



“TARC Limited Q2FY2024-25 Earnings Conference
Call hosted by Ambit Capital”

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MODERATOR: **MR. KARAN KHANNA - AMBIT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Q2FY2024-25 Earnings Conference Call of TARC Limited hosted by Ambit Capital.

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

I now hand the conference over to Mr. Karan Khanna from Ambit Capital. Thank you, and over to you, sir.

Karan Khanna: Thank you, operator, and good afternoon everyone. On behalf of Ambit Capital, I welcome you all to the Q2FY25 Earnings Conference Call for TARC Limited.

From the Management Team today, we have Mr. Amar Sarin – Chief Executive Officer, Mr. Rajeev Trehan – Chief Operating Officer, Mr. Rajendra Singh – Finance, Mr. Ankush Vijan – Investor Relations and Mr. Vikas Sharma – Sales.

I will now hand over the call to the Management Team for the “Opening Remarks”, post which we can start the Q&A session. Thank you, and over to you, Amar.

Amar Sarin: Good afternoon, everyone, and thank you for joining the Investor Call of TARC Limited. This is our First Investor Call and please allow me to brief you all about the organization.

TARC Limited stands at the forefront of luxury real estate development committed to being inspired by India and crafting unparalleled living experiences. TARC is dedicated to delivering exceptional quality to all the discerning clientele. The company is focused on luxury residential developments in New Delhi and Gurgaon and is backed by a robust portfolio of prime land parcels.

At TARC, we have built an organization with professionals from across the industry. The first half of the fiscal has been very exciting for TARC with our presales number totaling to 1,322 crores, a 6x growth in the first half of fiscal over previous year which gives us enough arsenal to reach our guidance of 5,000 crores for the fiscal.

We have launched three projects with revenues of over 7,500 crores, and I must say the market response has been exemplary, which demonstrates the faith of our esteemed customers in TARC.

An update on TARC Tripundra was the first project which was launched, which is a luxury development in South Delhi near the airport. We launched this project in October of 2022. We have sold over 80% of our inventory. Our construction is at the final stages, and we are looking to apply for our occupation certificate within the last quarter of this financial year. We expect revenues of roughly 1,000 crores from this project.

The second project that we launched was TARC Kailasa, which was launched earlier this year. This is a development with high-rise in Central West Delhi with approximately 400 apartments. We have already sold 45% of the project. The total revenue of this project is roughly 4,000 crores.

The latest launch that the company did was TARC Ishva, which is our project in Gurugram. We have a total of 385 apartments in this development, and the current velocity for this project again has been exemplary.

Looking ahead while we remain focused on achieving strong sales from our launch developments, we are also excited to prepare for the next phase of our growth. We are gearing up with a new series of luxury residential developments in Delhi and Gurugram in the near future.

As of 2024, the Indian real estate market is poised for continued growth driven by a combination of economic activity, urbanization and favorable government policies. The Indian luxury real estate is experiencing robust growth driven by rising incomes, growing affluent population, increasing urbanization, creating strong demand for luxury residential development. As wealth accumulation continues, the luxury market remains resilient, with a promising outlook for growth in the coming years.

Thank you. That was the introduction of TARC and our expedition to the market. I would now like to open the dais for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Priyansh, an individual investor. Please go ahead.

Priyansh: So, my first question is regarding the debt side. So, the debt I can see in your books is around close to 2,600 right now, whereas 2 years back it was around 1,300. So, how has the debt mounted to such high levels when the company has not made any acquisitions and there has been no disclosures regarding any new debt, apart from the re-financing of the old NCDs?

And secondly, could you please provide some further insights on the company's major sources of standalone income, particularly with respect to the transactions between the company and subsidiaries?

Amar Sarin: I will take the first question and Mr. Rajendra Singh take the second one. As far as our debt is concerned, I think there is some miscalculation from your side. The total debt on the company is roughly between 1,600-1,800 crores. We have not taken any additional debt. And whatever debt we have taken, we have made full disclosures of that. The recent development that we had was when we refinanced our NCDs, which were with Bain Capital, through Indian banks and NBFCs, which was concluded in the last quarter. So, our total debt still stands at that level.

