

**Parsvnath Developers Ltd.**  
**Investors/Earnings Conference Call**  
**(May 21, 2007)**

**Moderator:** Good afternoon Ladies and Gentlemen. Welcome to Parsvnath Developers Ltd. conference call. For the duration of the presentation, all participants' lines will be in the listen-only mode. After the presentation the Q&A session will be conducted for the participants connected to the international bridge. After that the Q&A session will be conducted for the participants connected to India. Today on the call we have with us Mr. Pradeep Jain, Chairman, Mr. M. C. Jain, Vice President – Corporate, Mr. Ravi Pani, CFO, Mr. Sameer Shah, Vice President – Strategic Initiatives and IR. I would like to handover the floor to Mr. Pradeep Jain. Thank you and over to you sir.

**Pradeep Jain:** Thank you very much and Good Afternoon everybody. It is my pleasure to be with you all on our first conference call after the listing. We would like to take this opportunity and thank the investor community at large for their trust and confidence in the company, which made the IPO successful.

I am pleased to report that our consolidated revenues for financial year 07 stood at Rs 1,534 crore, EBITDA at Rs 442 crore, PBT at Rs 408 crore and Net profit at Rs 292 crore and diluted Earning Per Share Rs 18.16.

We have recorded strong growth for the full financial year. As for the standalone results, the turnover is Rs 1,261 crore as against Rs 654 crore in financial year 2006, a growth of 93%. EBITDA stood at Rs 381 crore compared to Rs 154 crore, a growth of 147%. Profit before tax grew from Rs 146 crore to Rs 348 crore, a growth of 139%. Net Profit grew by 156% to Rs 272 crore for financial year 2007 compared to Rs 106 crore for the last year. The diluted EPS for FY07 stood at Rs 16.9, an increase of 136% on diluted equity.

In last quarter of financial year 2007, our top line grew by 70% from Rs 243 crore to Rs 412 crore, and our Net Profit has grown by 253% from Rs 37 crore to Rs 132 crore as compared to last quarter of the financial year 2006.

We have successfully maintained the year on year growth of more than 100% for last three years.

As of 31<sup>st</sup> March 2007, the company's Networth is Rs 1,492 crore, Debt is Rs 1169 crore, Cash & Bank balance is Rs 545 crore and customer Advances is Rs 336 crore. Our Net Debt to equity ratio is 0.42.

During the year, our customer base has increased from 12,800 to 17,500.

I am pleased to inform you that the board has recommended a dividend of 25%, which will lead to cash outlay of Rs 54 crore including dividend tax subject to shareholders approval.

Indian economy has continued its growth momentum with a substantial growth in the services and manufacturing sector.

Industrial production growth in India continues to be very strong and economic activities in the country continue to be robust. Service sector has been showing continuous growth for the last many years. All this indicates greater prosperity for the people in India at large and substantial impact in demographic benefits to the growing middle class.

There is a visible growth in small and medium sized towns due to relatively better infrastructure, which is able to support higher economic growth. The connectivity has improved with completion of 4-laning of all major national highways, which facilitates further economic developments. Also, IT/ITES industry is continuously exploring smaller town to remain globally competitive.

The low real estate cost, availability of land for development, untapped manpower pool & rising quality of life make smaller and medium sized towns attractive destination for real estate development.

We at Parsvnath believe that the future growth lies in the Tier II and Tier III cities and our endeavor is to capture first mover advantage in these segments.

We have completed our maiden public offering in November 2006.

At the time of our IPO, we had 108.65 mn sq. ft. excluding SEZ which is now 151 mn sq. ft. on 110 projects including 4 SEZs with developable area of 26 mn sq. ft. Out of the total developable area, construction work has commenced on 66 mn sq. ft. We estimate on the balance 85 mn sq. ft., construction work will begin during current year.

The strategy of the company is to carry out construction and purchase activity in-house. This leads to better control over cost and project timeliness.

In order to manage the large portfolio of projects, the company has been strengthening its manpower by adding civil engineers and architects. The employee strength has increased in last 12 months from 550 to 900, which includes more than 250 engineers and 40 architects.

In line with our philosophy of having a Pan India presence, due to the various economic factors explained earlier, we have presence in 46 cities of 17 states.

We have won one more bid for Metro mall at Games Village station opposite famous Akshardham temple. This is a large mall of approx. 297,000 sq. ft. to be constructed. The estimated cost of project is Rs. 160 crores and would be operational by December 2009.

With this, the total leasable area for Delhi Metro malls will be 2.06 mn sq. ft. for 12 Delhi Metro Projects. Out of these projects, 5 projects with 0.33 mn sq. ft. are already completed and rest of the Projects are under construction. Out of 2.06 mn sq. ft., we have already tied up leasing arrangement for 0.66 mn sq. ft. at average lease rental of Rs. 110 per sq. ft. per month.

The company has applied for notification for its four IT/ITES SEZs in Gurgaon, Dehradun, Indore and Kochi. These are spread across approx 300 acres of land with total developable area of 26 mn sq. ft. We expect notification for the same shortly.

