are able to pay. Of course, the third one is the most expensive given the risk that it takes. So, to that extent that remains in our priority at third place. First, we want to consume our own internal funds, then the bank debt and then this one. As of now there is a healthy line of bank credit also made available to the company. And that is why we say that unless we consume these two first sources, we don't really catch on to HDFC.

HDFC money which is on tap. Unless we need it, we don't need to draw it. That's the kind of comfort that we have with that line. Hypothetically speaking, if you were to get into some larger scale acquisition, then this incremental money will be very handy. But at this point, as you very rightly pointed, because we are sitting on cash and because we have been acquiring asset light kind of projects, we still have surplus money. The idea is to consume everything that we have apart from HDFC in the next six months that means an investment of more in the region of Rs. 500 to Rs. 600 crore to happen which is a sum total of bank debt and the surplus cash we have at this point in time to be consumed in next six months.

Eesha: So, this investment will be in vertical projects apart from Bannerghatta?

Kamal Singal: Both. So, while acquiring projects the idea is to acquire both kind of projects. There is a specific focus on vertical as we venture into this cycle of acquisitions. But we are open to both and we are investing in both kind of projects as such.

Eesha: Okay. And one last question. So, going forward to achieving our booking guidance, our main contributors towards the pre sales numbers would be Aqua City and Bannerghatta if it's launched in the next quarter. Am I right?

Kamal Singal: So, Bannerghatta, while we are trying to launch it this quarter itself, it can slip into next quarter. But apart from that, I mean within this quarter and next quarter we have Orchards, next phase, we have Greatlands next phase, we have Aqua City, current and next phase, sustenance inventory. We have a few other projects. So you're talking about this and next quarter or you're talking about things beyond that?

Eesha: End of financial year.

Kamal Singal: So, it's only Orchards and Greatlands, new phases. And if we are able to achieve it, Bannerghatta. Otherwise, Bannerghatta can slip into next quarter. That's it. New launches.

Eesha: Got it. That's it. Thank you.

Moderator: Thank you. Next question is from Ritwik Sheth from One Up Financial Consultants. Please go ahead.

Ritwik Sheth: Hi, good afternoon, sir. Couple of questions from my end. Firstly, just continuing with the last question. Total launches you mentioned in Q4 will be Devanahalli Orchard and Greatlands, right?

Kamal Singal: Yes, correct.

Ritwik Sheth: And what would be the total GDV of these projects?

Kamal Singal: The launch top line will be more like Rs. 800 crore odd.

Ritwik Sheth: Rs. 800 crore cumulative for all these?

Kamal Singal: Yes, correct.

Ritwik Sheth: So, since Surat and Bannerghatta possibly could be in FY26 and with MMR project also coming in FY26 and already we have a decent amount of pipeline. So, what could be the launch potential of FY26?

Kamal Singal: So, FY26 we look at it in two ways. One is projects which are already announced, and which are already there as a pipeline, there we are hoping that at least Rs. 2,500 odd crore should be launched from that inventory. At the same time there are a couple of things which are very close to materializing in the existing acquisition pipeline. And we are considering this pipeline also in a way that we acquire and launch within the next financial year. At least some part of these acquisitions. Put together, we should be able to exceed Rs. 3,000 crore next year, fresh launches.

Ritwik Sheth: Actually, my next question was on the acquisition bit only because you mentioned in the presentation that we're looking to add new projects across Ahmedabad, Bangalore and MMR for the remainder of the year. So, you know what is the kind of projects that we are looking to add? Is it vertical, horizontal? And what kind of GDV are we looking to add?

Kamal Singal: The last 2 years, I mean this year and the last year put together has been Rs. 9,000 to Rs. 10,000 crore of total acquisitions. And we can hope that we will continue with the same trajectory. Very similar trajectory, I think maybe Rs. 5,000 odd crore next year again, that's on the acquisition side, new project acquisition side.

Ritwik Sheth: Right. Because sir, already we have Rs. 10,000 crore of projects in hand which are to be launched. And assuming that we add another Rs. 4,000-Rs. 5,000 crore next year, we will be at Rs. 15,000 crore with Rs. 3,000 crore launch. So, are we comfortable to take this project pipeline on our balance sheet and what kind of launches do we need to do in FY26-27 for these to get monetized? FY'26, you mentioned around Rs. 3,000 crore. And so now what is the kind of churn that we would see from the projects that are already acquired?