- Priyansh:** And the second part.
- Rajendra Singh:** So, we have created a transaction of refinancing in the month of September, wherein out of Rs. 1,800 odd crore, Rs. 1,000 crore have been refinanced through the Indian banking system. There is a group of investors, which includes banks and NBFCs. By this transaction, the company is going to save a good amount of interest cost and it is going to help bring the bottom line in a healthy shape.
- Priyansh:** And if you could just tell me about the second part. My second question was if you could just provide some insights on the company's major sources of standalone income, particularly in respect to the transaction between the company and the subsidiaries?
- Rajendra Singh:** So, basically, when this refinancing was initially done in 2022, there were loans which were outstanding from various NBFCs and banks. Those loans were paid through financing from NCDs. So, whatever NCDs were used, the amount was used to repay the loans of the subsidiary companies. On that amount, the company is taking an equal cost of interest, which we are paying to the Bain Capital, the investor. So, that income comes from the subsidiary company to the parent company. And in the consolidation of accounts, it gets just knocked off. That is the income which is there in the standalone balance sheet. And there is no mark-up on that.
- Priyansh:** And thirdly, I think you were given a disclosure to SEBI that NCDs were not issued to Bain Capital at an interest rate of 6% in '21, whereas now on the latest press release, you have disclosed that you did a refinancing of NCDs to reduce interest rates. And the new interest rate is around 12.75%. So, how do you justify this?
- Amar Sarin:** The debt that was taken from Bain Capital in form of NCDs, the coupon rate was 6%. The total rate was around 17% or 18%. So, that has been reduced to 12.75% now. If you see the full document, the rate is at a higher cost of 17% to 18%. Correct.
- Rajendra Singh:** So, basically, there was a redemption premium which was supposed to be paid at the time of redemption. The cost on the company was 6% on an NCD basis. So, whenever we have redeemed the debenture, there is a redemption premium equivalent to 12.2%. That is how the cost is being saved from 18% to 12.75%.
- Moderator:** Thank you. The next question is from the line of Saksham from Ambit Capital. Please go ahead.
- Saksham:** I need to ask two questions primarily on the visibility and the pipeline. First, given the company's land bank of 500 acres, what portion of it is developable and how many years of visibility does it provide?
- And second question, the presentation mentions three new projects. What is the projected GDV of these projects? Will any of these will be launched in FY '25 considering the company's

guidance of 5,000 crores of presales< of which only 26% have been achieved in the first half of this fiscal year? That's from my end.

Amar Sarin: So, out of the total land bank that we have, we have earmarked three projects that were launched in the last 18 months. We are also in the process of launching our three projects like you said. I would say half of the land that we have at the moment is developable over the next five to seven years. And as and when the city grows and better government policies come in for the other land parcels, they will come in due course of time.

We have given a number of 5,000 crores. We are very confident of achieving it from our existing projects. And if need be, we will launch another project so to say in the next three to four months. And the next three projects that we have spoken about are either in New Delhi or in Gurgaon. And as we feel comfortable in terms of our cash flows, in terms of the bandwidth the team has, we will keep launching these projects.

Saksham: Any GDV guidance for these three projects that you can provide?

Amar Sarin: Like I said, we are not sure of which project is coming first. But the projects are going to be similar size to the projects that we have already launched.

Moderator: Thank you. The next question is from the line of Anuj Kapil from Taurus Mutual Fund. Please go ahead.

Anuj Kapil: My question is, how many flats are in Ishva? And that is first question. Second, how many phases are you planning in TARC Ishva? And what is the size of this land parcel?

Amar Sarin: Thank you, Anuj. So, Ishva, we have a total of 386 units. As we speak, the sale is happening at a very good pace. We have already sold maybe 40% to 45% of our inventory here. And looking forward to continuing the momentum here. The size of the land is roughly 7 acres over here. Did I miss out any of your questions?