Further, the company has in-principle approvals for 8 SEZs with estimated developable area of 172 mn sq. ft.. We have started the process of acquiring the land. All SEZ projects are being developed in Parsvnath SEZ limited, the wholly owned subsidiary of the company.

It would be worthwhile to note that the current developable area of 151 mn sq. ft. has a total land cost of Rs 3,933 crore and the estimated construction cost of Rs 17,270 crore, which translates into Rs 260 / sq. ft. as land cost and Rs 1,140 / sq. ft. for construction cost.

We estimate that these projects would be completed by 2012.

Over the next 5 years on the above mentioned developable rights, we expect a revenue generation over Rs 25,000 crore, which would include lease income over 2,500 crore. From financial year 2012, we expect annual lease rental of over Rs 1,150 crore.

Out of 151 mn sq. ft., approximately 20 mn sq. ft. is already sold valuing approx. Rs 5,000 crore.

We would now be happy to take questions that you may have.

**Moderator:** Thank you sir. We will now begin the Q&A interactive session for participants connected to the India bridge. First in line we have Mr. Jaspreet from Anand Rathi Securities. Over to you Sir.

**Jaspreet:** Hi Good afternoon and congratulations for the excellent set of numbers

**Pradeep Jain:** Thank you very much.

**Jaspreet:** Sir just two things, first for the above breakup of your development costs, which I believe is over Rs 20,000 crore or 21,000 crore that translates to roughly Rs 1400 per square feet in terms of developable area, how do you break that in terms of land, construction and development cost?

**Pradeep Jain:** See the land cost is about Rs 260 per square feet and Rs. 1140 per square feet related to construction and development. The total is Rs. 1400 per square feet.

**Jaspreet:** The land must be Rs 460, am I right?

**Pradeep Jain:** 260 rupees.

**Jaspreet:** Is not that too low? I mean most of the land is in Tier III cities but show me the reason why this figure in the low side.

**Pradeep Jain:** We started accumulating our land bank over last several years. Definitely, the cost of our land is very low as compared to today's market cost and total land bank. Although our presentation is available on our website, I will give you little idea about our land bank. Our total area is 151 million square feet, of which 34% is in NCR, i.e, Gurgaon, Greater Noida, Noida, Ghaziabad, and surrounding area. In Haryana, we have land in Sonapat, Panipat etc, which constitutes 17%. In Punjab 11%, Rajasthan

7%, UP 7%, Madhya Pradesh 6%, Kerala 4%, Karnataka 3%, Tamil Nadu 2%. Within Delhi, which includes the metro malls is about 2%, Jharkhand 1%, Uttaranchal 1%, Gujarat 1%, Maharashtra, which includes Kurla Complex is 1%, West Bengal 1%, Jammu and Kashmir 1%, Goa 0.5%, and Andhra Pradesh about 5%. So we have total land bank distributed all over the country. And we are not just in Tier III cities, we are also in Mumbai, Delhi, Noida, Greater Noida, Dharuhera, Faridabad, Gurgaon, Rohtak, Kurukshetra, Sonapat, Panchkula, Karnal, Panipat, Bhiwadi, Jaipur, Derabassi, Mohali, Rajpura, Amritsar, Chandigarh, Dehradun, Haridwar, Delhi, Siliguri, Agra, Noida, Greater Noida, Ghaziabad, Lucknow, Mohan Nagar, Muradabad, Noida, Saharanpur, Sahibabad, Khepla, Indore, Ujjain, Hyderabad, Chennai, Kochi, Mysore, Panjim, Mumbai, Shirdi etc. and present across verticals like multiplexes, shopping malls in 2 million square feet.

**Jaspreet:** How many acres do this 151 million square feet translate to?

**Pradeep Jain:** In acre terms, it would be 3000 plus acres of land. But we basically, do not talk in acre terms because we are not marketing on acres only, we have a quality land bank, and we convert that land to the urbanized development.

**Jaspreet:** What is the trend in terms of the real estate prices in the last quarter or so mostly in regions like Greater Noida and Gurgaon where we believe some kind of softening is happening. What is your outlook on the same going forward?

**Pradeep Jain:** See, in last one quarter there is no major softening, particularly relating to the prices in Greater Noida. In the last quarter, we launched 2 projects in Greater Noida: Parsvnath Privilege and Palacia and we got very good response on them. The best part is that most of the customers are the end users

**Jaspreet:** What was the price at which recently launched projects were sold?

**Pradeep Jain:** We recently sold our project in Greater Noida at a price of Rs 3200 per sq ft. These are high-end apartments which have features like air conditioning and better presentation and look of the apartment.

**Jaspreet:** This is the high-end apartment?

**Pradeep Jain:** Yes, and the non air conditioning apartments are being sold at about Rs 3000 per square feet in the same area (Greater Noida). Also, there are two projects in Gurgaon where we have successfully sold our project Exotica at Rs 7000 per square feet.