Kamal Singal: So, our idea is to grow these parameters to the extent of maybe 25% to 30%, that trend continues. So, I mean everything builds from there onwards. The acquisition plan, the launch plan, the fresh sales plan, collection plan, etc. So, everything derives from this trajectory and fresh sales is at the center of everything. So, if we are targeting 25%-30% this year, even if there is a delay, within a block of 2 years in this year and next year put together, we will have a CAGR of 25% to 30% is what we are trying to achieve here, fluctuations apart and this trend should continue beyond that also. So, FY26 FY27, all these financial years should see 25% to 30% growth in fresh sales. And that will always mean that we will have to launch cumulatively with that kind of a growth in terms of launches as well. And of course, this will be a combination of vertical and horizontal. Our vertical today is a little lean as compared to what we think is the ideal. And hence you will see little more action and little more of investment proportion going into vertical as a segment. Balance sheet size vis-à-vis the inventory size is actually not a worry for us because last 2 years have been such that almost everything has come through JD and asset light model. So, we have been able to create top line and bottom line without really investing much. And that is why we are sitting on cash that we just talked about. And hence balance sheet size is not looking to be of any major concern for us next couple of years. But the growth trajectory is very important and that is what we are working towards which is 30% odd growth.

Ritwik Sheth: Right. And sir just one last question. Have you seen any change in behavior from landowners in terms of pricing and in terms of negotiation in the last say 6 months versus 12 months ago?

Kamal Singal: I think in my understanding it varies from market to market. Bangalore has seen prices going up to a certain extent in almost every micro market. But having seen so last 3-4 months have been slightly different. I think they have now come very close to what the market can absorb and hence expectations are not that high now. They are not expecting them to continue to rise in the proportion that we have seen last two to three quarters. So, that's Bangalore for us. Ahmedabad is the other way round. I mean prices were always decent and reasonable. It was about how much value the developer can add on the land that exists. It's also about the trust that you can fetch from very large-scale land partners. Arvind has been in a very sweet spot on land side and hence we continue to get and attract some very large land parcels. If you recollect last year, we had three very big sized projects acquired and launched which was Aqua City, Upland 2, Upland 3. And this year again apart from these three, we have been able to tie up on a very large-scale industrial development. Everything is on joint development, joint venture basis. So, Ahmedabad is behaving very differently. The brand has a very special traction. We make a lot of sense to the landlords, and we become kind of a preferred development partner for most land partners. And Bangalore is a little tighter in terms of competition. Prices have gone up at the same time, expectations have gone up. But in my understanding last 3 months have seen a little bit of a tapering in terms of expectations of the landlord there as well. And prices possibly have come close to or very close to peaking out.

Moderator: Thank you. The next question is from Akshay Kothari from JHP Securities. Please go ahead.

Akshay Kothari: Thanks for the opportunity. Sir, I just wanted to understand what are the problems you were facing in Surat, you mentioned that there is some delay?

Kamal Singal: So, Surat is a very large size project. And generally, this size and scale will attract multiple kind of milestones to be achieved. There are multiple partners, as is the case in most of the land deals that we have had. Lands need to go through the processes of conversion, through the process of approval, environment and everything. So, there are quite a few technical, legal things that we need to sort out. It has taken longer than what was anticipated earlier. But hopefully next year, couple of quarters, it should all happen, and we should be able to launch this project. This is going to be our entry into Surat as a market. So, we are very excited about it and we are working very hard towards achieving this objective of launching this project as early as possible. Having said that, we are also working on other options in Surat. Surat, we have identified as a key market. It is not about one project or two projects. It is about we deciding that we will be there in that market as a serious player. And the efforts are ongoing to also acquire and try to do few other things in that market. And that's how we are planning to develop the overall market as such.

Akshay Kothari: Okay. And sir, the second question is on the mega industrial park which we are doing at Ahmedabad. So, is it that Dishman land, Dishman Infrastructure land?

Kamal Singal: No, I am not sure about this Dishman land. I don't see any connection.