Anuj Kapil: No, sir, that is fine. Sir, my another question is, near to your Ishva project, there is also a company which is providing the ultra-luxury project that is called Silver Glades. So, they are into Sector 59 with a land parcel of 11 acres. Gurgaon is selling like a hot cake right now, and also we are doing very good sales. But TARC is having so much branding and all the things. Silver Glades is managed to sell around 80% of their project. Somewhere, sir, are we lacking something or we are saying that the sales is happening in next one quarter and we are reaching to that target?

Amar Sarin: So, Anuj, I won't like to comment on another project. But as far as TARC is concerned, our sales strategy is focused on acquiring end users. And for that, all our projects we have built experience centers and sample apartments to attract customers who are end users. Our strategy usually is to

sell 40% to 50% within the 6 months of launch and then keep the momentum going. We focus a lot on design. We focus a lot on curating special kind of amenities as well as design our project.

So, I think it's generally that we like to give credit and respect to a project. If we need to sell project of 80% or 100%, I think it's very achievable, but the idea is to sell to as many end users as possible. And we believe that is the right way to sell a project.

Anuj Kapil: That's correct, absolutely. And we have visited the experiment center. It's superb. That is really good. Sir, my other question is that how long that we are coming up with the Kailasa 2.0. So, are we doing any sales on that side also?

Amar Sarin: Absolutely. So, as we speak, we are enhancing our experience center there. We are looking to, we already started with some special interest in this, in the second, as we call it Kailasa 2.0. We started with collecting our EOI and I think we will be in full swing for our sales starting January once the experience center is ready, the enhanced experience center. We already had one there. We are just enhancing and making it a little bit bigger. So, January is when we are looking to start the sales for the project again.

Moderator: Thank you. The next question is from the line of Aayush Saboo from Choice Equity Broking. Please go ahead.

Aayush Saboo: So, you spoke about receiving around 300 crores as compensation. So, any idea like when will this amount be realized? And would this amount be used to repay debt? And also, secondly, regarding the land bank of 500 acres, how much, I mean, do we see it developing in the next two to three years? And also are we planning to monetize any part of this 500 acre land to repay and bring down debt? If you could please give some guidance on this.

Amar Sarin: The compensation that has to be received by the company is in various stages of, I would say, acquisition that has been done of the properties of the company. And we are expecting these compositions to come within the next one year, I would say, from now. This money is predominantly going to be used for paying off our debt. That is the strategy that we are following.

And the second question that you had, like I said earlier, I would say around 200 acres of this total land bank will be used in the next three to five years for our developments. And whatever we feel that is not going to fall in our scheme of things of residential or luxury development is something that we look at monetization.

We did a similar transaction that we did in '21 with Blackstone. That was again warehousing, which we didn't feel that was falling in our scheme of things. So, we monetized our land. And similarly, going forward, if we think something is not going to fall, we will again be monetizing those assets.

- Aayush Saboo:** That was insightful. But also, could you give us some kind of line on the monetization of this 200 acres of land? Or have we received any interest, not from any other property or potential business to buy or acquiring this land, the balance 200 acres?
- Amar Sarin:** So, as our land is very prime, we get all the time for our parcels. We are evaluating. We think that it is tight enough and we are getting full money. So, I said, as and when we think that we have got good value for our land, only then will we be looking at exiting these land parcels.
- Moderator:** Thank you. The next question is from the line of Siddharth Chandra from VTV Capital. Please go ahead.
- Siddharth Chandra:** I have a small question regarding the last quarterly results. Yes, the auditor has made a comment in point number 6 that the company has not disclosed the information required to be disclosed in terms of listing the results regulations of SEBI in the financial statements of 29 subsidiary company were not reviewed by the auditor. What is the reason of non-compliance?
- Rajendra Singh:** Can you repeat the note please?
- Siddharth Chandra:** Yes, Note #6 of last quarterly results.
- Rajendra Singh:** So, you are referring to the 26 companies?
- Siddharth Chandra:** Yes.
- Rajendra Singh:** So, you are referring to the 26 companies which were not, you know, actually these...
- Siddharth Chandra:** Audited by the auditor.
- Rajendra Singh:** Yes, so basically it is not a qualification. So, by the time of the results, these audit 26 companies, audit could not be completed by that time. That is why this disclosure was made. Since this, you know, it is a requirement of LODR that to disclose how many companies out of the whole subsidiaries are audited and how many are not audited. So, this is a disclosure regarding that. Because the audit could not be completed, that is why this note was given in.
- Moderator:** Thank you. The next question is from the line of Kapil Malhotra from Tata Mutual Fund. Please go ahead.
- Kapil Malhotra:** So, I have a few questions here. So, one thing in the P&L, I saw the interest cost has spiked up. Can I know the reason for that? Is that the redemption charges included in that interest cost? Or is it something else?
- Rajendra Singh:** Yes, Kapil, so this is basically because we have reduced, you know, we have redeemed the debentures to the extent of Rs. 1,000 crore. So, as for the Ind AS, it is like the initial debenture