**Jaspreet:** What about the other regions Mr. Jain like Gujarat or Rajasthan or Punjab?

**Pradeep Jain:** In Gujarat, we launched one shopping mall recently in Ahmedabad and as per the company policy, in the first phase, we decided to sell about 20 to 22% area and we have got a good response on the same. As for Punjab, in Rajpura we launched one integrated township about 6 months ago and we hardly have any additional plots available there now. We are also going to launch group housing there in a couple of days and we are expecting a good response on this as well. There is no drop in prices or softening of demand.

**Jaspreet:** Sure sir, thank you very much. I will come back if there is anything else.

**Moderator:** Thank you very much Sir. Next in line we have Mr. Anand Agarwal from UBS. Over to you Sir.

**Anand:** Hi this is Suhas from UBS. I think most of my questions have been answered especially regarding property price correction. What do you think of your long term sustained EBITDA margin?

**Pradeep Jain:** We have a land bank with developing rights at Rs 260 per square feet and construction development cost is about Rs 1140 per square feet. We expect an EBITDA of 28 to 30% plus.

**Suhas:** 28% plus.

**Pradeep Jain:** 28 to 30% plus.

**Suhas :** Okay, thank you very much.

**Moderator:** Thank you very much Sir. Next in line we have Ms. Mansi Trivedi from Anand Rathi Securities. Over to you Madam.

**Mansi:** Hello Sir, a couple of questions. You mentioned that of the 151 million square feet you already sold 20 million square feet, you mentioned that aggregates to bottom out of?

**Pradeep Jain:** Rs. 5000 crore.

**Mansi:** Rs. 5000 crore.

**Pradeep Jain:** With an average realization value of Rs 2500 per square feet.

**Mansi:** Okay and the second is regarding the IT Parks, which you were mentioning. Can you just brief again.

**Pradeep Jain:** We have applied for notification for the IT SEZs with the central government and we expect the same in next couple of weeks. The locations include Gurgoan, Dehradun, Indore and Kochi.

**Moderator:** Next in line we have Mr. Siddhartha Gupta from Macquarie Securities. Over to you, sir.

**Siddhartha:** Good afternoon Sir and congratulations on good set of numbers I just have a small question about your present land bank? I wanted to ask that you said that 151 million sq. ft. would be enough for 2012?

**Pradeep Jain:** No, I am not saying 151 million sq ft will be enough for 2012, but this is the area that we have today either in the shape of owning or uninterrupted developing right with the company. Apart from that, we already have a proposal to set up 16 SEZs in all, of which 4 SEZs (included in 151 million square feet) are formally approved and for another 8 SEZs we have in principle approval from the government. Another 4 SEZs are

still pending and all those will further add up the area of 172 million square feet. Presently we are also working at about 18 integrated township and we keep acquiring the land adjoining to these regularly. Apart from this, whatever good opportunity comes our way, we never miss it and try to acquire it. Our strength is to acquire land from the grass root level. The 151 million square feet that we are talking about today is what is with the company with uninterrupted right to develop and deliver in next 5 years time.

**Siddhartha:** Okay you know actually what I was trying to ask is that at least you will develop 151 million sq. ft. if not more, by 2012?

**Pradeep Jain:** Absolutely right.

**Siddhartha:** So, I mean given the fact that there is a slow down if not in prices, but in volumes, and especially in the Tier II and Tier III cities, do you expect to deliver about 30 million square feet per annum from now until 2012?

**Pradeep Jain:** It may not be exactly 30 million square feet every year but will be on year-to-year growth basis. Like out of the 151 million square feet, construction has already started on 66 million square feet area, which is going to be completed in next two years time and in this current year we are expecting to start the construction on the balance area which will be completed by 2012, on year to year basis. By 2012, we will definitely be able to complete the total area in the land bank today and some more area that we may be adding during these years, like SEZ other developments, will also be undertaken.

**Siddhartha:** What do you think Sir would be main demand drivers in these cities, I mean the big one where you have chunk of land which like Sonapat, Moradabad?

**Pradeep Jain:** See, there is a big shortage of housing across Tier II and Tier III cities. There is more potential for housing here because many people staying in unplanned area want to shift themselves to the planned area. These people have the money for this. Apart from that, places like shopping malls, which create a big demand for shopping area, commercial area, office area and housing is coming more with the development in these areas.

**Siddhartha:** Okay sir, thank you.

**Pradeep Jain:** Thank you.

**Moderator:** Thank you very much Sir. Next in line we have Ms. Mansi Trivedi from Anand Rathi Securities. Over to you Madam.

**Mansi:** I would like to know what is development capacity on completion basis like what will be the area that was completed in 2007 and what will be that going forward in terms of breakup of the 151 million square feet. Secondly, just to add to it how have we completed about 3.9 million square feet in the last 5 years, so I mean how do you plan to scale up the capacity to complete the 151 million square feet.

**Pradeep Jain:** See basically first I want to make you understand what is the completion method. Completion means the area which is handed over to the customer and got the completion certificate from the local authorities. But you know, we go by completed area

method only. Like we have already started construction on 66 million square feet area and that 66 million square feet area is today in a different phases of construction and we book the revenue on the basis of Percentage completion method system of accounting as approved by ICAI. The revenue comes in that way. Now if you ask me about year to year in 2008.