Akshay Kothari: Just wanted to understand the economics of this, generally there's also this another land parcel Origins over there. So, is it near to that land parcel?

Kamal Singal: I am very sorry, but even Origin I will not be sure about. We are at the highway itself and this project otherwise is in the vicinity of Aqua City itself. It's very close to Aqua City.

Akshay Kothari: So, what is the time horizon for completion of this after the launch?

Kamal Singal: So, obviously such a huge development will at least have two or three phases. We are right now evaluating it whether it should be three phases. That means one third of this will be launched in one shot or we should be launching half of it. That should materialize very soon. But at least two phases will be happening.

Akshay Kothari: And we will be selling the plot industrial plots, right?

Kamal Singal: Correct. Yes.

Akshay Kothari: Okay. Because Origins is by Mahindra and they generally lease the land.

Kamal Singal: No. We don't have this leasing of land model. We have outright selling model. Mahindra also had a project in our understanding in the similar direction. That's far away. We are much closer to the city and we are much better connected. But yes, we don't have any plans to lease land. We have a buy and sell model.

Akshay Kothari: Understood. Yes, that's it from my side and all the best. Thank you.

Kamal Singal: Thanks Akshay.

Moderator: Thank you. Next question is from Aditya Singh from Robo Capital. Please go ahead.

Aditya Singh: Hi. Thank you for the opportunity. Sir, can you please share some guidance on how much revenue are we going to recognize in FY26 and FY27?

Kamal Singal: So, this year as you see in first nine months itself have been very healthy. So, this year obviously is going to be great. I think revenues given the accounting standard will always have little bit of peaks and troughs happening. But on a block of 2 to 3 years we will see terminal growth of a similar proportion as we sell in terms of fresh sales. Ultimately whatever we sell as fresh has to enter into books of account with some consistent gap. So, I will rather say that in the block of next 2 years once again we should see healthy growth in the number that we will achieve this year which to start is going to be very high. So, in case next year is going to be a little low then it will be compensated by next-to-next year or vice versa. That is how it works. It depends upon when and how much gets completed, BU's received, etc. But in a block of any 2 years, I think we will start seeing a fair amount of consistency in terms of growth that we see otherwise in fresh sales.

Aditya Singh: Okay, sir. Understood. Thank you.

Moderator: Thank you. Next question is from Amit Agicha from HG Hawa. Please go ahead.

Amit Agicha: Good afternoon, sir. Thank you for the opportunity and congratulations for good set of numbers. Sir my question was connected to margins, are you seeing any margin pressure due to rising material and labor costs?

Kamal Singal: Not really, Amit. Material cost has not really gone up. I mean within a very acceptable level of fluctuations on either side, they have been fairly consistent. Labor cost also is not going up in any significant way which could be called as something of an exceptional type. And hence the overall cost model is pretty stable. Our land deals are as steady as they have been. So, our margin model looks to be stable from the BD that we have announced till date.

Amit Agicha: One last question. What proportion of sales are you seeing from NRI buyers and how is the company targeting this segment?

Kamal Singal: So, Amit, we are majorly into retail sales. Our sales to direct customer is possibly one of the highest. We don't focus on investor driven kind of segment. Generally, our NRI sales should be in the region of 8% to 10% but you could just connect with the team offline to get the specific number. But it's in high single digits to around 10% thereabouts in my understanding.

Amit Agicha: Thank you sir. All the best for the future.

Kamal Singal: Thank you.

Moderator: Thank you. Next question is from Rahil Shah from Crown Capital. Please go ahead.

Rahil Shah: Hi sir. So, my question is also on the margins. Like if you can please explain what are like steady state margins one can factor in or give an overall picture, how it differs in business like in terms of joint development once you own outright and which has more margins and as your share of projects leaning more towards the joint development? So, just a general outlook what kind of steady set margins one can expect.