for five years and we have redeemed them before that 2.5 years. So, whatever provisions were made for the balance 2.5 years have been reversed in this quarter. So, this is not like, this is an Ind AS impact.

Kapil Malhotra: So, it is like a one-off, which essentially has resulted in a spike in the interest cost.

Rajendra Singh: Yes.

Kapil Malhotra: And how much is the debt right now, net debt? And also, if you can maybe throw some light on the debt trajectory from here on, how do you intend to reduce the debt and how long would that take?

Rajendra Singh: Total debt is around 1,650 as on date, plus the redemption premium due thereon. So, as we have mentioned on 30th September, everything was paid off. So, now we are sitting at 1,650 crores.

Amar Sarin: And I think, Kapil, your second question was regarding how we are looking to pare this debt down. So, what we have been able to do with the transaction with the Indian banks led by Kotak Mahindra is that we have been able to get the total debt, which was when Bain came in was more or less on the whole company. We have been able to earmark on two assets, which is TARC Tripundra and TARC Kailasa. So, from the development of, and as the sales happen, and as the execution happens and money starts, cash flow starts coming in, that debt will get completely paid off from there. And whatever is with Bain Capital will be paid through TARC Ishva. So, we have been able to earmark the debt on projects which was earlier only on land bank. The idea is and the strategy and the goal of the company is within the next two years to become totally debt free and that is what we are working on.

Kapil Malhotra: And also, what I was looking was, of course, our presales number is pretty healthy. We have done 1,000 odd crore in Q2, H1 around 1,400 odd crore. You know, the collections have been relatively lower, I think 90 odd crore in Q2. Can I know the reason for that please?

Amar Sarin: Kapil, we had launched Ishva which was our project only in September. So, with that we take roughly 9% at the time of EOI or the first sale. So, as the project was launched, the money just started coming in and the entire 10%, 9% which was supposed to come in could not come in in that particular month of September but is now coming in this particular month of October. So, October-November is when we are getting the collection. So, whatever sales we are doing, we are now getting collections even for the ones that have been done in September.

Kapil Malhotra: So, is that the reason your debt quarter-to-quarter basis has also gone up? Is it?

Amar Sarin: Yes, the collection could not come. So, that had a little bit of impact. But we are now looking, we are getting money in the company and now looking to, like I said, over the next 24 months, the idea is to pare it down, if not completely, to a very low number.

Kapil Malhotra: And lastly, when do we start booking revenues from Tripundra or Kailasa? I just want to broadly understand the trajectory of our P&L account. Because of course, I do understand, we have not been able to book revenue right now. But when do you expect to start booking it and show the actual profitability in the P&L?

Amar Sarin: So, as per the Ind AS method, it can only be done once the OC has come in and the apartments are ready for, given to a customer. We are expecting Tripundra to get complete in the next four to six months. The team is working full swing to make sure that it happens as quickly as possible. We will try and do it by March. Maybe one phase, if not the whole project, and get a part OC and start booking the revenue at least for Tripundra. Kailasa and Ishva will obviously happen only on possession. The recognition will only happen on possession of or getting the OC for these projects.

Rajendra Singh: That's right. So, since we being a listed company, we are governed by Ind AS 115. This is the strategy. This is the plan which we have to follow.