**Mansi:** Can you take 2007 first?

**Pradeep Jain:** Up to 2007.

**Mansi:** Not up to 2007, in 2007 alone. We turn about 4 million square feet I means till the time of the issue.

**Pradeep Jain:** No 4 million square feet is the completed and handed over area.

**Mansi:** Is it possible to get that figure, completed and handed over.

**Pradeep Jain:** Yes we can give that figure separately later. Also we can give the project wise detail, which is also mentioned in our investor presentation.

**Mansi:** Okay just taking the question ahead, what about the land bank when you think of 151 million square feet, what is the next step? What ahead, what about the expansion?

**Pradeep Jain:** We will be expanding with the SEZs, for which we have the approval from the government and on some approvals are still pending. This will add to about 172 million square feet area. It includes locations like Chennai, Pune, Muradabad, Agra, Kundali, Hyderabad, etc. Apart from that we have identified about 200-odd more cities, where we are planning to establish with different types of developments including small integrated township and large integrated township and retail malls. We also intend to set up some high way malls ranging between 25 acre to 100 acre. These malls are being planned as an international class of malls that provide retail space, entertainment, theme park, budget hotel etc.

**Mansi:** Is it some of kind of retail? I mean the rental which you are looking at from the mall, what is the kind of rental?

**Pradeep Jain:** We are looking at a rental of about Rs 40 to 50 per square feet.

**Mansi:** But when we talk about Tier II and Tier III cities where the mall retail rentals are in the range of about Rs 60 to 65 per square feet so do you think Rs 40 per square feet would be achievable.

**Pradeep Jain:** Yes, it is definitely achievable, the reason behind this is that on the highway, the land price is very low, and also the approving authority charges are very low. Also, we are going to set up a large footprint. With a large footprint, the construction and our input cost will become very low and the retail space is big. That is why we will be able to sustain with Rs 40 to 50 each square feet. This is to start with and may be some of the area let will be increased, but if we would be successfully able to lease out the area with an average cost of Rs 40 to 50, we would more than comfortably be able to sustain our EBITDA growth of more than 30% too.

**Mansi:** Okay. There is a lot of noise being created about over supply in NCR and a lot of other regions. Do you think that the actual supply which will come as 151 million square feet will be as schedule and will be absorbed because when we are talking about the 22 million square feet housing shortage, 98% of it is from the low income housing where the range starts from 800 rupees per square feet which is even lower, but our land acquisition cost and construction cost are over to about 1800 rupees per square feet, so how do you...

**Pradeep Jain:** 1400 rupees per square feet.

**Mansi:** Exactly. So how do you fit in that bracket?

**Pradeep Jain:** See in Tier II and Tier III cities, the new demand increases regularly because the people staying in unplanned area would like to shift to the planned area. Also, as it is there is a big shortage of housing across areas. The government data estimates the same to be about 20 million or 40 million houses. In real estate industry, once you start a project today it takes 2 to 3 years to complete that project and the people's incomes keep growing and lifestyle keeps improving. We definitely foresee a market with a demand to sustain that type of growth. Moreover, the established players in the industry with a strong brand will be able to complete their deliveries to the market and these properties can be sold. The small and unplanned developers, who may not be able to complete the planned houses, when talking about millions and millions of square feet area, might face a difficult situation and their properties may be offered to the renowned real estate developers.

**Mansi:** Sir when you are saying that the 22 million housing shortage, that data is not accurate, do you have some kind of number for that?

**Pradeep Jain:** The study of real estate sector shows that today we are growing at a rate of 30% per annum, which is quite enough to reach US \$ 45 to 50 billion by 2010, while we are talking about just US \$ 12 billion at present. We will also send you some more reports in due course on the same.

**Mansi:** Okay, also sir, in a place like Gurgaon where there is so much of water problem do you think rate of Rs 7000 per square feet is maintainable?

**Pradeep Jain:** Yes definitely. There are two parts of Gurgaon now. One is the existing Gurgaon where hardly any good located property is available. In new Gurgaon, where the new master plan has come up, the total infrastructure is yet to be developed. Secondly, related to your question on the water and electricity problem, the Government of Haryana is very much concerned about this and is taking necessary actions for the same. As of today, there is no shortage of water there. If you look at the press release given by the Government of Haryana yesterday in the presence of the Prime Minister of India, there will be no shortage of water and electricity in Haryana, 6 to 9 months down the line because they are taking care of everything. They are flooded with the money. There are lots of sanctions in the place, lot of money already with them to create the infrastructure. If you look at the highway from Delhi to Gurgaon, or Gurgaon to Sonapatna Road or National Highway then there is big potential in totality.