Kamal Singal: Rahil, on a weighted average basis everything put together vertical, horizontal, JDs and outright etc., we are working on a margin threshold of around 25% at EBITDA level. That has been pretty consistent. We generally have been performing a little better than that. You would have seen this from the last few years trend. This has been our clear focus. We are also a company which says that return on effort is as important as the top line per se. Growth without bottom line make a little less sense to us and hence this clear focus on profitability and cash generation. And that's how the whole business is driven. That is how we will acquire projects, that's how we will launch the project, that's how we will segment the product, that's how we will price the product. So, everything flows from there. Very clear focus on cash flows and profitability. So, as of now as we speak 25% of the threshold that remains the same. I mean going forward as we scale up this will remain a very clear focus. A couple of percentage points here and there could always happen. That's not something which is cast in stone. But broadly speaking the focus and the levels of profitability should remain very similar to what we have been achieving.

Rahil Shah: So, what had helped you last year, FY24 I think you recorded 33% so EBITDA margins for the full year?

Kamal Singal: You can just presume that some fluctuations within the numbers and the long-term trend of around 25% that happens. That may possibly reflecting some project-to-project variations and which project comes at what point in time is something which is of more importance. And for example, in this set of numbers very high proportion of Greatlands came in. Greatlands was a little disproportionate in terms of profitability and hence it jacked up the numbers on an average basis. But I would rather request you to look at it more from a long-term trend and more from a steady state basis. And these kind of fluctuations on either side can happen. On a long-term basis, we are very clearly focused on EBITDA 25% and everything else flowing from there.

Rahil Shah: Fine sir, got it. All the best.

Kamal Singal: Thank you.

Moderator: Thank you. Next question is from Amit Jain who's an individual investor. Please go ahead.

Amit Jain: My question is already answered. Thank you.

Kamal Singal: Thanks Amit.

Moderator: Thank you. Next question is from Dhananjay Mishra from Sunidhi Securities. Please go ahead.

Dhananjay Mishra: Thanks for the follow up opportunity. Sir, just one follow up on the industrial park project. So, once we complete all the three phases let's say 3 years down the line and sell the plots to industries so we will be managing these and what kind of novel O&M opportunity you see in this project?

Kamal Singal: Dhananjay even for industrial projects, we will broadly be focusing on buying and selling and exiting. So, generally, we would rather prefer to exit the project once everything is sold out and hand over the maintenance etc. to a specific purpose SPV or society or any association of the occupiers there. So, we don't look at it from a steady state, I mean steady consistent stream of flows to come to us.

Dhananjay Mishra: Okay so this is just a real estate thing for us. right?

Kamal Singal: Yes, it's about real estate, it’s like a plotting project that we do in the residential side.

Dhananjay Mishra: Okay, got it, thank you.

Kamal Singal: Thank you.

Moderator: Thank you. We take the last question from Ritwik Sheth from One Up Financial Consultants. Please go ahead.

Ritwik Sheth: Thanks for the follow up. Sir my question is on the fundraise enabling resolution that we have taken. Earlier in the call you mentioned that we have enough capital to deploy Rs. 500 to Rs. 600 crore in the next 6 to 8 months. So, will this just be an enabling resolution or will go ahead and raise funds?

Kamal Singal: As you very rightly pointed out, we are sitting on some very healthy cash position, and we have got task cut out for ourselves to deploy what we have already in terms of internal accruals and also the bank lines which we just created at a very competitive rate. So, these two funds and these two sources are absolutely great for us, which optimizes our overall deployment and cost of capital. QIP is an enabled resolution. We have got all the processes done. And as I understand, we got a year to finally hit the market and get this money in as a further investment source. Of course, today the target and the challenge is to deploy what we already have. Given the kind of fluctuations and volatility that you see in the market and given the comfort that we have on need of funds to be invested at this point in time, I think what we have placed very comfortably and we think we can time it better and time it in appropriate thing and hit the market and get this money. But we have got enough and more time. Generally, one year that money is supposed to be complete in the process. And we have got that kind of time already with us.

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

Kamal Singal: Thank you, Ritwik.

Moderator: Thank you very much. That was the last question. I would now like to hand the conference over to Mr. Kamal Singal for closing comments.

Kamal Singal: Thank you to everybody for participating in this earning call of Arvind SmartSpaces. I hope we have been able to address most of your queries. However, if there is anything missed out on any of your questions, kindly reach out to Vikram and he'll connect with you offline and clarify and give further information as may be required. Looking forward to interacting with you in the coming quarter. Thanks a lot for your time.