Kapil Malhotra: So, essentially, I think, so we probably, for the P&L to be in black, it will be, take another 6 months at least is what I am assuming.

Rajendra Singh: So, we are hoping that this financial year, the Tripundra project will get the OC.

Kapil Malhotra: And lastly, from a strategy point of view, do we also intend to get into, say, mid-market housing apart from the luxury what we are currently doing? Why I would ask that is, of course, luxury segment gives you a high ticket size, but obviously the velocity is lower in that. And since we have a lot of land parcels, which, I, as an investor, don't know where do they fit in from overall strategy point of view, do we intend to get into mid-market?

Amar Sarin: Kapil, I think we are well poised for the luxury market at the moment. We don't see ourselves going in any other real estate vertical or even mid-income or premium, at least for the next 18 months to 24 months. The idea is to stay here. I think the brand that we have, the brand that TARC has been created now, I think we are well poised for the luxury side of business. And we intend to stay here.

Moderator: Thank you. The next question is from the line of Parikshit Gupta from Fair Value Capital. Please go ahead.

Parikshit Gupta: I just have one industry level question in terms of the pricing trend of the real estate market in the micro markets of Delhi and Gurugram. We understand that the pricing growth has been phenomenal, and there is ample demand across various segments.

However, given the increased competitive intensity, does the management see pricing trends moderating in the near future? And can you also talk a little about the expected velocity going forward, please?

Amar Sarin: We feel that obviously in the last couple of years, we have seen price increase from 50% to 100% over the last two years in certain micro markets. We don't believe that this is going to continue, but we genuinely feel that a good product, well-designed product with good amenities, I think a good brand, sales will have the same kind of velocity that we have had.

Like I said, as a company, we are not looking at selling everything on day one or anything like that. We think the product and the development demands that you sell it well and to the right customer. Having said that, I think 10% to 15% year-on-year growth in terms of price is something which a good development and a good product will keep seeing over the next three to four years.

So, I think on a macro level, there is enough velocity, there is enough demand in the market right now. And anyway, the supply, there wasn't a lot of supply in at least Delhi and Gurgaon in the last, I would say, seven to eight years. There is a lot of pent up demand. There is a lot of demand from people who have been living in older apartments in Gurgaon, shifting to newer developments with good amenities and newer specifications.

I think there is a lot of demand where people have, we have seen a lot of traction there. And in New Delhi, we see a lot of traction. Delhi is predominantly a ground plus three kind of a city. So, now with the high rises coming up, we see a lot of migration happening from low rises to high rises. So, I think this is just the tip of the iceberg at least in Delhi. And I think it's going to continue for a longer time.

Parikshit Gupta: Just a follow up, if I may. We understand that the story of premium residential sales being much faster as compared with more affordable segments in the Delhi NCR region. However, even in the premium segment, in the luxury segment, there are multiple facets of luxury. There is premium to uber-luxury to aspirational luxury. Just from your experience in the industry, do you see any skewness toward either end of the spectrum?

Amar Sarin: Like you rightly said, you know, there is a number of segments there. I think in our apartment, which is 6 to 12 crores, I think there is a lot of demand there. People have made money in other asset classes, existing real estate of people, you know, that pricing has also gone up. So, there is a lot of demand there. I think all apartments that are 40 crores plus to going up to 100 crores, I think it is pretty evident the market is very strong there. We have all seen the kind of traction, DLF has seen in their projects. I think it's phenomenal. I think, again, people are buying such assets. I think that across luxury, there is enough demand, so to say, in all factors of luxury.

Moderator: Thank you. The next question is from the line of Naman Dhanuka from Naman Dealcom. Please go ahead.

Naman Dhanuka: Sir, I wanted to understand is there any update on the commercial developments? So, in 2023, you spoke about having over 6 million square feet of ready-use commercial area where rentals

are north of Rs. 200 a month and we are seeing that commercial off-take in India is the highest ever. It's like crossing 70 million square feet a year for the third consecutive year and uptake is the highest in Asia. So, is there any plan to monetize that going forward either sell the land or develop it? And Bain Capital has also committed to invest some \$7 billion in India over the next 3-5 years predominantly in real estate. So any projects that you plan to do with them?