**Mansi:** Sir but this is all relating to Gurgaon in North and NCR, what about the other areas where you are present?

**Pradeep Jain:** You asked the question related to other areas.

**Mansi:** No. That is what I have said the prices in general across regions.

**Pradeep Jain:** Recently, we have launched a township in Ujjain, Jodhpur, Rajpura and Jaipur. We launched a mall in Ahmadabad. We launched a project in Lucknow, and also launched projects in Moradabad and Agra. And we are getting very good response on these. In the last five months, we have been launching and starting construction of four to five projects every month and have also been getting very, very good response on them. The best part is that we are getting more end-users than the investors.

**Mansi:** Just one last question. You mentioned that this 151 million square feet which you plan to complete by 2012. Do you expect revenue of 25,000 Crore? Is it there?

**Pradeep Jain:** Out of the 151 million square feet area, we are not going to sell 100% area. Part of the area we are going to sell. Part of the area we are going to lease.

**Mansi:** Sir, what is the lease rental component of the 25,000?

**Pradeep Jain:** As I mentioned earlier, we are expecting the lease rental of Rs 2,500 crore in the next five years out of the Rs 25,000 crore and from 2012 onwards, we are expecting the lease rental of about Rs 1,150 crore per annum.

**Mansi:** Sir, what is the total area we lease from 2012?

**Pradeep Jain:** I don't have that number readily with me at the moment, but we will get back to you with the same.

**Mansi:** Okay fine. Thank you so much.

**Moderator:** Thank you very much Mam. Next in line is we have Dipen Mehta from Dipen Mehta Stock Broking. Over to you sir.

**Dipen:** Could you give us the data from you balance sheet in terms of cash, fixed asset, stock rate, debtors, net worth, and debt?

**Pradeep Jain:** Yeah. The consolidated net worth of the company is Rs 1,492 crore. Consolidated debt of the company is Rs 1169 crore, net debt equity ratio is 0.42 and customer advances of Rs 336 crore.

**Dipen:** And cash in the balance sheet, fixed assets, stock rate?

**Pradeep Jain:** Fixed assets worth Rs 95 Crore.

**Dipen:** Cash and Bank Balance?

**Pradeep Jain:** Rs 545 crore.

**Dipen:** I have some question but I will come later on.

**Pradeep Jain:** Yeah no problem. Thank you.

**Moderator:** Thank you very much sir. Next in line we have Saurav from Karvy Stock.

**Saurav:** Sir this is regarding generalized consensus which has been taking place in the SEZ. Now after this ruling from the government regarding the tax exemption being ruled out for the NPAs (non-processing areas), and also today they say that they will charge the value-added tax on the goods which you supply from processing areas to non-processing areas. How does it affect your plans for the non-processing areas which actually are the major margin giving businesses to you?

**Pradeep Jain:** See, first of all, we are not looking SEZs as a large SEZ development. We are looking the SEZs as a part of our integrated township. Like in the integrated township we are developing IT Park, residential, hotel and commercial, in the same way we are looking towards the SEZs. In some of the areas, there are tax concessions to give us more impact in the bottom line. In the non-processing areas, where there are no exemptions or any other benefit, those areas are completely at par with the other real estate development projects. So, related to the product specific area, we are getting the upside of the tax concession and the other related concessions.

**Saurav:** Sir in this sense basically when you applied for the SEZ, i.e, 16 SEZ of about 172 million square feet base, we are saying that in the processing areas we are getting exemptions and the non-processing areas are being treated like other real estate processing.

**Pradeep Jain:** Yes, at least the government now allows so, although so far there is no notification like what you are talking about. If the government comes out with that type of notification, there is no downside expected for us because of such decision. Also, we are not talking about large SEZs but those SEZs starting from say 40-45 acre to 125 acre. Also, all our product specific SEZs are below 250 acre. We have planned 15 of our SEZs in that way and only one single SEZ in Chennai is multi-product. So, apart from the product specific area, we are looking the area for others as a part of our normal real estate development.

**Saurav:** Okay so basically my basic question was, are your plans shattered? Was it a downside for you because you had plans from the nonspecific area. Did the government policies bring a downside to your plans basically?

**Pradeep Jain:** See what we feel and what we had planned is that if there is a concession on non-processing area, that is a benefit or an upside for us as compared to whatever be the normal real estate development. And if there is no concession, then it will be the same for us as we are developing the other normal residential or the commercial real estate development.

**Saurav:** Okay, okay. Thank you sir.

**Moderator:** Thank you very much sir. Next in line we have Gopal from Goldman Sachs.

**Gopal:** Yes good afternoon Mr. Jain.

**Pradeep Jain:** Good afternoon.

**Gopal:** Sorry I missed it when you said in the beginning, you had given a total cost for the 151 million square feet something like 17,000 and something crore?

**Pradeep Jain:** The total cost of the construction is Rs 17,270 crore plus the land cost is Rs 3,933 crore that comes to around Rs 21,000 crore.

**Gopal:** Okay which brings me on to next question. Have construction cost been falling in the past few months because in your presentation slide I think for 134 million square feet you had given a total cost of Rs 17,778 Crore?