Amar Sarin: Naman, I think I have never given such a figure because we are not in commercial at all. I think there is a little bit of confusion there, and you know like I said, we are only doing residential as TARC and we continue to do that. As far as Bain Capital is concerned, yes, we are talking about multiple things with Bain Capital. They have been our partners over the last two and a half years. We share an excellent relationship with them and we are looking at other platform deals and other things as well with Bain Capital but only on the residential front.

Moderator: Thank you. The next question is from the line of Harsh Thanvi from Valentis Advisors. Please go ahead.

Harsh Thanvi: So, currently we have developed our own land only. Any plans for joint ventures, or joint developments or any other kind of business development activities? And my second question is, sir, we are doing well on all the parameters like sales, collection, launches etc. But our debt has gone up. So, can you give a broad understanding of how that will play out going forward? Will it continue to go up or will it come down from these levels?

Amar Sarin: So, I will take the first question on the JD, JVs. With all the projects that we are doing and the brand that we have created, I would probably say we have been getting a lot of proposals and offers for joint development and JV, JDs. As a company, we are evaluating these. We are concentrating on Delhi and Gurgaon only.

So, whatever proposals are coming, we understand the market pretty well and our focus is that we get into some JDs and JVs going ahead. I think over the next one year, we should be signing a few. These are going to be apart from our land bank and we are still going to be in the luxury side. So, whatever is falling in that gambit is what we are looking at doing.

As far as our debt is concerned, like I was answering earlier, we are looking at you know getting the debt down to zero in the next two years from now. This is going to be majorly from our projects that we have already launched. Whatever projects we launch going forward are going to just speed up the whole process and some monetization on the side is also going to help in this.

Moderator: Thank you. The next question is from the line of Saksham from Ambit Capital. Please go ahead.

Saksham: My questions are finally related to collections. Regarding to TARC Tripundra project, which is nearing completion, could you provide some insight into why company has received less than 50% of presales collection so far? Are there any specific challenges or factors contributing to

the delay in the collections? And lastly, what is the company's full-year guidance or projection for the collection for FY '25?

Amar Sarin: Tripundra, the total revenue is roughly like 1,000 crores from this project. We have sold roughly 80%. We have got around 400 crores from collection for this project till date. We are looking at getting the balance on, you know, between now and possession which is going to be over the next six months. There is some units to be sold. We are looking to sell those units now that the project is nearing completion.

So, once we can showcase our development to the customer is when we are looking to sell the balance one. So, over the next six to, I would say six months to one year, we should be getting in full revenues of this particular project. As far as our collection is concerned for the whole year, we should be getting close to 700 crores additional apart from whatever we have done in this financial year.

Moderator: Thank you. The next question is from the line of Kapil Malhotra from Tata Mutual Fund. Please go ahead.

Kapil Malhotra: So, if you can just explain me. Of course, you have mentioned in the previous discussion and call that we have essentially the GDV for the 200 acre land bank is anywhere between 25,000 to 30,000 crores. Apart from that, the 300 acre land, which is available with us, what would be the tentative value GDV potential or if not GDV potential, what would be the cost or essentially the value of the current value of that particular piece of land?

Amar Sarin: Kapil, the land parcels are a mix of lands that have been approved, some lands which can be approved. Like I said, you know, whatever we are speaking is roughly 200 acres of development over the next three to five years. The balance land is going to, in my view, going to be utilized only after that. And I don't think we can put a valuation to it right now because we are not sure of what approvals they will come in and when they will come in.

So, it won't be right to put a valuation on them right now. These are land parcels which may be still be agriculture or maybe still zoned for another thing. Eventually, they will come into some kind of development. If they don't come, we will monetize them. So, I don't think we can put a valuation to it right now.

Kapil Malhotra: And how much would be the potential GDV of the 200 acre land bank? So, what is the potential GDV of the 200 acre land bank which you will get to monetize in the next five years?