**Pradeep Jain:** Earlier it was Rs 17,778 crore which includes the land and construction cost both; and if you bifurcate that, it is Rs 3,790 crore plus Rs 13,987 crore. Now the total cost including the land and the development etc. is Rs 21,000 crore.

**Gopal:** I see. But in general, are you finding that sort of construction cost just piling up is that the trend?

**Pradeep Jain:** See in last two to two and half years, yes it has been going forward because the Government of India is a little concerned about the cement and steel price. But cement and steel industry people are not agreeing to any further increase in the pricing. Also, the government is going to allow some concession to import the construction material going forward. We expect to increase the cost of construction by 3%-5% on a year-to-year basis.

**Gopal:** Okay.

**Pradeep Jain:** Which include the material cost and the labor cost etc.

**Gopal:** There is one more question. I appreciate this is come up on the call a couple of times, you are just focusing on the NCR region and your comments on prices not having gone down and stuff. Would you be able to give a figure on what is the total supply of housing and flats just for the NCR region and what you envisage yearly the amount to be because I am just wondering what some of your other competitors are also doing and you know whether there might be some material supply. I take on both the comments that you have already made, but if you could give some figures, that would be really helpful.

**Pradeep Jain:** See there is no authenticated report published by any agency on the number of flats and their demand in NCR. We got to know of one such report which is being prepared and would surely share the same with you when we get that.

**Gopal:** Okay. Yeah thanks very much. I got a few more questions but I will followup with you offline.

**Pradeep Jain:** Yeah please, thank you so much.

**Moderator:** Thank you very much sir. Next in line we have Mr. Sumeet from HSBC. Over to you sir.

**Sumeet:** Sir, my question is related more to the sector and also specific to your company. Just wanted to know your views on the government coming up with various

directives on cost such as real estate lending and the recent has been the ECB norms. How do you feel that it would impact you as well as your other competitors?

**Pradeep Jain:** I cannot really comment about other competitors, but related to us there is no impact as such. Yes definitely the lending cost of the funds will increase and today our lending you know borrowing cost approximately 10.5% as earlier about 9.25% and to your question on NCD, so far we have not planned anything to raise any ECB and we are quite happy with the existing internal approvals and the funds available with the company. So, I do not think there is any impact related to the investments. But yes, the small operators and small unorganized real estate developers may face some problems to get debt as now there is no any other way to get debt from financial institutions and banks. It will cause a concern if they increase the rate of interest and now they are also becoming very choosy to give the funds to renowned and experienced real estate developers only.

**Sumeet:** Sir coming to the same thing, do you see the discount between renowned property developers, like you and a small property developer increasing and how has been the trend so far?

**Pradeep Jain:** See, we are selling property with a premium than the unknown real estate developer and the customer is very happy to give this upside to the renowned real estate developer because they have the confidence on the property being delivered well in time. There is a fulfillment of commitment and assurance of quality. A person who is putting his whole life's savings to buy a property is not very happy or very keen to go and buy property from any small developer. Also, the small developer who is able to manage and deliver property, is also gradually and slowly moving into the professional system. But it's a big challenge to become a real estate developer.

**Sameer:** My question was, has the discount between you and small time property developer increased and what has been the increase? I am talking of say you are selling a property in Gurgaon at 7000 and earlier one time property developer might have been selling it at 6500. Has the 500 margin increased and what is the impact?

**Pradeep Jain:** 5% to 7% difference is always there.

**Sameer:** And has it increased now?

**Pradeep Jain:** No, its still the same. The small developer who is not able to complete the project is now approaching the renowned developers to give the project to them because he is not able to operate and fulfill his commitment related to land and the customer.

**Sameer:** Sir how much of your property in Gurgaon that you have recently launched and the other two projects resold or how much has been sold?

**Pradeep Jain:** See so far we have only three projects in Gurgaon. One is Parsvnath Green Ville, which is fully sold. The area of the project is over 8 million square feet and we do not have any single unit left unsold. Another project is Exotica with a total area of about 3 million square feet, where more than 80% is already sold. The third project is the commercial building which is already complete and fully occupied, and like Exotica, we are putting up a target on month basis and have been achieving it quite easily.

**Sameer:** Sir out of the total 151 million square feet, how much is under construction?

**Pradeep Jain:** 66 million square feet. And rest of the area we are planning to start within this financial year only because every month we are launching and starting construction of four-five projects and our complete target is that we want to start each and every project before 31<sup>st</sup> March, 2008, because we are getting sanctions and approvals and environment clearance related to all our projects.

**Sameer:** Okay thank you very much sir.

**Moderator:** Thank you very much sir. Next in line we have Mr. Manish from BricksSecurities. Over to you sir.

**Manish:** Just one question. I have been noticing somewhere IPO prospectus that your advances from customers are Rs 471 Crore as of 30<sup>th</sup> June, 2006, now you mentioned right now it is Rs 335 Crore. Now given that our output has expanded and it is growing extensively. Can you just elaborate on this?

**Pradeep Jain:** See the advances from the customer as mentioned in the prospectus is the number of the mid-year number and like we are adopting the percentage completion method system. The way we book the revenue, the advances from the customer are just against that.

**Manish:** No but what I am saying is this Rs 471 Crore would be against x million square foot under construction?

**Pradeep Jain:** Yeah but delivered partially no.

**Manish:** No that is fine what I am saying is that x are going 2x, 3x for us right? So, giving that we are multiplying our output there is decrease?

**M. C. Jain:** If you are at the mid of a period and doing the calculation because we make our balance sheet quarterly and in the mid of period was shown as the advance. But now at the yearend, these all advances for which we have completed the certain percentage and booked as a revenue has been transferred to the sales, only remaining portion is being shown as the advances from the customer.

**Manish:** I am not clear sir. Basically this advance will be typically against the projects under development right? So, in terms of volume of development you are talking of you know 8 million going to 30 million per year. So December growth just decreasing looks surprising.

**M. C. Jain:** Advance is only for the portion for which sale is not booked.

**Manish:** I agreed but what I am saying is the square foot under development that could not have gone down right?

**M. C. Jain:** Yeah but if you see in our case, we have started development. Suppose we have not started the construction on that particular project then the advances will look more. In our case as we are saying that whatever we have started booking on 66 million

square feet we have started the construction means the position as far as delivery is concerned it has improved since the IPO time.

**Manish:** No this 66, that again will have at least 40-45 as residential right?

**M.C.Jain:** So now since that is under development we would right now have advances from customer relating to 40 million square foot let say.

**Pradeep Jain:** But advances to the customer in the sense to the extent we have because we are not having 100% advance.

**Manish:** Agree but what I am saying is let say out of this 40 million square feet you would have advance of 10% of that value.

**M. C. Jain:** But when we are booked the revenue for that the advance had come into the sales. If you see that at that time our last year sales and this year our sales.

**Manish:** No, I am not talking about the sales term when you actually book sales. What I am saying is right now we have 40 million square feet under construction residential against which you are taking advances from customers. Right?

**M.C.Jain:** Initially we are taking booking amount.

**Manish:** Sir I am saying whatever is the square feet under residential you are taking advances right?

**M.C.Jain:** Yeah.

**Manish:** Now these are likely to be two or three times what we are on 30<sup>th</sup> June because we are talking of you know on our completed for say 3.5 million square feet growing to 30 million per year.

**M.C.Jain:** No there are two components of it. One is the inventory work-in-progress and one is the advance from customers which will give you a little idea of the future which is likely to be.

**Manish:** No, I am not talking from that perspective. What I am talking is from the advances from customer typically that will apply to all the residential area under construction. Is not it?

**M.C.Jain:** Not even for the commercial whatever we are selling.

**Manish:** So how would typically advances from the residential right?

**M.C.Jain:** Yeah.

**Manish:** So what I am saying is right now if you have x million square feet under development it is likely that on 30<sup>th</sup> June we would have 2x or 3x so giving that sales are double or triple, then 30% drop in customer advances looks surprising.

**M.C.Jain:** No, drop in the customer advances is on account of the fact that the most of the project have completed the deadline of 30% completion. So that before the 30% completion we received, the advance is shown as customer advance.

**Manish:** I am not talking about the accounting and all. I am just talking about the square foot under development typically your advances should run in line with that. Is it not?

**M.C.Jain:** Not necessary. If you are giving that figure it will be in line with the percentage completion method. It clearly reflects that we have completed more projects under the 30% completion method but drop in customer advance clearly indicates this. If the advances are more, it means we have not started the construction. If advances are more it means they are lying as advances and we have not started construction on it that is why it is shown as advance. It is a better picture if advances are reduced because it means we are delivering the material.

**Manish:** But if you are talking of your output going let say your phase 3.5 million square foot this year. Now you are talking of finishing 150 million square foot in 5 to 6 years which means you are talking of finished output going from 3.5 to 30 million square foot per year.

**M.C.Jain:** If you see year-on-year position, financial year 2006 our customer advance at the end was Rs. 354 crores and financial 2007 it was Rs. 336 crores.

**Manish:** On 30<sup>th</sup> June, which is 470 Crore.

**Manish:** I am still not getting it. Sir your volume of square foot, how can your advance drop by 30%?

**M.C.Jain:** I think I can explain it to you in detail on a one-on-one meeting.

**Manish:** Okay. Thanks a lot.

**Moderator:** Thank you Sir. Next in line we have Sameer Basiwalla from JM Morgan Stanley. Over to you sir.

**Sameer:** I am fine thank you so much. First of all the land cost Rs 3,933 crore, how much of this is pending payment?

**Pradeep Jain:** About Rs 1,800 crore.

**Sameer:** Okay. The second question is I understood fully for the land bank Rs 1,400 per square feet the cost side of it. On the revenue side of it, for 151 million square feet what will be the breakup between what could be going for rental and what would be going for outright?