Amar Sarin: You know, the projects that we are going to be doing are going to be similar size, Kapil, of what we are doing. From our land bank, we will be launching at least five to seven projects over the next three to five years. So, that is some kind of a GDV that we will be looking at from these projects.

Kapil Malhotra: So, say, 25,000-odd crore, is that a fair number to assume or can be less than or more than that?

Amar Sarin: Can't put a number to it. Like I said, we are still in that process of planning these projects. They are going to be, not sure of what kind of exercise we are going to be getting, but they will be similar.

Kapil Malhotra: And lastly, what is the receivables which are currently outstanding, which we intend to, already sold, but yet to be collected from the customers?

Amar Sarin: Are you talking about all three projects or?

Kapil Malhotra: Yes, all three combined.

Amar Sarin: Just one second, Kapil. We have done roughly 3,000 crores of sales till now, between the three projects. And if we have collected roughly 1,000 crores from these projects, if I am not wrong of the number. Sorry, 750 crores is what is already received. So, the balance is what is from this 200 to 250 units.

Kapil Malhotra: And how much is the unsold inventory for us? All the three projects combined, including Patel Nagar 2.0?

Amar Sarin: 4,500 crores is the balance. The total is 7,500 crores from these 3 projects roughly. So, 3,000 offered and 4,500 is to be sold.

Kapil Malhotra: And, sorry, lastly, what is the amount we are yet to spend on the construction of the three projects combined? I am just trying to arrive at a free cash available to us.

Amar Sarin: We will be spending roughly 2,000 crores on construction now for the three projects put together.

Kapil Malhotra: That's also, essentially, our margins are pretty high in that sense then. You know, we are doing good 60%, 65% EBITDA margins.

Amar Sarin: Yes.

Moderator: Thank you. The next question is from the line of Kapil Sharma from CRD Capital. Please go ahead.

Kapil Sharma: Actually, my question is, when the company gives its audited financial statement, why the results of subsidiaries are always unaudited? It seems the company manipulates the financial statement or its subsidiary to manipulate results and mislead investors.

Rajendra Singh: So, basically, the companies which you are talking about are not business doing companies. These companies are the land-holding companies. There was some issue with the auditors. They

could not complete the audit on time. That's the only reason. There is no revenue coming from these companies, please note. So, it is not, there is no point of manipulating any number out of these companies.

Amar Sarin: Kapil, we don't manipulate or anything like that. So, I think that is not the right statement to make, please.

Moderator: Thank you. The next question is from the line of Aniket Nikam from AFL Capital. Please go ahead.

Aniket Nikam: Congratulations on the execution you have demonstrated over the last couple of years. Some of my questions have been answered, but one question I had was the three new projects you are talking about, are they all on our own existing land bank or are they some joint developments?

Amar Sarin: Thank you, Aniket. These are again on our land bank, an existing land bank where we are just redesigning. We are just designing and getting them under approval. And these are going to be existing land banks in Delhi and Gurgaon.

Aniket Nikam: Sir, my other question was in our Gurgaon project, what is the approximate sales price per square feet that we are pricing at?

Amar Sarin: We are doing roughly Rs. 20,000 per square feet.

Aniket Nikam: And that's on the super built-up concept, right?

Amar Sarin: Yes, on the saleable area.

Moderator: Thank you. The next question is from the line of Rajkumar Singh from Transaction Value. Please go ahead.

Rajkumar Singh: So, my question is with regard to the company is making loss in the last 1.5 years of around 235 crores. That company gets very high presale numbers. So, why the high presale numbers are not reflecting in the financial statements of the company?

Rajendra Singh: So, Rajkumar, this is again, accounting perspective, we being a listed company are governed by Ind AS and one of the Ind AS which is applicable to us is Ind AS 115. As per the provisions of that accounting standard, we can only recognize our sale at the time of handing over the project. So, in the meantime, whatever is being spent by the company is going to add to the inventory on the one side of the balance sheet.