**M.C.Jain:** You are talking about the total?

**Sameer:** Yeah.

**Pradeep Jain:** That detail we will give you separately.

**Sameer:** Okay that is fine.

**Pradeep Jain:** We have worked out our sheet and will send you an email on that.

**Sameer:** Okay and whatever be that number the portion which goes for sale, there you are saying you will sell it on an average for Rs 2,500 per square feet with 20% margin and the balance which you are going to give for rental they will be cumulative Rs 2,500 crore between now and 2012 and 2012 you will get 1,150 crore per annum. Right?

**Pradeep Jain:** Yeah.

**Sameer:** I just wanted to make sure.

**Pradeep Jain:** Yeah because by 2012 all the metro projects will be completed to give us Rs 350 to Rs 400 crore rental. All the multiplexes are ready to add to the rental income. Segment wise by the commercial states, Delhi Metro, IT Park, the hotel property, SEZs, and schools and hotels, we are expecting Rs 1,150 crore rental to come in 2012 onwards.

**Sameer:** Okay and for your SEZ IT and retail I understand that 30% is what you have retained for rental?

**Pradeep Jain:** Yeah 30%-35%. But you know SEZ are specifically related to the productive area. We retain 100% and the non-product area, we give on a long term.

**Sameer:** Okay yeah.

**Pradeep Jain:** And that Rs 1,050 crore includes only the four SEZ

**Sameer:** Okay.

**Pradeep Jain:** The other SEZs that are yet to be included will come later. At the moment, those projects are in the implementation stage.

**Sameer:** Okay.

**Pradeep Jain:** We are talking about these figures only related to 151 million square feet.

**Sameer:** Perfect. The other thing was you were talking about the delivery on percentage completion method that is I think you are about to give the numbers of FY2008-2009 if you can share that with us?

**Pradeep Jain:** See, its difficult to share the exact number, but I can tell you that going forward for 2008-2009, the improvement will be even better than what we have achieved in this fiscal.

**Sameer:** Okay. Better in terms of percentage growth?

**Pradeep Jain:** In both. In the top line and bottom line. EBITDA will also be better. As you know, our land cost is low and the projects have already started implementing where

we have acquired the land on very, very low price and the weightage of those lands will be coming out in the forthcoming year.

**Sameer:** Okay and so what you are saying in FY2008 we would have a better year in terms of sales?

**Pradeep Jain:** Better EBITDA and better top line.

**Sameer:** Will it be 20% or 80% higher. Last three year you have maintained 100% year-on-year growth.

**Pradeep Jain:** I can only say that earlier our revenue was Rs 653 crore, consolidated now it is Rs 1,534 crore, which gives about 134% increase in revenue.

**Sameer:** 134 is what?

**Pradeep Jain:** 134% increase in revenue, from Rs 653 crore to Rs 1,534 crore consolidated. And the EBITDA growth is 186% as against 134% of the revenue. The PBT has also increased by 145% and a 191% increase in PAT. So my point is that growth this year has been 134% will be even more with an impact of around 191% in the time to come. I think you got my point.

**Sameer:** Okay.

**Pradeep Jain:** Yeah I am talking about that only.

**Sameer:** Wow. Okay.

**Pradeep Jain:** I think we are clear except the number.

**Sameer:** Okay.

**Pradeep Jain:** Yeah.

**Sameer:** Okay so that is going to be very, very impressive. Good luck to you.

**Moderator:** Thank you very much sir. Next in line we have Mr. Mehta from Dipen Mehta Stocks.

**Mehta:** Sir just about the detail which you gave about the land cost of Rs 3,933 crore and construction cost of Rs 17270 crore for 151 million square feet, this is all excluding SEZ, right?

**Pradeep Jain:** No the four SEZs in Gurgaon, Indore, Dehradun, and Kochi are included. These four SEZs are included and rest all are not included in it.

**Mehta:** Any plans of the next 6 to 12 months to further dilute the equity to go for an IPO or QIP?

**Pradeep Jain:** There is no such plan as on date. It is very difficult to answer this question right now as you all know we have come to the market very recently in the

month of November and we are comfortable with existing growth and as of now there is no plan.

**Mehta:** I just wanted to clarify some statements you made earlier that the 151 million square feet under development. So Rs 25,000 crore is the estimated revenue from sales? Then you have figure of Rs 2500 crore from rentals.

**Pradeep Jain:** The rental that is included in that.

**Mehta:** Rs 25,000 crore including rental income.

**Pradeep Jain:** The Rs 25,000 crore revenue includes Rs 2,500 rental income in next five years' time.

**Mehta:** Okay then 1,150 will be the recurring rental in income from 2012 onwards?

**Pradeep Jain:** Right.

**Mehta:** Okay sir thank you.

**Moderator:** Participants with more questions, may get in touch the management or with the coordinator mentioned in the invite. At this moment I would like to handover the floor back to Mr. Jain for the final remarks. Over to you sir.

**Pradeep Jain:** Thank you very much to all the participants. The new presentation will soon be uploaded on our website. You can refer to that for any more details and can also get in touch with the management for any of your queries. Thank you.

**Moderator:** Ladies and gentlemen that concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you and have a nice evening.