And on the other side, where we are receiving the money from customer is a liability advance from customers. So, whenever this project will be completed in terms of the OC certificate, these sales will be recognized and accordingly, you will see the bottom line positive. So, losses are

only because of the accounting standard application. At the same time, the company is doing a very good cash flows. We have been able to prepay our loans most of the lines and that is how the things are there. So, cash flow is very strong.

Moderator: Thank you. The next question is from the line of Hemanth, an individual investor. Please go ahead.

Hemanth: I have couple of questions. First is, what will be the GDV value of the total three upcoming projects? The second question which I have is, we are targeting a pre-sales of \$1 billion in near future. So, any timeline of it? And the third one is, how much presales are we targeting for FY '26? I understand we are targeting 5,000 crores in FY '25, but what about FY '26?

Amar Sarin: So, as far as projections are concerned for next year, we will be giving them out at the right time. We can't give them beforehand. So, in March, we will be giving out for the next year. In the near future would be, I can't give a definite date, but that is the target of the company to get to 1 billion. Sooner than later, that's the idea. And for the next three projects that we are looking at, GDV are also, like I said earlier, going to be in the similar report projects we are doing. So, they are going to be in a similar shape and size.

Hemanth: So, sir, similar shape and size that current GDV of all the three projects Tripundra, Ishva and Kailasa is around 7,700 crores. So, can we assume that the GDV of the upcoming three projects will be 7,500 to 8,000 crores, somewhere in that range?

Amar Sarin: It will be around this number, yes.

Hemanth: And sir, what will be the execution timeline for them, I mean, three to four years?

Amar Sarin: As and when the projects are launched, they will be completed within four years of launch.

Hemanth: And sir, is it fair to assume, if you can't give a projection of FY '26 right now, so can we assume that the FY '26 presales number will be higher than FY '25?

Amar Sarin: We have been growing as a company. So, I think, that is showing the trend, but at the right time, we will come out with the guidance.

Hemanth: Sir, any tentative timeline about the US\$1 billion will be helpful, sir? Any tentative timelines, sir?

Amar Sarin: No, I can't really come up with that, but I think in the near future we will be there.

Moderator: Thank you. The next question is from the line of Shekhar Mundra from Vivog Commercial Limited. Please go ahead.

- Shekhar Mundra:** For the unsold inventory of 4,500 crores, what have we assumed as the average selling price and what is the square feet of inventory with us?
- Amar Sarin:** So, all the projects that we are doing are selling between 20,000 and 25,000 per square feet, the three projects that we are doing at the moment. So, I would take that as a number for the per square feet saleable area for the balance.
- Shekhar Mundra:** And what is the expected timeline for the completion of all these three projects?
- Amar Sarin:** Within the next 42 months, we should be completing these three projects. One project, like I said, is going to be between six and nine months, and the other two are going to take 36 months from there.
- Shekhar Mundra:** And then what are the plans to use such high amounts of free cash flows of like 5,500 crores? What do you plan?
- What are the plans to, you know, we will be generating a lot of free cash flows in the next three years, so around 500 crores. So, how do we plan to use that? Will we be repaying our debt or like how do we plan to use that?
- Amar Sarin:** So, initially it's going to be used for reaping our debt and the balance is going to be again putting back into our business, buying new land and executing the projects.
- Shekhar Mundra:** And how much of a land bank will be remaining after we complete these three projects and even three projects which we have planned, after that how much of a land bank will be remaining with?
- Amar Sarin:** It won't be right to put acres into it because sometimes, most of the times, an acre in the city would be different than an acre in the thing, but I think we will be utilizing maybe 20%-30% of our land value and moving ahead we will be utilizing the balance.
- Shekhar Mundra:** No, so my point is, will we need to acquire more land because we will still have a lot of land remaining even post the next phase of expansion?
- Amar Sarin:** Absolutely, we will want to do that. We will want to once the cash flow start coming in, they will be used for acquiring more land. There are areas that we have identified as a company and moving forward we will be looking at acquiring more land.
- Moderator:** Thank you. Ladies and gentlemen, this was the last question for today. I now hand the conference over to the management for closing comments.
- Amar Sarin:** Thank you everyone for taking out time and joining us, and we look forward to our next investor call. Thank you very much.



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